

# **Tripura Industrial Investment Promotion Incentives Scheme, 2017**

## **1. Short title**

The Scheme shall be called the Tripura Industrial Investment Promotion Incentives Scheme, 2017 (hereafter referred to as “Scheme-2017”) for industrial enterprises (hereafter referred to as “enterprises”) to be set up in the State of Tripura.

## **2. Commencement and Duration**

Unless specifically mentioned against the respective items of incentives sanctioned under Scheme-2017, it shall come into effect from the first day of April, 2017 in the whole of Tripura and shall remain in force for a period of five years ending on the thirty-first day of March, 2022.

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, 2017.

## **3. Definitions**

In Scheme-2017, unless the context otherwise requires:

- (i) **“Authorized Agent”** means the Directorate of Industries and Commerce and/or TIDC or an agent specifically authorized by the State Government, for operation of the Scheme-2017.
- (ii) **“Central Government”** means Government of India.
- (iii) **“Designated Authority”** means an authority designated for a particular purpose.
- (iv) **“Enterprise”** means any industrial project in Micro, Small or Medium Sector (including co-operatives and Self-Help-Groups), having an Acknowledgement of Udyog Aadhar filed on e-portal of Ministry of Micro Small and Medium Enterprises Government of India, on or after the first of April 2017; or
- (v) **“Factory”** means a ‘Factory’ as defined under the provisions of the Factories Act, 1948 as amended from time to time.
- (vi) **“Fixed Capital Investment”** means investment made in land, building, plant and machinery of the enterprise for commencement of commercial production on or after first day of April, 2017, but before or on thirty first day of March, 2022. For the purpose of going in for substantial expansion of an enterprise which commenced production

within the Scheme period, the fixed capital investment means investment made in land, building and machinery on or after 01<sup>st</sup> April, 2022.

**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, boundary walls 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 generator set, cost of drawal of high tension and low tension power lines and installation of transformer, 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, dies, moulds etc., but excluding the cost of any second-hand plant and machinery.
- (vii) **“Large Enterprise”** means an enterprise other than a micro, small or medium enterprise, as defined by Central Government, from time to time; or in absence of such definitions as may be defined by the State Government.
- (viii) **“Micro Enterprise”** means a very small-scale enterprise, with an investment ceiling as may be prescribed by the Government of India, from time to time; or in absence of such prescription, as may be defined by the State Government.
- (ix) **“Small Enterprise”** means small scale enterprise with an investment ceiling as may be prescribed by the Government of India from time to time; or in absence of such prescription as may be defined by the State Government.
- (x) **“Medium Enterprise”** means a medium-scale enterprise, with an investment ceiling as may be prescribed by the Government of India, from time to time; or in absence of such prescription, as may be defined by the State Government.
- (xi) **“Thrust Sector Industries”** means the industrial units which are using Bamboo, Rubber, Agri and Horticultural produce and Gas as their major raw materials during production. Tea manufacturing shall also be considered under thrust sector industries.

- (xii) **“Negative List”** means the list of industries in the Annexure hereto, as may be amended or altered by the State Government, from time to time.
- (xiii) **“Scheme-2012”** means the “Tripura Industrial Investment Promotion Incentive Scheme” 2012.
- (xiv) **“Standard Certification”** means certification given by a competent authority, after due inspection/ testing on standard of goods produced/ processed followed by the concerned enterprise.
- (xv) **“State Government”** means the Government of Tripura.
- (xvii) **“TIDC”** means the Tripura Industrial Development Corporation Limited.
- (xviii) **“TSECL”** means the Tripura State Electricity Corporation Limited
- (xix) **“Tripura Value Added Tax”** or **TVAT** means value added tax obligations of enterprise to the State Government on its sales, under the Tripura Value Added Tax Act, 2005 (Tripura Act No. 1 of 2005).
- (xx) **“Year”** means unless otherwise specifically stated and not repugnant to the context, the financial year; commencing from the first day of April and ending on the thirty-first day of March following.

Provided that the State Government, in Industries & Commerce Department, may, by notification, amend the definitions under the Scheme-2017, to give effect to changes in definitions by the Government of India or to meet the changed requirement of the Scheme, in the interest of effective implementation of the Scheme.

#### **4. Applicability of the Scheme-2017**

- 4.1** The Scheme-2017 shall be applicable to all micro, small and medium enterprises which commence their commercial production in the State, on or after the first day of April 2017, but before or on thirty-first day of March, 2022, in the private sector, co-operative sector, self-help-groups, joint sector and also companies owned or managed by the State Government.
- 4.2** Wherever an incentive under Scheme-2017 is being allowed to an enterprise over a period of 5 years reckoned from an appropriate date, such benefit will continue to be available till the expiry of such period for that particular incentive for that particular enterprise, even beyond the thirty-first day of March, 2022.
- 4.3** 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 of the said period of five years. In case of leasing out of any industrial

enterprise, set up under Government sector or otherwise, to any third party for running the same in self-sustained basis or in Public-Private Partnership model at any subsequent stage, the Scheme, 2017 shall be applicable for providing subsidy (excluding the capital investment subsidy) for the un-expired portion of 5 year period to the lessee.

**5. Non-applicability of the Scheme-2017**

**5.1** Unless specifically mentioned otherwise, the Scheme-2017 shall not be applicable to the enterprises that have commenced commercial production, prior to the first day of April 2017. Such enterprises shall continue to be governed by the Scheme-2012.

**5.2** The Scheme-2017 shall not be applicable to all large scale units and for the industrial activities listed in the negative list as shown in Annexure hereto.

**6. Eligibility for Incentives under the Scheme-2017**

**6.1** Any industrial enterprise to which the Scheme-2017 applies shall be considered for grant of incentives as per the Scheme-2017 only on securing an “Incentives Eligibility Certificate” in such format and from the competent authority to be notified by the State Government. The Incentives Eligibility Certificate shall not be issued unless:

a) The project is covered by necessary industrial approval already received in the form of industrial license or letter of intent or IEM or registration certificate, as the case may be, under the Industries (Development and Regulation) Act, 1951; or a Secretariat for Industrial Approval (SIA) reference number or an Acknowledgement of online filing of Udyog Aadhaar Memorandum through national e-portal for registration of MSMEs.

b) In respect of enterprises/ industries identified as compulsorily licensable or on any other restricted list as may be notified by the Central Government or the State Government from time to time, the required clearance/ licence from the notified authorities has been obtained by the enterprise;

c) The unit has gone into commercial production.

**6.2** The enterprises issued Incentives Eligibility Certificate shall be liable to submit such documents as may be required by the designated authority to enable consideration of the claims for incentives under Scheme-2017.

**6.3** All incentives payable under Scheme-2017 shall be paid through the Financial Institution financing the project or in case of self-financed projects, into a bank account; the requisite account and other formal arrangements for which have to be tied up by the entrepreneurs in agreement with the concerned financial institution or bank and intimated to the Department of Industries & Commerce.

**6.4** The eligibility of enterprises for incentive under any Clause of Scheme-2017 shall, unless otherwise be specified, be limited to the amount calculated as per the respective Clause of Scheme-2017 reduced by the amount of incentive, subsidy or grant received by the enterprise under any operative Scheme outside the Scheme-2017 operated by a Ministry or Department of Government of India or its agencies/ boards/ authority, or under any Scheme operated by the North-Eastern Council, for promotion of industrial projects/ investments.

**6.5** The issue of an Incentives Eligibility Certificate in favour of any enterprise shall not entitle the enterprise to claim the release of incentives under the Scheme-2017 as a matter of right, which shall, inter alia, be subject to the unit having submitted their claims as per the format, the procedure and within one year of the period to which the claim relates and further subject to the unit being in operation.

## **7. Capital Investment Subsidy**

**7.1** All eligible enterprises will be entitled to an incentive at the rate of 30% of the fixed capital investment, subject to an aggregate ceiling of Rs. 60 lakhs in each enterprise. Enterprises belonging to the Thrust Sector Industries, as defined above, shall be entitled to receive incentive at the rate of 40% of the fixed capital investment with an overall ceiling of Rs. 70 lakhs per enterprise. Sole proprietorship units belonging to ST, SC and Women individuals or partnership business where all partners belongs to ST, SC and Women will be eligible for an additional subsidy at the rate of 2.5% on fixed capital investment, subject to an aggregate ceiling of Rs.60 lakhs or Rs. 70 lakhs, as the case may be, per enterprise. Capital Investment Subsidy shall be provided to Tea Processing Units set up under the co-operative approach by small tea growers @ 50% of fixed capital investment subject to an upper ceiling of Rs. 100 lakhs. Subsidy shall not be allowed on the expenses for constructing boundary wall in case of residences located within the factory area fenced by the boundary wall.

**7.2** Provided that wherever an enterprise is eligible for Capital Investment Subsidy under any other Schemes of the State or Central Government, the amount of subsidy to be provided under this Clause shall stand reduced to the extent of subsidy entitlement under the Schemes of the State or Central Government. In case of revival of the NEIIPP Scheme of the Central Government w.e.f. 01<sup>st</sup> April, 2017 or at any later date, the provision under the Scheme, 2017 shall suitably be modified, if deemed necessary.

**7.3** The incentive will be disbursed to eligible industrial enterprises in single installment. This is subject to the condition that the industrial enterprise continues to operate and has not closed down.

## **8. Procurement Preference**

**8.1** Subject to their meeting the quality, delivery and other specifications of the purchasing State Government Agencies, Procurement Preference will be given

on all purchases by State Government Agencies – including Departments/ Corporations/ Public Sector Enterprises/ Autonomous Bodies/ Aided Institutions of the State Government – on products manufactured in Tripura by eligible enterprises.

**8.2** The procurement preference would be applicable in case of items being procured through tendering process by the State Government Agencies. For extension of procurement preference, the landed price of the item being procured shall be calculated, for all the eligible tenderers, at the destination specified by the purchaser, before the imposition of Tripura Value Added Tax or any other applicable commodity taxes under relevant Acts of the State Government on the final purchase by the State Government Agencies. The landed price would, however, include value added tax in the State of origin, excise duty, insurance charges, freight costs and Central Sales Tax imposed prior to the goods entering the State of Tripura, quoted by supplier located outside Tripura.

**8.3** The procurement purchase for enterprises in Tripura shall operate as follows:

- a) In cases where after comparison of the landed price of all eligible tenderers, one or more local industrial enterprise(s) emerge as the first lowest tenderer, the said enterprise(s) shall be eligible to get supply order for 100% of the tendered quantity of the item being procured by the State Government Agencies.
- b) In cases where after comparison of the landed price of all eligible tenderers, the first lowest tenderer is an enterprise from outside the State; but the price of one or more local industrial enterprise(s) is not over 15% of the price quoted by the first lowest tenderer, the said local industrial enterprise(s) shall be eligible to get supply order for 100% of the tendered quantity of the item being procured by the State Government Agencies, except in case of cement, steel and GCI sheet, where 65:35 ratio for local/ outside bidders will be followed, provided that they shall be ready to supply the same by matching the price offered by the first lowest tenderer.
- c) In cases where after comparison of quoting prices of all eligible tenderers, the first lowest tenderer is a bidder from within the State (other than local industrial enterprise); but the price quoted by local industrial enterprise is not over 15% of the price quoted by the first lowest tenderer, the said local industrial enterprise shall be eligible to receive order for 50% of the tendered quantity provided the local industrial unit is ready to supply items matching the price offered by the first lowest tenderer.
- d) For the situations, as mentioned, in para (b) and (c) of the sub-clause above, the local industrial enterprises which quote rates not over the 15% range of the price quoted by the first lowest tenderer shall entitle to receive orders on equal distribution basis.

**8.4** In order to be eligible for benefits under this clause, an enterprise shall have to achieve at least 20% value addition within the State, to be ascertained in the manner as may be prescribed by the State Government. “Value Addition” for this purpose would mean the difference between the total landed cost (in Tripura) of all inputs used in production and the selling price for every unit of the item being procured.

**8.5** Notwithstanding anything contained in Clause 4 & 5 of the Scheme-2017, the incentive under this clause shall be available to all the local enterprises irrespective of their date of commencement of commercial production; i.e., enterprises who started commercial production, prior to 1<sup>st</sup> April, 2017 shall also be eligible for benefit under this clause, subject to fulfillment of other eligibility conditions.

**9. Industrial Promotion Subsidy:**

9.1 All the eligible enterprises shall be entitled to an Industrial Promotion Subsidy equal to the net amount of the Tripura Value Added Tax (VAT), Central Sales Tax (CST) and any other commodity tax actually paid by them to the State Government on sale of finished goods, subject to the following conditions:

- a) The subsidy shall be equal to the amount of Tripura Value Added Tax (VAT) (net of the input taxes), Central Sales Tax (CST) and any other commodity tax actually paid by the enterprise to the State Government and shall be subject to overall ceiling of Rs. 60 lakhs per enterprise per annum.
- b) The aggregating limit of entitlement of an enterprise for 5 years shall not exceed to the 100% value of investment made in plant and machinery by the enterprise. An enterprise shall be ceased to avail benefit of Industrial Promotion Subsidy as and when the aggregating reimbursement amount reaches to the investment limit during the spread of 5 year period.
- c) The subsidy shall be given to the eligible enterprises commencing commercial production on or after the first day of April, 2017 but before or on 31<sup>st</sup> day of March, 2022 and shall be provided for a period of 5 years from the date of commercial production.

Government of India is in the process of introducing uniform Goods and Service Tax (GST) regime throughout the country. In case GST becomes effective, the tax related benefit will be suitably modified.

**10. Reimbursement of Power Charges**

**10.1** All eligible enterprises will be allowed partial reimbursement of industrial power charges paid to the TSECL or an approved agency for a period of first five years reckoned from the date of commencement of commercial production, subject to the ceilings laid down in Clause-10.2.

**10.2** The reimbursement of power charges shall be @ 25% of the power charges actually paid by the enterprise, subject to a maximum amount of Rs. 12 lakhs

per annum per enterprise. Provided further that an enterprise shall not be allowed reimbursement for power charges if it is in default of payment of power charges or any other liabilities to TSECL.

- 10.3** If an industrial enterprise installs Multiple Tariff (variable rate) Meter for recording the time of consumption of power during non-peak hours like from midnight to dawn, in that case the entire cost of the installed device shall be re-imbursed.

**11. Partial Re-imbusement of Interest on Working Capital Loans**

- 11.1** Subject to provisions of Clause 6.4 of the Scheme-2017, all eligible enterprises will be entitled to a reimbursement of interest paid to banks/ financial institutions, at the rate of 4% on the working capital loans availed by them, for 5 years from the date of commencement of commercial production, provided that the enterprises have no interest liabilities overdue to the banks/ financial institutions; and subject further to a ceiling of Rs.3,00,000 per year per enterprise.

- 11.2** The reimbursement of interest subsidy shall be further limited to the 4% of the 25% turnover of the enterprise in the reference year.

**12. Reimbursement of Standard Certification Fees / Charges**

Subject to provisions of Clause 6.4 of the Scheme-2017, all eligible enterprises will be allowed one-time full reimbursement of fees/ charges/ other expenses on account of obtaining a standard certification in certain specific areas from National and Inter-national Bodies. The areas are: 1) ISO-9000 Quality Management system 2) ISO-14000 Environmental Management system 3) ISO-18000 Occupational Health and Safety Standards 4) BIS certification 5) Green Energy Certificate 6) Bureau of Energy Efficiency Certificate 7) FSSAI License 8) AGMARK 9) Organic Products ( related to Tea and Horticultural items/ products) 10) Forest Stewardship Council (FSC)

**13. Exemption from Earnest Money and Security Deposits**

Notwithstanding anything contained in Clause 4 and 5 of the Scheme/2017, all eligible enterprises shall be given 100% exemption from the payment of earnest money and security deposits for items indicated in their Eligibility Certificate issued under this Scheme, on tenders floated by the State Government Departments/ Agencies (including Corporations/ Undertakings/ autonomous bodies of the State Government). However, such exemption shall be confined only to the tenders for procurement of goods. Procurement of Services, Works Contract, etc. are excluded from the scope of this exemption. The incentive under this clause shall be available to all the enterprises irrespective of the time/ year of their setting up, subject to fulfilment of other eligibility conditions.



**14. Employment Cost Subsidy (Thrust Sector only)**

Employment cost subsidy shall be provided to the enterprises belonging to the thrust sector in the form of reimbursement of the contribution made towards Employees' Provident Fund (EPF) and Employees' State Insurance (ESI) Schemes for a period of 5 years. 100% reimbursement of expenditure to micro, small and medium enterprise shall be provided on account of contribution paid towards EPF and ESI Schemes subject to employment of 20 or more people skilled and semi-skilled workers who are domiciled of the State.

**15. Subsidy on fees paid for Credit Guarantee Trust Fund for Micro and Small Enterprise (CGTMSE)**

100% reimbursement for one time guarantee fee paid and the service fees paid every year by Micro and Small enterprises for CGTMSE coverage taken on loan granted by Banks/ NBFCs shall be provided for 5 years.

**16. Export Promotion Subsidy (Thrust Sector only)**

Industrial enterprises under thrust sector which export their manufactured goods to Bangladesh through the Land Custom Stations in the State shall be provided re-imburement @ 10% of the value of goods exported subject to a ceiling of Rs. 20 lakhs per enterprise per annum. Re-imburement of payment shall be made on the basis of records available with Central Customs authority.

**16. Subsidy for participation in fares and exhibition (Thrust Sector only)**

Re-imburement of a part of the travelling expenses and the transportation cost incurred to carry goods to participate in State and National levels trade/ industry fares and exhibitions held outside the State shall be provided to enterprises falling under thrust sector. For participation of fares and exhibitions in Bangladesh, the benefit of re-imburement shall be provided as well. Re-imburement of expenditures on travelling charges paid for one person of the participating industrial enterprise and the transportation cost (to-and-fro) of goods for display or sale @ 50% of the actual expenditures incurred and subject to an upper ceiling of Rs. 50000/- per enterprise for each participation. Re-imburement of expenses shall be further subject to maximum participation in 2 fares and exhibitions in a year by an industrial enterprise.

**17. Special Incentives to Industrial Enterprises continue to operate for 5 years**

Additional subsidies/ incentives shall be provided to the industrial enterprises which continue to operate for 5 years from the date of commencement of commercial production. Subsidies shall be provided to such industrial enterprises for a further period of 5 years. The provisions for providing

additional subsidy to industrial enterprises after 5 years shall operate as follows:

### **17.1 Capital Investment Subsidy**

Subject to the clause 7.2 and 7.3 above, the industrial enterprises which have gone in for substantial expansion after 5 years of their continuous operation shall be considered for subsidy on additional fixed capital investment at the applicable rates (Clause 7.1) of 40% or 30%, as the case may be, subject to an upper ceiling of Rs. 30 lakhs for thrust sector industries and Rs. 25 lakhs for industries other than thrust sector. This is further subject to increase in the value of fixed capital investment of an industrial enterprise by not less than 25% for the purpose of expansion of capacity/ modernization/ diversification.

### **17.2 Industrial Promotion Subsidy**

Industrial promotion subsidy (re-imburement of VAT and CST) shall be allowed @ 25% of Tripura Value Added Tax (net of input tax) and Central Sales Tax actually paid by the industrial enterprises after 5 years of their operation. The subsidy shall be provided for a further period of 5 years subject to the condition that the aggregate payment of subsidy to any industrial enterprise from the date of its commencement of production shall not exceed 100% of investment in plant and machinery.

### **17.3 Partial Re-imburement of Power Charges**

Power subsidy shall be provided @ 15% of actual power charges paid by industrial enterprises after 5 years of operation. The incentive shall be for a further period of 5 years and subject to an annual upper ceiling of subsidy of Rs. 6 lakhs for enterprises with employment in the range of 20 to 50 persons, Rs. 9.00 lakhs with employment in the range of 51 to 100 persons and Rs. 12 lakhs with employment of more than 100 persons.

### **17.4 Employment Cost Subsidy**

Employment cost subsidy in the form of re-imburement of employer contribution towards payment of EPF and ESI to Regional Provident Fund Commissioner shall be provided @ 50 % of the payment made by MSME units with employment of 20 or more persons for a further period of 5 years. Employment cost subsidy shall be available to all MSME units after 5 years of operation irrespective of the category of industries (thrust or non-thrust sector)

### **17.5 Wages Subsidy**

Wages subsidy shall be provided to industrial enterprises @ 20% of the actual wages paid on employment of 20 or more persons by them after 5 years of

operation. The subsidy shall be for the next 5 years period. The payment of wages subsidy is subject to an upper ceiling of Rs. 2.50 lakhs per enterprise per annum.

**17. Clarification and Interpretations**

In case of any doubt or dispute regarding the provisions of the **Scheme-2017**, only the State Government shall be competent to clarify or interpret these and such clarification or interpretation shall be final and binding on all concerned.

**18. Power to amend and repeal any or all Provisions**

Notwithstanding anything contained in any of the provisions of the Scheme-2017, the State Government 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.

**19. Repeal and Savings**

- 19.1 The Scheme-2012 shall be repealed and shall stand substituted by the Tripura Industrial Investment Promotion Incentives Scheme, 2017 from the date of commencement of the Scheme-2017.
- 19.2 The commitments entered into and based on any of the previous Incentives Scheme shall continue to be governed by the corresponding Scheme.

**Negative List of Industries & Commerce**  
**[Reference: Clause-3(xii) and 5(2)]**

1. All large scale units
2. All service sector activities other than the following activities:
  - a) Hotels with investment of Rs. 3 crores or more excluding land
  - b) Medical Diagnostic Centre and Radiological Laboratory with an investment of Rs. 20 lakhs or more in equipments, Bio-medical and other Waste Management.
  - c) Repairing and maintenance services with investment of Rs. 15 lakhs or more in equipments.
3. Bricks, Brickbats, Stone Chips and any other products or sub-products arising out of bricks (excluding fly ash bricks, sand lime bricks, refractory bricks), or stones and burnt earthen tiles, excluding manufacture of bricks by mechanised process *and* manufacturing of bricks using natural gas as fuel (even by using conventional non-mechanical process).
4. Medium Scale enterprises, generating employment for less than 20 persons on the pay roll.
5. Distribution of Electricity.
6. Civil Aviation (excluding regional airlines provided the hub is at Agartala)
7. Huller Rice Mill
8. Confectionery (less than Rs. 15 lakhs investment in plant & Machinery)
9. Physical mixing of fertilizer and Vermicompost
10. Wood Furniture (other than mechanized wood furniture making unit with investment Rs. 40 lakhs or more)
11. Saw Mills.
12. Tea mixing and blending
13. Enterprises manufacturing Essential Commodities being sold through Public Distribution System.
14. All goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) which pertains to tobacco and manufactured tobacco substitutes.
15. Pan Masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).
16. Plastic carry bags of less than 20 microns as specified by Ministry of Environment and Forests Notification No.S.O.705(E) dated 02.09.1999 and S.O.698 (E) dated 17.6.2003.
17. Goods falling under Chapter 27 of the First Schedule to the Central Excise tariff Act, 1985 (5 of 1986) produced by petroleum oil or gas refineries.
18. Enterprises engaged in manufacture of alcoholic beverages.
19. Any other industry/ activity notified by the State Government for inclusion in this List.

