

# DAMAN & DIU AND DADRA & NAGAR HAVELI

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to India



- TEXTILE YARN PROCESSING
- PLASTICS
- PHARMACEUTICALS
- ELECTRICAL CONDUCTORS
- MARBLE
- LUBRICANT OILS

## INVESTMENT PROMOTION SCHEME — 2015 —



### U.T. OF DAMAN AND DIU

District Industries Centre Moti Daman,  
Fort Area, Moti Daman - 396 220.  
Tel. No.: 0260-2230871, 2230310 • Fax No.: 0260-2230310  
E-Mail : dic-dd@nic.in  
Web : dic.dd.nic.in

@dicdaman

### U.T. OF DADRA & NAGAR HAVELI

Department of Industries, District Industry Centre,  
Udyog Bhawan, Ground Floor, Amla, Silvassa - 396 230.  
Tel. No.: 0260-2643122  
E-Mail : dic-dnh@nic.in  
Web : dic.dnh.nic.in

@dic\_sil



## **DAMAN & DIU AND DADRA & NAGAR HAVELI**

I	INTRODUCTION	1
II	COMMENCEMENT AND DURATION	1
III	DEFINITIONS	2
IV	SCHEMES FOR MSMES	4
	SCHEME-1- ASSISTANCE OF CAPITAL INVESTMENT SUBSIDY	4
	SCHEME-2 - ASSISTANCE FOR INTEREST SUBSIDY	4
	SCHEME-3 - ASSISTANCE FOR QUALITY CERTIFICATION	5
	SCHEME-4 - ASSISTANCE FOR PATENT REGISTRATION	6
	SCHEME-5 - ASSISTANCE FOR SAVING IN CONSUMPTION OF ENERGY	6
	SCHEME-6 - INCENTIVE FOR LOCAL EMPLOYMENT	7
	SCHEME-7- ASSISTANCE FOR SKILL DEVELOPMENT	7
<b>SCHEMES FOR TEXTILE SECTORS</b>		
	SCHEME-8 – INTEREST SUBSIDY	8
	SCHEME-9- INTEREST SUBSIDY IN TECHNICAL TEXTILES	9
	SCHEME-10 -ASSISTANCE FOR TECHNOLOGY ACQUISITION AND UPGRADATION FOR TEXTILE SECTOR	10
V	CLARIFICATION AND INTERPRETATIONS	11
VI	POWER TO AMEND AND REPEAL ANY OR ALL PROVISIONS	11
VII	PROCEDURE	11

## I - INTRODUCTION

UT Administration of DD & DNH has recently launched the new Industrial Policy -2015 to ensure sustained industrial growth through various innovative initiatives so as to further improve the conducive industrial climate in the UTs and to provide global competitive edge to the industries. The primary mission of the Industrial policy includes proactive support for development of MSMEs, Textile Sector, increase local entrepreneurship including Employment of youth, value addition on local primary sources and increasing the share of Manufacturing in GDP. The policy envisages grant of fiscal and non-fiscal incentives to the Industrial units with a view to help the units achieve higher growth and employment generation through greater Investment in industrial sector. In the light of the Industrial Policy-2015, UT Administration of DD & DNH has decided to introduce "**Investment Promotion Schemes-2015 (IPS-2015)**" for MSMEs, Textile & Skill Development Institute to strengthen and make them globally competitive containing details of eligibility criteria, quantum of incentives and monitoring mechanism for administering the incentives.

## II - COMMENCEMENT AND DURATION

Unless specifically mentioned against the respective items of incentives sanctioned under Investment Promotion Scheme-2015, it shall come into effect from the day of its notification in official Gazette of Daman & Diu and Dadra & Nagar Haveli and shall remain in force for a period of five years ending on the thirty-first day of March, 2020.

Provided that wherever an incentive is being allowed to an enterprise for a specified period reckoned from the date of commencement of commercial production of the enterprise or any other prescribed date, such benefit will continue to be available till the expiry of the specified period for that particular enterprise, even beyond the thirty-first day of March, 2020.

Provided that if a newly set up enterprise is sold or otherwise transferred to a new owner during the period of five years, the benefit of the incentive shall be available to such transferee or the new owner, only for the un-expired portion.



## III - DEFINITIONS

### 1. Micro, Small and Medium Enterprises (MSME):

An Enterprise, which satisfies the conditions of Micro, Small and Medium Enterprises as per the definition under the MEMED Act 2006 of the Government of India, as amended from time to time, and having acknowledgment of Entrepreneurs Memorandum filed with respective District Industries Centre.

### 2. New Enterprise:

New enterprise means MSME, which has filed Entrepreneurs Memorandum and commences commercial production during the operative period of the Scheme.

### 3. Existing Enterprise:

Existing enterprise means MSME which has commenced commercial production before the date of announcement of the scheme.

### 4. Expansion or Diversification:

Existing or New enterprises carrying out expansion, diversification with an investment of more than 50% of (out of which minimum 60% investment should be in plant and machinery) its existing gross fixed capital investment on the date of initiating expansion/ diversification and commencing production of said expansion/ diversification during the operative period of the scheme.

Only one expansion/diversification will be eligible for assistance during the operative period of the scheme.

### 5. Modernization:

Existing MSMEs carrying out modernization by way of adopting new technology/ production process and/or improving quality of products with an investment of more than 25% of its existing gross fixed capital investment in plant and machinery on the date of initializing modernization and commencing production of said modernization during operative period of the scheme shall be termed as modernization. Only one modernization will be eligible for assistance during the operative period of the scheme.

### 6. Factory:

"Factory" means a 'Factory' as defined under the provisions of the Factories Act, 1948 as amended from time to time.

### 7. Gross Fixed Capital Investment

Gross Fixed capital investment means investment in fixed capital viz. Land, Building, Plant & Machinery before it commences expansion/ diversification/ modernization and/or it obtains sanction of financial assistance from Banks/ Financial Institutions.



#### **Explanation**

“Fixed Capital Investment” shall be calculated as follows:

- a) Land: Actual price or premium paid for the land, freehold or leasehold, as determined by the authorized agent.
- b) Building: The actual expenditure incurred for construction of the office building, factory sheds etc., as necessary for the enterprise, but not including the residential quarters.
- c) Plant & machinery: The fixed capital investment in plant and machinery shall also include the cost of machinery and installation of captive power generation unit, cost of drawal of high tension and low tension power lines and installation of transformers, provided that such costs have not been otherwise reimbursed by the State or Central Government. The fixed capital investment on plant and machinery shall be the cost of plant and machinery as erected, including the cost of productive equipments such as jigs, moulds etc., but excluding the cost of any second-hand plant and machinery.

#### **8. Eligible Fixed Capital Investment**

Eligible fixed capital investment means the capital investment made in the fixed assets viz. Building, Plant & Machinery, Utilities etc. excluding pre-operative expenses or lending bank/ financial institutions term loan disbursement.

#### **9. TUF Scheme**

The TUF scheme means the Technology Upgradation Fund Scheme as notified by Government of India and amended from time to time regarding eligible machineries under the scheme.

#### **10. Local Person**

The person are the resident of UTs since 10 years and having Domicile or Resident certificate of UTs of Daman & Diu or Dadra & Nagar Haveli as the case may be defined as Local person and shall be eligible for the Scheme of Local Employment Generation in the UTs.

## **IV - SCHEMES FOR MSMEs**

### **● SCHEME-1- ASSISTANCE OF CAPITAL INVESTMENT SUBSIDY**

- 1. Quantum of Capital Investment Subsidy**
  - 1) Capital Investment Subsidy @10% of investment made in plant and machineries with an upper ceiling of Rs. 25 lakhs.
- 2. Conditions for Capital Investment Subsidy:-**
  - 1) Capital Investment subsidy will be paid only after commencement of commercial production of the enterprise.
  - 2) Total quantum of capital subsidy (UT + Central) in any case shall not exceed the total Loan amount disbursed by Bank/ Financial institution.
  - 3) Enterprise will have to remain in production for 5 years from the date of commercial production and if it fails to continue production for five years then amount of capital investment subsidy disbursed will be recovered as an arrears of land revenue.
  - 4) This scheme is applicable to new MSME Entrepreneurs as well as expansion/ diversification of the project during operative period of the scheme.



### **● SCHEME-2– ASSISTANCE FOR INTEREST SUBSIDY**

- 1. Quantum of Interest subsidy**
  - 1) Interest subsidy @ 5% with an upper ceiling of Rs. 30 lakhs per annum for a period of 5 years.
- 2. Conditions for Interest Subsidy:-**
  - 1) Loan sanctioned by Bank or Financial Institution for the industry located in UTs as per RBI guidelines will be eligible under this scheme.
  - 2) Enterprise shall opt for date of eligibility of interest subsidy either from the date of first disbursement of

loan or from the date of commencement of commercial production whichever is later.

- 3) If the enterprise becomes defaulter in payment of interest or installment of term Loan to Bank/ Financial institution as per guidelines of RBI, such default period will be deducted from the period of five years.
- 4) Interest subsidy will not available for penal interest or any other charges.
- 5) Total quantum of interest subsidy (UT + Central) in any case shall not exceed the total interest paid to Bank/ Financial institution.
- 6) Enterprise will have to remain in production for 5 years from the date of commercial prediction.
- 7) This scheme is applicable to new MSME Entrepreneurs as well as expansion/ diversification of the project during operative period of the scheme.
- 8) Enterprise has to give undertaking to confirm that he has paid all Government dues.
- 9) The interest subsidy shall be directly credited to Bank/Financial institution.
- 10) The interest subsidy will be for 5 years i.e. 31<sup>st</sup> March, 2020 OR for the period of repayment of loan whichever is earlier.



#### **SCHEME-3- ASSISTANCE FOR QUALITY CERTIFICATION**

The scheme is aimed to extend support to MSME to get quality certification to introduce quality products in competitive market. MSME as defined in the manufacturing sector will be eligible for following assistance.

- 1) 50% of the capital cost for installing the Enterprise Resource Planning (ERP) system of approved ERPs service provider by Secretary Industries, subject to a maximum amount of Rs. 50,000/-.
- 2) 50% of all charges including consultancy fee up to a maximum amount of Rs. 50,000 paid for obtaining ISO certification.
- 3) 50% of all charges up to a maximum amount of Rs. 5 lakhs paid for obtaining of each certification for ISI/ WHO-GMP/ Hallmark certifications & other national/ international certification approved by Quality Council of India and IPC Daman & Diu and Dadra & Nagar Haveli.

4) 50% of cost of testing equipment and machinery required for the certification, max. amount of Rs. 5 lakh.

- 5) The cost for certificate will include:-
  - Fees charged by certification agency (excluding travel, hotel & surveillance charges)
  - Cost of testing equipment as required for certifications
  - Calibration charges of equipment
- 6) MSME will not be eligible if any certification referred at (1) to (3) above are required as part of statutory provision.
- 7) This Quality certification scheme will be supplementary to such scheme of Government of India. However, in any case total assistance from UT and GOI should exceed more than actual expenditure incurred by MSME for said purpose.
- 8) Expenditure incurred for renewal of certificate shall not be eligible for assistance under the scheme.

#### **SCHEMES-4- ASSISTANCE FOR PATENT REGISTRATION**

Any Enterprise taking action for patent registration will be eligible for assistance under the scheme.

- 1) 50% of cost/ expenditure incurred subject to maximum Rs. 25 lakhs for obtaining Patent registration of developed product.
- 2) Fees paid to patent attorney, patent service centre, patent registration and patent equipment purchased to develop patent will be eligible as cost/expenditure (excluding travel, hotel charges) for obtaining patent registration.
- 3) Assistance will be disbursed after the publication/notification of the patent.
- 4) Applicant shall have to submit application within one year from the date of publication/ notification of the patent.
- 5) Application submitted after one year from the date of publication/ notification will not be eligible for assistance.

#### **SCHEME-5- ASSISTANCE FOR SAVING IN CONSUMPTION OF ENERGY AND WATER**

**SCHEMES-4- ASSISTANCE FOR PATENT REGISTRATION**

Any Enterprise taking action for saving in consumption of Energy and Water will be eligible for assistance under this scheme.

- 1) 75% cost of energy/ water audit conducted by a recognized institution/ consultant subject to maximum Rs. 50,000/- for each will be reimbursed once during the operative period of the scheme.
- 2) 25% of cost of equipment recommended by the Auditing authority subject to maximum Rs. 20 lakhs one time assistance will be eligible during the operative period of the scheme
- 3) The assistance on cost of equipment will be eligible subject to the condition that saving in energy/ water minimum by 10% of average monthly consumption of previous 12 months before audit.
- 4) Even after taking all steps as mentioned above for efficient use of energy/water, if consumption is increasing with reference to increase in production, then such claim will be examined separately by the committee to be constituted by IPC, Daman & Diu and DNH.

#### **● SCHEME-6- INCENTIVE FOR LOCAL EMPLOYMENT**

This scheme is to generate employment for local people.

- 1) One time recruitment incentive of Rs. 3 lakh per 20 local people who have the domicile/ resident certificate of UTs and ordinary resident of UTs since last 10 years. Maximum amount of Rs. 15 Lakh to each eligible unit shall be disbursed.

#### **Eligibility conditions of Beneficiaries**

- 1) The Scheme is exclusively for new direct recruitment of local persons above 18 years of age of UTs of Diu, Daman & Dadra and Nagar Haveli for continuous 12 months.



#### **PART-IV B**

#### **SCHEMES FOR TEXTILE SECTORS**

##### **● SCHEME-8– INTEREST SUBSIDY**

###### **1. The Scheme & Eligible Activities**

The disbursement will be by way of credit linked interest subsidy in Ring/ Rotor/ Airjet or any advanced Yarn Spinning, Texturising Yarn, Apparel/ Garments and Machine Carpeting, Fabric/ Garment Finishing & Process House.

###### **2. Quantum of Assistance**

- 1) Interest subsidy will be available for establishing new enterprises or for expansion, diversification and modernization of existing enterprises.
- 2) Maximum interest subsidy at the rate of 5% per annum, limited to maximum of Rs. 50 lakhs per annum will be available to the enterprise. This interest subsidy will be in addition/ combination to any other incentives available.
- 3) The interest subsidy will be available only on interest levied by the financial institution/ banks. Penal interest or other charges will not be reimbursed.
- 4) For the purpose of interest subsidy, the enterprise shall avail term loan from Financial Institution/ Banks recognized by Reserve Bank of India.
- 5) The enterprise applying within one year of loan disbursement will be eligible. Disbursement of the loan should be within the operative period of the Scheme. The enterprise must start commercial operation within the operative period of the scheme.
- 6) The interest subsidy will be for 5 years i.e. 31<sup>st</sup> March, 2020 OR for the period of repayment of loan whichever is earlier.



- 7) The interest subsidy will be given to the lending financial institute/ bank. If the enterprise becomes defaulter, it will not get interest subsidy for the default period and such defaulting period will be deducted from 5 years period.
- 8) The enterprise availing benefit under the scheme will have to remain in production/ services at least for five years from the date of commencement of commercial production/service.
- 9) The enterprises will be eligible for any additional incentives specified under different schemes of Government of India.

#### **● SCHEME-9- INTEREST SUBSIDY IN TECHNICAL TEXTILES**

##### **1. Eligible Activities**

- 1) Technical Textiles area defined as textile materials and products used primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Depending on the product characteristics, functional requirement and end-user applications, the highly diversified range of technical textiles have been grouped into 13 sectors application-wise.
  - i. Agrotech (Agriculture, Horticulture and Forestry)
  - ii. Buildtech (Building and Construction)
  - iii. Clothtech (Technical components of shoes and clothing)
  - iv. Geotech (Geo-textiles and Civil Engineering)
  - v. Hometech (Components of furniture, household textiles and floor coverings)
  - vi. Indutech (Filtration, cleaning and other industrial usage)
  - vii. Meditech (Hygiene and Medical)
  - viii. Mobiltech (Automobiles, Shipping, Railways and Aerospace)
  - ix. Oekotech (Environmental Protection)
  - x. Packtech (Packaging)
  - xi. Protech (Personal and Properly Protection)
  - xii. Sporttech (Sport and Leisure)
  - xiii. Defebcetech (Textile for defense use)
- 2) This scheme will be applicable to new as well as to existing enterprise for expansion/ upgradation in above 13 sectors.
- 3) The machinery of Technical/ Industrial textile as listed and identified under TUF scheme for compatible with TUF scheme will be considered eligible.

##### **2. Quantum Assistance**

- 1) Maximum interest subsidy at the rate of 6% per annum, limited to maximum of Rs. 50 lakhs per annum available to the enterprise. This interest subsidy will be in addition/ combination to any other incentives available from other schemes of Government of India/ Other States/ UTs.
- 2) The interest subsidy will be available only on interest levied by the financial institution/ banks. Penal interest or other charges will not be reimbursed.
- 3) The interest subsidy will be for 5 years OR for the period of repayment of loan whichever is earlier.

- 4) The interest subsidy will be given to the enterprise which pays regular installments and interest to the financial institutions. If the enterprise becomes defaulter, it will not get interest subsidy for the default period and such defaulting period will be deducted from 5 years period.

##### **3. GENERAL CONDITIONS**

The following conditions shall apply to all the above schemes:-

- 1) The enterprise must start commercial operation within the operative period of the scheme.
- 2) The enterprise availing benefit under the scheme will have to remain in production/ services at least for five years from the date of commencement of commercial production/ service.

#### **● SCHEME-10- ASSISTANCE FOR TECHNOLOGY ACQUISITION AND UPGRADATION FOR TEXTILE SECTOR**

##### **1. Eligible Activities**

- (i) The enterprise acquiring the technology for the first time in India for specialized application will be considered eligible under the scheme.
- (ii) The acquisition of technology can be in any form, including purchase of drawing and design and technology development through engaging experts/ R&D institution and/ or technical consultancy firm.

##### **2. Quantum Assistance**

- (i) The enterprise acquiring the technology will be provided financial assistance of up to 25% of the investment for technology acquisition/ collaboration, with maximum of Rs. 25 lakhs per process/ product once during operative period of the scheme.
- (ii) The enterprise availing the benefit for the same purpose under any other scheme of UT will not be eligible to get benefit under this scheme.

##### **3. General Conditions**

The following conditions shall apply to all the above schemes:-

- (i) The enterprise must start commercial operation within the operative period of the scheme.
- (ii) The enterprise availing benefit under the scheme will have to remain in production/ services at least for five years from the date of commencement of commercial production/service.
- (iii) All the benefitting enterprises shall file information about annual production, sales, power consumption and such other details as may be asked by DIC.



- (iv) The Scheme is applicable to new as well as for expansion/ diversification the enterprise during the operative period of the scheme.
- (v) The enterprises will be eligible for any additional incentives specified under different schemes of Government of India.

#### **V - CLARIFICATION AND INTERPRETATIONS:**

In case of any doubt or dispute regarding the provisions of the "Investment Promotion Schemes 2015 (IPS-2015)", only the Administrator, Daman & Diu and Dadra & Nagar Haveli shall be competent to clarify or interpret these and such clarification or interpretation shall be final and binding on all concerned.

#### **VI - POWER TO AMEND AND REPEAL ANY OR ALL PROVISIONS**

Notwithstanding anything contained in any of the provisions of the Investment Promotion Scheme- 2015, the Administrator of Daman & Diu and Dadra & Nagar Haveli may at any time:

- a) Make any amendment to this Scheme or repeal it, but the commitments already made for an eligible enterprise shall not be affected by any such amendment or repeal;
- b) Issue instructions and guidelines to facilitate implementation, to remove anomalies and to clarify the interpretations of the provisions of this Scheme.

#### **VII - PROCEDURE**

- 1) Eligible interested persons/ enterprises may apply alongwith supporting documents to concerned GM, DIC to avail assistance under this scheme.
- 2) The Industrial Promotion Council, for the UTs will examine and decide sanction & disbursement of the amount, as per various terms & conditions of the scheme.
- 3) UT Administration has the right to change, withdraw or modify the scheme fully or partially at any stage.

Secretary (Industries)  
Daman, Diu & Dadra and Nagar Haveli

