NOTIFICATION

In partial modification of this Department notifications No. Ind. A(F)6-7/2004 dated 30th December, 2004 notifying Industrial Policy 2004, Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004 and Himachal Pradesh Industrial Renewal and Revival Scheme, 2004 and subsequent amendments in the Rules Regarding Grant of Incentives, Concessions and Facilities to, Industrial Units in Himachal Pradesh, 2004 notified vide Notification No. Ind. A(F)6-7/2004 dated 24th June, 2005, No. Ind-(F)6-7/2004-II dated 31st March 2008, No. Ind. A(F)8-2/2008 dated 19th September, 2008 and No. Ind.A(F)6-3/2008 dated 07.02.2009 the Governor, Himachal Pradesh is pleased to substitute the Rule 6.7(b), 6.13(a)(i), 6.13(a)(ii),6.13(a)(iii),9.1, 9.3, 10.1, 10.1.1, 10.1.3(i),(ii), (iii), 10.3(i), 10.3(ii) and 19, insert new Rule 23, 24 and change the chronological order of existing Rule 23, 23.1, 23.2 & 24 of the Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004 to 25, 25.1, 25.2 & 26 respectively as appended as Annexure-A. In addition the word "TAX FREE ZONE" wherever appears in Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 2004 (as amended upto 07.02.2009) be substituted with the word "Partial Tax Exempted zone" with immediate effect.

By Order

Pr. Secretary (Industries) to the Government of Himachal Pradesh.

-----2/-
Endst. No. Ind. A(F)6-3/2014-1

Copy forwarded to:-
1 All the Administrative Secretaries to the Government of Himachal Pradesh.
2 The Accountant General, Himachal Pradesh, Shimla-3.
3 The Sr. Deputy Accountant General, Himachal Pradesh, Shimla-3.
4 The Principal Secretary to the Chief Minister, Himachal Pradesh, Shimla-2.
5 The Special Secretary cum Principal Private Secretary to the Chief Secretary, Himachal Pradesh, Shimla-2.
6 Managing Director, H.P. State Industrial Development Corporation, Shimla-1.
7 The Director of Industries, Himachal Pradesh, Shimla-1.
8 The Chief Executive Officer, HIMUDA, Shimla-2.
9 The Director of Environment, Science and Technology, Shimla.
10 The Deputy Director of Industries, Single Window Clearance System, Baddi, District Solan.
11 All General Managers, District Industries Centre in Himachal Pradesh.
12 All Member Secretaries, Single Window Clearance System in Himachal Pradesh.
13 The Presidents of all Industrial Associations in H.P.
14 The Controller, Printing & Stationery, Himachal Pradesh, Shimla-5 with request to publish the notification in the Extra Ordinary Gazette.

Dated Shimla the 12/3/2015

Joint Secretary (Industries) to the Government of Himachal Pradesh.
6.7(b) In case any land/plot is available for allotment consequent upon its having been resumed after execution of lease deed or has been surrendered by the allottee himself, it shall only be re-allotted through open auction/inviting bids from general public. In such cases the minimum reserve price will be fixed by the Committee as constituted under Rule 6.2.

The auction would be conducted by the concerned DDI/GM, DIC/ MS, SWCA, as the case may be. The participants in such auction would have to apply on the prescribed form along with other requisite documents (as may be indicated in the auction notice) along with earnest money of Rs. 10,000 in the shape of bank draft pledged in the name of the "General Manager"/Deputy Director of Industries, Himachal Pradesh, which would be refunded in case of unsuccessful bidders only. 30% amount of the highest bid for such plot/land shall be immediately deposited by the highest bidder on the date of auction and this amount together with the earnest money of Rs. 10000 deposited by the highest bidder (which will be in addition to the 30% amount to be deposited), will be adjusted against the total bid amount so payable. In the event of the bidder's failure to deposit this 30% bid amount on the date of auction, bid will be deemed to have lapsed and the bidder will have no right to claim the allotment of the plot/land based on the highest bid and the Earnest Money of Rs. 10000 deposited by the bidder at the time of participation in the auction will be forfeited. The second highest bidder may then be considered for allotment of such plot/land as per procedure laid down under these rules. The balance amount of the highest bid shall be payable in 5 equal annual installments. In no case change of land use in respect of these plots so auctioned, other than that as envisaged in the development plan for the purpose once allotted, will be allowed. Such cases of change of land use will be out rightly rejected.

6.13 (a)(i) In the event an Industrial Enterprise has not been set up or has not commenced commercial production, 50% of the unearned increase in premium shall be realized.

6.13(a)(ii) In the event an Industrial Enterprise has been in commercial production for a minimum period of five years, the unearned increase in premium shall be realized at the rate of 20%.

6.13 (a)(iii) In the event an Industrial Enterprise has been in commercial production for a period less than five years, the unearned increase in premium shall be realized at the rate of 30%, provided, the transferee Industrial Enterprise has either not availed of any incentive or has returned the incentives availed which were conditional upon running the Industrial Enterprise for a specified minimum period.

9.1 A concessional rate of Electricity Duty shall be charged from the Industrial Units as notified by the Department of MPP & Power vide notification No. MPP-F(10)-17/2012 dated 10.09.2014 w.e.f 01.04.2014 (as amended from time to time)
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category</th>
<th>Existing Rate of Electricity Duty for Industrial Consumer</th>
<th>Revised Rate of electricity duty w.e.f 01.04.14 except Cement Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Extra High Tension (E-HT) category consumers (Large industrial Consumers) (supply voltage exceeding 33 KV)</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>2.</td>
<td>Large industrial Consumers (above 100 KW connected load and supply voltage not exceeding 33 KV)</td>
<td>17% &amp; 15%</td>
<td>13%</td>
</tr>
<tr>
<td>3.1</td>
<td>Medium industrial Consumers.</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>3.2</td>
<td>Medium industrial unit set up after 1.4.2012</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>3.3</td>
<td>New Medium industrial unit set up after 1.4.2014</td>
<td>15%</td>
<td>5% for 5 years</td>
</tr>
<tr>
<td>4.1</td>
<td>Existing small industry consumers</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>4.2</td>
<td>Small industry set up after 1.4.2012</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>4.3</td>
<td>New small industry set up after 1.4.2014</td>
<td>4%</td>
<td>2% for 5 years</td>
</tr>
<tr>
<td>5</td>
<td>New industry including EHT category which employ more than 300 Himachalis</td>
<td>-</td>
<td>2% for 5 years</td>
</tr>
</tbody>
</table>

9.3 All categories of power consumers may be exempted from the payment of Electricity Duty from the power generated for captive/stand by generation through D.G.Set(s) or by what so ever mode installed for their own consumption with immediate effect for a period of 5 years i.e upto 31.08.2019 or as may be notified by the concerned Department from time to time.

10.1 The following Tax incentives or as may be notified by the concerned Department from time to time would be provided subject to their fulfilling the eligibility conditions as laid down elsewhere in these rules. This incentive would be further subject to the condition that the maximum limit of incentive to be given under this rule would be restricted to the approved capacity as on record and as certified by the Director of Industries or any other officer so authorized by him:

10.1(1) For existing industrial units set up and commencing commercial production upto the date of this notification, Sales Tax incentives, that is, exemption from payment of C.S.T/VAT...
for 10 years from the date of their commencement of production in the Category 'C' areas shall be provided as per the provision of the 2004 incentive rules as amended up to the date of this notification. This incentive will be admissible to New Industrial Units and or existing industrial units (set up or commencing commercial production up to the date of this notification for the purpose of this incentive only) which commences commercial production (New Units), or undertake substantial expansion after the date of this notification, as per the provision made under rule 19 of these rules. This incentive will not be available to units listed in the negative List (Annexure-III) also.

10.1.3(i) Except for industries listed in the Negative List (Annexure -III of these Rules), New Industrial Units set up after the appointed day as specified under these Rules shall be entitled to the incentive of deferment of 100% VAT for a period of 8 years in Category 'B' areas and for a period of 5 years for such units in category 'A' areas.

(ii) Existing industrial units, except for industries listed in the Negative list (Annexure III of these Rules), which have been set up (i.e. commenced commercial production) before 7/01/2003, and which after the approval of Director of Industries or any other officer so authorised by him, undertake substantial expansion only after 7/01/2003, as defined under these Rules, shall be entitled to the incentive of deferment of 75% VAT for a period of 8 years in Category B areas and for a period of 5 years for such units in category 'A' areas.

(iii) The benefit as at para (i) and (ii) above will however be subject to furnishing of Security /bank guarantee to the satisfaction of the Excise & Taxation Department of Government of Himachal Pradesh. The VAT so deferred for 8 years of 5 years as the case may be shall become due for payment after a period of 5 years from its collection. This means that the tax collected in the 1st year shall be payable in the 8th year, second year in the 7th year and so on. 25% of the VAT liability as and when due in case of existing units undertaking substantial expansion (as at para (ii) above) will however continue to be deposited with the State Government as prescribed by relevant law/statute.

10.3(i) Concessional Central Sales Tax at a rate of 1.5% of the taxable turnover of such goods with effect from 1st April, 2013 for a period of five years or till the implementation of the Goods and Services Tax, whichever is earlier shall be leviable on the goods manufactured by existing Industrial Units which have commenced commercial production on or before 31.03.2013. This incentive will not be provided to Industrial Unit engaged in the production of breweries, distilleries, non-fruit based wineries and bottling plants (both for country liquor and Indian made foreign Liquor).

10.3(ii) Central Sales Tax at a concessional rate of 1% shall be levied on the goods manufactured by new Industrial Units commencing commercial production on or after 1st April, 2013 with effect from the date of commencing commercial production. For industrial units which have commenced commercial production on or before 31.03.2013 and which carry out substantial expansion on or after 1st April, 2013 this incentive will be admissible with effect from
Commencing commercial production of the expanded capacity, for a period of five years or till the implementation of the Goods & Services Tax, which ever is earlier. This incentive will not be provided to Industrial Unit engaged in the production of breweries, distilleries, non-fruit based wineries and bottling plants (both for country liquor and Indian made foreign Liquor).

19. Tax Incentives Available to the units in Category “C” Block (Partial Tax Exempted Zone)

All new industrial unit(s) set up after the date of this notification including existing industrial units which have commenced production up to the date of this notification and undergo substantial expansion after the date of this notification (only after prior approval of Director Industries or any other officer authorized by him) in the Category “C” areas of the State, as notified from time to time, shall be exempted as follows from payment of State taxes (excluding levies in the shape of cess, fees, royalties etc.) for a period of 7 years from the date of commencement of commercial production or the date of notification by the concerned Department(s), whichever is later. The total amount to be so exempted shall be limited to 80% and 60% of the total fixed capital investment i.e. investment made in building, plant & machinery in tribal areas and backward panchayats respectively as per the table & conditions listed below:-

<table>
<thead>
<tr>
<th>Eligible Area</th>
<th>Limit of exemption</th>
<th>Period of exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribal area</td>
<td>1) 80% of the total FCI</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>2) (Total of all taxes)</td>
<td></td>
</tr>
<tr>
<td>Backward Panchayat</td>
<td>1) 60% of the total FCI</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>2) (Total of all taxes)</td>
<td></td>
</tr>
</tbody>
</table>

However, this incentive will be subject to the unit satisfying following conditions of eligibility:

1) Quantum of the incentive would be available on the VAT & CST payable per annum.
2) Fixed Capital Investment (FCI) shall mean the investment incurred on Building, Plant & Machinery.
3) The availment of incentives shall cease either on the exhaustion of the applicable quantum or on the completion of the eligible period, whichever is earlier.
4) The actual Fixed Capital Investment (FCI) as reflected in the Financial Institution / Bank Appraisal Project Report shall have to be certified by a Chartered Accountant.
5) If any false declaration is given for the purpose of availing incentives or if the unit is found not eligible, the amount of incentives so availed shall be liable to be recovered along with interest and penalty.
6) The eligible unit has obtained a certificate in the prescribed form from the General Manager, District Industries Centre of the Department of Industries of the Government of Himachal Pradesh where the industrial unit is registered or the other case, from the Director of Industries, Himachal Pradesh or his nominee duly authorized, in writing, in this behalf, and has furnished the same certificate to the
Assessing Authority for the grant of the certificate in form to be prescribed by Department of Excise & Taxation H.P. in reference to the notification.

7) These incentives shall commence only after the unit commences commercial production.

8) Government of India is in the process of introducing a uniform Goods and Services Tax (GST) regime throughout the country. In this event the benefits so granted or being availed may be subject to modification/s by the state Government to bring it in conformity with the GST regime.

9) All the goods should not only be manufactured but also sold by the dealers (manufacturers) themselves and it shall not be open for finished foods purchased or acquired by concerned industrial units for re-sale in Himachal Pradesh.

10) The unit must have been registered as a dealer under the Himachal Pradesh Value Added Tax Act, 2005, for manufacture of goods for sale.

11) The unit (registered dealer) complies with the provisions of (a) the Himachal Pradesh Value Added Tax Act, 2005, (b) the Central Sales Tax Act, 1956, and (c) the rules, including the scheme, if any, made, the notification, and orders issued, under these Acts.

12) The unit is located in the Category 'C' areas and employs at least 70 percent of its total manpower employment from amongst the bonafide Himachalis. In case of any violation of this condition at any point of time during this period by the concerned Industrial unit, no further exemption will be admissible to it and, in such an event all incentives already availed by such unit will be recovered and such unit will be liable for action as applicable under the Act.

13) Any dealer who was enjoying the benefit of exemption under the notification No. EXN-F(12)/2004(i) dated 30.03.2005 issued under Section 42 of the Himachal Pradesh General Sales Tax Act, 1968 and EXN-F(11)-5/2004 dated 19.01.08 of the Himachal Pradesh Value added Tax Act, 2005 and who would have continued to be eligible for such exemption on the date of the commencement of this notification shall continue to avail the benefit of the exemption from payment of tax on the sale of manufactured goods for the unexpired period as per the conditions applicable vide the above said notifications.

14) The unit must have been granted the certificate in form to be prescribed by Department of Excise & Taxation H.P. in reference to the notification by the Assessing Authority.

15) The certificate in Form to be prescribed by Department of Excise & Taxation H.P. as reference to the notification continues to remain operative and it has not been withdrawn or cancelled by the prescribed authority or is not annulled or quashed in any appellate, revisional or other proceedings and
Explanation I- The employment condition specified in sub-para (12) shall not be applicable to new industrial units employment only one employee located anywhere in the tax free Industrial zone and the units which are self-employed ventures where the owner is running the unit without employing any manpower.

Explanation II- For the purpose of this notification :- "Category 'C' areas" as defined at Annexure 'I' means all tribal areas notified by the competent authority and includes all Tribal Development Blocks and Development Blocks mentioned under this category in the Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial units in H.P. 2004.

(i) 'new industrial unit' means an industrial unit located in Himachal Pradesh which commenced/commences commercial production on or from the date of this notification, whichever is later, but will not include any industrial unit which is formed as a result of re-establishment, mere change of ownership, change in the constitution, re-structuring or revival of an existing industrial unit.

(ii) The unit has not been included in the negative list. The expression 'negative list' shall have the same meaning as assigned to it by the notification of Department of Excise & Taxation vide No. EXN-F(1)2/2004(iii) dated 30th March, 2005.

Insertion of New Rule 23:

Rule -23 Concession in the Payment of Stamp Duty:-

New Industrial Enterprises to be set up in State may be exempted from the payment of 50% stamp duty on instruments of conveyance deed and lease deed as notified by Revenue Department, H.P vide notification No. Rev.1-2(Stamp)1/87-1 dated 13.08.2014.

This incentive has came into effect w.e.f 14.08.2014 the date of its publication in the Rajpatra, Himachal Pradesh. Any changes in this rule would be applicable as and when notified by the concerned Department from time to time.

Insertion of New Rule-24:

Rule-24 Relaxation in Floor Area Ratio (FAR) Norms:

Town & Country Planning Department, Himachal Pradesh vide notification No. TCP-A(3)-4/2014 dated 17.07.2014 and 20.12.2014 has amended the interim development plan for Baroliwala, Paonta Sahib, Nahan, Una, Nalagarh and Parwanoo Planning area as follows:

For industrial use or activities the following regulations are applicable:-

1. Minimum plot area shall be:-

a. for small scale industry 250 M² to 500 M²;
for services/ light scale industry 501 M² to 1000 M²;
(c) for medium scale industry 1001 M² to 5000 M² and  
(d) for large and heavy scale industry above 5000 M².

Provided that:-

(i) The plot area as mentioned in clauses (a) to (d) above shall not be  
applicable in the cases where the sub-division of land has taken place  
effect before the commencement of the Interim Development Plan  
Barotiwal Planning Area.

(ii) the plot area as mentioned under clauses (a) to (d) above shall no  
applicable for the individual plots, if any, created /allotted by Himachal  
Pradesh Industries Development and Himachal Pradesh State Industrial  
Development Corporation (HPSIDC) or any other Authority prior to  
coming into force of the Interim Development Plan for Barotiwal Planning  
Area.

(iii) the layout and design of industrial area, if any, shall be as  
requirement of the Industry and shall be got approved from Director.

(2) Height of floor or storey:

The minimum height of floor or storey height of industrial building shall be 3  
metres and sloping roof height shall be in accordance with volume of structure. In  
case of roof trusses, height of building may be adjusted or relax accordingly.

(3) The plot area, minimum set- backs, maximum Floor Area Ratio (FAR) maximum  
height of building shall be governed by following table:-

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Type of Industry</th>
<th>Plot area in M2</th>
<th>Minimum Set Back in Metres</th>
<th>Max. FAR</th>
<th>Max. Height Building (in Metres)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Front</td>
<td>Left</td>
<td>Right</td>
</tr>
<tr>
<td>1</td>
<td>Small Scale Industries</td>
<td>250 to 500</td>
<td>3.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>2</td>
<td>Services/ Light scale Industries</td>
<td>501 to 1000</td>
<td>5.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>3</td>
<td>Medium Scale Industries</td>
<td>1001 to 5000</td>
<td>10.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>4</td>
<td>Large and above</td>
<td>Above</td>
<td>15.00</td>
<td>7.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Heavy Scale Industries</td>
<td>5000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) Minimum width of path/road abutting one side of plot shall be 5.00 Metres.

(ii) Service area required for pharmaceutical units or such type of industries under requirement of Goods Manufacturing Practice (G.M.P) shall not be included for calculation of FAR, provided it is only used for utilities and services but not in any case for production.

(iii) For ancillary uses like security post/room shall be allowed in set-back area i.e. one wall shared with the boundary wall shall be counted in the Floor Area Ratio (FAR).

The chronological order of exiting Rule-23, 23.1, 23.2 & 24 shall change to 25, 25.1, 25.2 & 26 respectively. Any changes in this rule would be applicable as and when notified by the concerned Department from time to time.

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