

INDUSTRIAL POLICY, 2003

**GOVERNMENT OF PUNJAB
DEPARTMENT OF INDUSTRY & COMMERCE
Notification**

No. 5/58/2002/11B/968

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The Governor of Punjab is pleased to formulate 'Industrial Policy-2003' to facilitate the development of industry in the State of Punjab, as contained in Chapters 1 to 12 herein under:

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CHAPTER-1

APPROACH

1.1 BACKGROUND

Although Punjab is primarily an agrarian State, the future lies in the development of Industry, by harnessing the synergies in agriculture and industry through the development of agriculture based industry, by further strengthening base of manufacturing industries, and by rapid development of service and knowledge based industry. During the past few years, industry has been feeling the pressure of the liberalized economic regime. Resultantly, there has been declining trend in the industrial growth during the past five years. In the year 1996-1997, 2497 new industrial units with investment of Rs. 854.47 crore, were set up in the State. But the number came down to 1187, with investment of Rs. 622.41 crore, during the year 2001-2002. The average growth rate of the secondary sector (comprising of manufacturing), which was 11.78 % in the year 1998-1999, declined to 5.90 and 5.73 in the years 1999-2000 and 2000-2001, respectively. This has also resulted in industrial sickness in the State. As per data compiled by the Reserve Bank of India, out of 1,06,329 SSI units financed by the banks in Punjab, 6304 units, with investment of Rs. 233.57 crore, have gone sick as on 31st March 2002. The Industrial Policy, therefore, has to address itself to the two basic issues, i.e. to promote investment and development in the growth areas of agro based and knowledge based industries, and to rejuvenate and strengthen existing industries, particularly the small and medium enterprises.

1.2 PREVIOUS POLICIES

The last Industrial Policy was notified by State Government in March, 1996. The main instruments of this policy were incentives and subsidies, with a varying mix of these being offered to different industries in different regions. Agro based industry, tourism industry, electronic industry and export-oriented industry were identified as thrust areas under this policy and special incentives were provided to these industries. Subsequently Information Technology industry and units set-up in the notified rural focal points were also added in the group of industries eligible for special consideration. The policy also provided for strengthening of the single window concept and of time bound clearances for setting up new industry.

1.3 CHANGING SCENARIO

In the package of incentives notified under the policy of 1996, in addition to continuation of incentives of capital subsidy (investment incentive) and sales tax exemption/deferment, a scheme of modernization and technology upgradation for existing industry, particularly small-scale industry, was introduced. This was general in nature and applicable to all industries. Further, an option of availing interest subsidy or sales tax concessions was also provided under this policy. **Clearly the basic reliance of this policy was on direct**

financial incentives, in the form of subsidies and tax deferment/exemption, to individual industrial units. The experience of most states, however, indicates that this approach to industrial development has had an indeterminate outcome. Whereas new industries can be said to have been encouraged, in many cases these have had an unfair advantage over old industries resulting in lower rates of growth for these and even shrinkage. It has been seen that a large number of such new units so established are unable to survive after the effect of subsidies and financial incentives is over. The objective of these incentives, that is to help new industries tide over initial cost disadvantages so that they can later face a competitive environment, stands negated. At the same time, such measures taken competitively by different states also negate any relative advantage envisaged by any one state. Finally, this type of policy incentives have led to adverse stress on state finances. In Punjab alone, since the introduction of the policy of tax exemptions in 1987, **exemptions of Rs. 13843.48 crore have been sanctioned to industry.** Similarly, since 1996, **the backlog of capital subsidy is more than Rs. 550.00 crore.** On the other hand, a broad assessment of the average annual rates of growth of industry before 1987 and thereafter indicates that there is no significant difference in these. **This policy of industrial promotion by way of financial assistance to new units, therefore, is clearly not maintainable.** At the same time, as a result of the National consensus on tax policies, the incentive of sales tax exemption / deferment to new industrial units has formally been discontinued by all the States w.e.f. 1st May, 2000. **This combination of circumstances calls for a paradigm shift in Industrial policy and the role of the government.** From the role of direct promotion and direct financial assistance, the government has to change to the role of a facilitator, by creating a physical and institutional climate of investment and industry friendliness, that increases the efficiency and competitive ability of industry, or groups of industries in general, in a sustainable manner. This becomes even more critical in the era of trade liberalization brought about by the various WTO agreements, which are already in place, and will progressively come into play over the next few years. Trade liberalization is both a threat and an opportunity- and the Industrial policy needs to deal with both these aspects. The State's industry has to meet the challenges of higher product standards, environmental requirements and increased competition, while at the same time, take full advantage of new markets, inputs and technologies available. The new Industrial Policy is based on these concerns, with the following broad objectives :-

(a) To create a conducive investment climate through infrastructure creation, reduced regulations and general facilitation.

(b) To rejuvenate and make competitive existing industry, particularly in the small scale sector through improved technology, product quality and marketing.

(c) To create a special thrust in the areas where Punjab has an edge in terms of cost and competitiveness.

CHAPTER-2

MAIN PLANKS

The main planks of Industrial Policy are :-

- A Hassle Free dealing with Government.
- A Power Sector Reforms.
- A One Time Settlement Scheme.
- A Industry and business friendly tax administration.
- A Enhancement of competitiveness of the existing Industry.
- A Revival of Sick Small Scale Industrial Units.
- A Redefining role of PSIDC, PFC and PSIEC.

- A Industrial Infrastructure Development.
- A Measures for attracting new investment

CHAPTER-3

HASSLE FREE DEALING

3.1 Certification regarding Statutory Compliances

Inspections by the officials of the Government under various Acts / Regulations have been a source of irritation, delay and inconvenience to Industry. In order to facilitate self certification and create a more industry-friendly environment, following measures under relevant Acts / Regulations will be taken:-

3.1.1 Indian Boilers Act, 1923

(a) The State Government will confer powers of Inspector under Section 5(1) of the Indian Boilers Act, 1923, to selected Engineers, possessing requisite qualification, henceforth called Chartered Engineers, who shall exercise such powers and discharge such functions of Inspector conferred or imposed on them by or under this Act in accordance with the detailed scheme to be notified by the State Government separately.

(b) Procedure for their selection, qualification, terms of authorisation, jurisdictions and service charges will be notified by the State Government separately.

(c) They will perform the duties of Inspector as enshrined under Section 7 and Section 8 of the Indian Boilers Act, 1923 with regard to registration, annual inspection and renewal of certificates.

(d) However, a Committee under the Chairmanship of Director Industries & Commerce, Punjab and comprising of General Manager, District Industries Centre, Director Boilers and two Representatives of local Industry Association can order random checking (through computerised randomisation process) upto 5% of units in each district by an Officer, not posted in that district and chosen randomly. In case of defaults, the Chartered Engineer will be liable to face action as mentioned in Section 5 of the Act and the unit will be liable to be penalised as per Clause 22, 23, 24, 25, 26 and 27 of the Act. **(Notification on detailed scheme)**

3.1.2 Standards of Weights & Measures (Enforcement) Act, 1985.

(a) The State Government will confer powers of Inspector under Section 5(1) of the Standards of Weights & Measures (Enforcement) Act, 1985, to the selected Engineers possessing requisite qualification, henceforth called Chartered Engineers, who shall exercise such powers and discharge such functions of Inspector conferred or imposed on them by or under this Act in accordance with the detailed scheme to be notified by the State Government separately.

(b) Procedure for their selection, qualification, terms of authorisation, jurisdictions and service charges will be notified by the State Government separately.

(c) They will perform the duties of Inspector with regard to verification and stamping of weighs & measures in accordance with the Punjab Standard of Weights & Measures (Enforcement) Rules, 1993 and Punjab Standard of Weights & Measures (Enforcement) (Amendment) Rules, 1999.

(d) However, a Committee under the Chairmanship of Director Industries & Commerce, Punjab and comprising of General Manager, District Industries Centre, Controller Weights & Measures and two Representatives of local Industry Association can order random checking (through computerised randomisation process) upto 5% of units in each district by an Officer, not posted in that district and chosen randomly. In case of defaults, the Chartered Engineer will be liable to face action as mentioned in Section 5 of the Act and the unit will be liable to be penalised as per penal Clause defined under Chapter XI of the Act. **(Notification on detailed scheme)**

3.1.3 Indian Electricity Act, 1910 & Indian Electricity Rules, 1956

(a) The State Government will confer powers of Inspector to the selected Engineers possessing requisite qualification, henceforth called Chartered Engineers, who shall exercise such powers and discharge such functions of Inspector conferred or imposed on them for inspection / testing of electric installations exclusively relating to industrial units under Rule 46, 47, 47(a) and 63 of Indian Electricity Rules, 1956.

(b) Procedure for their selection, qualification, terms of authorisation, jurisdictions and service charges will be notified by the State Government separately.

(c) However, a Committee under the Chairmanship of Chief Electrical Inspector and comprising of General Manager, District Industries Centre and two Representatives of local Industry Association can order random checking (through computerised randomisation process) upto 5% of units in each district by an Officer, not posted in that district and chosen randomly. Any dispute arising between the Chartered Engineer and Owner of the Industrial unit shall be decided by the Chief Electrical Inspector on receipt of application from either party, whose decision shall be final and binding on the parties.

(d) Action will be taken against the Chartered Engineer for issuing wrong certification in the shape of cancellation of his licence as well as black listing him for future empanelment. In addition, the penalty for breach of rules shall be applicable to the owner of the Industrial Unit as stipulated under Indian Electricity Act / Rules.

3.1.4 Implementation of Environmental Laws

(a) The Punjab Pollution Control Board will introduce a scheme of inspection/verification of industrial units for grant of consent to operate under the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981, by the Chartered Engineer. The Chartered Engineer shall exercise such powers and discharge such functions as conferred or imposed on them by the Board under various Acts mentioned here after.

(b) Procedure for their selection, qualification, terms of authorisation, jurisdictions and service charges will be notified by the State Government separately.

(c) They will perform the duties of Inspection / verification of industrial units for grant of consent to establish (NOC) and Consent to Operate under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 both for Green and Red Category.

(d) However, a Committee under the Chairmanship of Chairman, Punjab Pollution Control Board and comprising of General Manager, District Industries Centre and two Representatives of local Industry Association can order random checking (through computerised randomisation process) up to 5% of units in each district by an Officer, not posted in that district and chosen randomly. In case of defaults, the unit will be liable to be penalised as per penal Clauses defined under Chapter XI of the Act.

(e) Action will be taken against the Chartered Engineer for wrong verification / certification in the shape of cancellation of his licence as well as black listing him for future authorisation including forfeiting of bank guarantee.

(f) Any dispute between the Chartered Engineer and Industry shall be decided by the Chairman of Punjab Pollution Control Board whose decision shall be final and binding on the parties.

3.1.5 Self Certification Scheme under Labour Laws

(a) State Government will introduce Self Certification Scheme which is aimed at making the employer / entrepreneur a conscious and truthful citizen and law abiding person who is willing to take care of the interest of workers and employees by following all the labour laws as applicable and to enable the department of Labour and Employment to effectively protect the interest of the worker as well as the employers.

(b) The procedure to opt for this scheme, filing of return, validity of the undertaking and details of labour laws covered under the scheme is given in the detailed scheme being notified separately by the Government.

(c) However, a Committee under the Chairmanship of Labour Commissioner, Punjab and comprising of General Manager, District Industries Centre and two Representatives of local Industry Association can order random checking (through computerised randomisation process) up to 5% of units in each district by an Officer, not posted in that district and chosen randomly.

(d) This scheme shall be valid for following Acts & Rules made there under as applicable to the concerned employer / entrepreneur:-

- Minimum Wages Act, 1948 and rules made there under as amended from time to time.
- Payment of Wages Act, 1936 and rules made there under as amended from time to time.
- Contract Labour (Regulation & Abolition) Act, 1970 and rules made there under as amended from time to time.
- Industrial Employment (Standing Orders) Acts, 1946 and rules made there under as amended from time to time.
- Punjab Industrial Establishment (National and Festival Holidays and Casual and Sick Leave) Act, 1965 and rules made there under as amended from time to time.
- Punjab Labour Welfare Fund Act, 1965 and rules made there under as amended from time to time.
- Payment of Bonus Act, 1965 and rules made there under as amended from time to time.
- Payment of Gratuity Act, 1972 and rules made there under as amended from time to time.
- Maternity Benefit Act, 1961 and rules made there under as amended from time to time.
- Child Labour (Prohibition & Regulation) Act, 1986 and rules made there under as amended from time to time.
- Punjab Shops & Commercial Establishment Act, 1958 and rules made there under as amended from time to time.
- Factories Act, 1948 and rules made there under as amended from time to time.

3.1.6 All the schemes at (3.1.1) to (3.1.5) will be optional and the Industry will have choice to opt for registration / certification / verification / inspection by the authorities designated under these schemes or from the Government Functionaries.

3.1.7 Relevant Acts / Rules & Regulations framed there under in respect of all the schemes at (3.1.1) to (3.1.5) shall have an over-riding effect on the provisions of respective schemes.

3.1.8 The Chartered Engineers under schemes at (3.1.1) to (3.1.4) shall be liable for all acts of omission and commission, as an Inspector is under the provisions of the relevant Acts / Rules & Regulations.

3.1.9 State Government may also authorise the Engineers employed in Industrial units / owners of Industrial units fulfilling the requisite qualifications to undertake verification / certification on behalf of the Board of Directors of the Company / Proprietor / Proprietors of the unit on the pattern of Chartered Engineers in respect of (3.1.1) to (3.1.4) above.

3.1.10 A Committee will be set up under the Chairmanship of Principal Secretary, Industries & Commerce to oversee the implementation of the schemes at (3.1.1) to (3.1.5) above. The composition of the Committee is given at Annexure-I.

3.1.11 State Government will take effective steps to ensure that designated authority authorising lay off / retrenchment under Section 25-M and 25-N of the Industrial Disputes Act, 1947 takes decision within the stipulated time frame of 60 days.

3.1.12 Flexible working hours shall be allowed for Textile Industry.

3.1.13 'Truck Unions' in Punjab have emerged as a highly restrictive force on the free movement of goods

within and outside the State, which is a pre-requisite for healthy growth of industry and trade. Such unions have no authority to impose freight rates on industry and trade. In most parts of the State, commercial transportation is almost completely at the mercy of these unions and the rates charged by them, and other terms & conditions imposed by them, are way beyond market terms. This has severely hampered the growth of industry in several parts of the State. State Government will take suitable and effective measures to check exploitation of Industry by Truck Unions so that the freight rates are market determined rather than these being dictated by the truck unions. The industrial units will have freedom to hire and ferry their goods. They will also have freedom to operate their own trucks for transporting their goods.

3.1.14 In order to ensure optimum utilisation of land, State Government has further liberalised the 'Off-the-Shelf Scheme' for allotment of plots by making provision for transfer of plots. Further, in order to remove unnecessary restrictions under the General Allotment Scheme, the system of 'Letter of Intent' has been replaced by 'Direct Allotment Letter'.

3.2 Monitoring Committees

3.2.1 State Government will set up an Empowered Committee under the Chairmanship of Chief Secretary to monitor sanctions / clearances from the environmental, locational and other aspects to the entrepreneurs setting up Large & Medium Industry. This Committee will meet once in a month or earlier, if required. Similar Committee will be set up at District level under the Chairmanship of respective Deputy Commissioners to monitor such clearances for setting up of Small Scale Units in the State. Composition of these Committees are given at Annexure-II& III respectively.

3.2.2 Further, a State Level Committee to oversee the implementation of Industrial Policy by the Departments / Agencies concerned in the State Government, will be set up under the Chairmanship of Industries & Commerce Minister, Punjab. This Committee will meet once in three months or earlier, if required. Composition of this Committee is given at Annexure-IV.

CHAPTER-4

POWER SECTOR REFORMS

State Government is committed to provide adequate, assured and reliable power at competitive rates. Following steps will be taken in this direction:-

4.1 (a) Generation of Power for captive use will be freely allowed.

(b) All captive power generated for self-use / consumption will be exempted from levy of electricity duty. However, this exemption will not be available to captive power sold to any other unit.

(c) Captive power generation plants set up jointly by industrial units through a Special Purpose Vehicle will also be allowed for self use by the same units.

4.2 Any consumer can import bulk power from any source, including power units set-up outside the State on the terms & conditions approved by Punjab Electricity Regulatory Commissioner (PERC) / C.E.R.C.

4.3 Rationalisation of Power Tariff by PERC and subsidies to any consumer segment will be upfront and transparent through the budget.

4.4 No prior sanction for DG set upto 10 KW as stand by source of supply will be required. Prior approval of Chief Electrical Inspector for DG set upto 10 KW will also be not required.

4.5 Units of a company having single balance sheet would be allowed to use the energy generated from captive generation units, even if located at a distance.

4.6 Instead of recovering one time permission fee for the installation of CP/Co-Generation in two slabs i.e.

upto 1 MVA & above 1 MVA a uniform rate of Rs. 50/- per KVA shall be adopted.

4.7 Monthly parallel operation charges for CPP/Co-generation shall be @ Rs. 200/- per KVA on 5% of the installation capacity of TG set instead of 7.1/2 %.

4.8 Consumer having electric connection and also want to run additional load on DG/TG set shall be allowed to do so after recovering one time permission fee, ACD for the additional load and parallel operation charges of 5% of the rating of DG/TG set with or without facility of interfacing. Only non-consumers shall be entitled to install & run DG/TG sets without paying parallel operation charges if interfacing facility with PSEB system is not sought for.

4.9 The minimum installed capacity of the plant prescribed as 1 MVA under clause-3 of CC 26/2002 relating to Captive owner Plant shall be deleted thereby allowing any capacity of the plant as Captive Power Plant without any minimum limit.

4.10 Policy for New and Renewable Sources of Energy notified by State Government will be vigorously implemented so that there is adequate share of renewable sources in the power supply.

CHAPTER-5

ONE TIME SETTLEMENT SCHEME (OTS)

5.1 A liberal OTS for loans has already been offered by PSIDC. Government shall consider a new OTS Scheme for settlement of loans of all Corporations (PSIDC, PFC and PAIC) based on the latest RBI guidelines on OTS. Terms offered by all Corporations shall not be lower than those provided for in the RBI

CHAPTER-6

REVAMPING OF TAX ADMINISTRATION

6.1 LADT to replace Octroi and Entry Tax

The State Government also realises the need to effectively reduce undue interference and bottlenecks by way of multiple checks on free movement of goods within the State. In this endeavour, it proposes to replace octroi, entry tax in lieu of sales tax and entry tax on consumables with a single point Local Area Development Tax (LADT) to be collected on entry of goods at the inter-state barriers. Such a tax would not only reduce numerous stand points for goods' carriers and save precious time and resource of trade and industry, but would also generate enough revenue for the State to provide much needed basic amenities and social infrastructure in the State. In pursuance of the objective to promote and develop industry in the State, entry tax in lieu of octroi, on industrial raw-materials would be vatable, meaning thereby that input tax credit as available to the industrial units for tax paid on all purchase made by them within the State under VAT, would also be available for such a tax.

6.2 The proceeds of LADT will be:-

(a) Directly transferred to the Local Bodies based on a pre-determined formula to be worked out by Local Government Department, and as a matter of right.

(b) Further transferred online to Local Bodies through Deputy Director, Local Government.

(c) The proceeds will not form a part of consolidated fund. The State Government will ensure that if proceeds under LADT are less than the collection of Octroi (base year 2002-2003), then State Government will compensate the Local Bodies for initial two years.

6.3 Introduction of VAT

State Government is committed to introduce Value Added Tax (VAT) w.e.f. 1.4.2003. Under VAT regime, all industrial units of the State would be eligible for input tax credit of tax paid by them on purchase of raw materials within the State. Moreover, all industrial raw materials would be taxed at a concessional rate of 4%.

6.4 Computerisation of tax operations

The Department of Excise & Taxation would also intensify its efforts to computerise tax operations including recovery of taxes, scrutiny of returns, cross-verification of purchase / sale of commodities, cross-verification of inter-dealer transactions, transmission of import / export data to dealers' file, reconciliation of input tax credit (ITC) and assessment of tax, wherever considered necessary.

6.5 Many existing declaratory forms such as ST-XXIV and ST-XXIV-A will be discontinued by introducing one statutory declaratory form.

6.6 In accordance with the National consensus, State Government has fully implemented the uniform floor rates. Further, ward based tax planning has been introduced .

CHAPTER-7

ENHANCEMENT OF COMPETITIVENESS OF THE EXISTING INDUSTRY

7.1 Modernisation & Technology Upgradation.

7.1.1 State Government will encourage the existing Small Scale Industrial units to undertake modernisation and / or technology upgradation to meet the challenges of WTO regime. Details of the scheme covering its scope, eligible institutions, definition of technology upgradation, items eligible for the incentive and procedure for sanction and disbursement of the incentive shall be notified separately.

7.1.2 The scheme will be applicable in the case of:-

- Light Engineering Industries
- Textile, Hosiery & Knitwear Industries
- Sports Goods units
- Agro & Food Processing units

7.1.3 Under this scheme, capital subsidy to the extent of 25% of the cost of fixed capital investment, upto maximum of Rs.25 lacs per unit will be provided. The scheme will be operative during the 10th Five Year Plan period. A Technology Development Fund with budgetary allocation upto Rs.25 crore per annum shall be created by the State Government for this purpose. In case at the end of the year, the number of units to be covered under the scheme is more than the budgetary allocation, the amount of subsidy shall be reduced accordingly on pro-rata basis. **Notification on detailed scheme**

7.2 Freight Subsidy for Export

In order to enhance competitiveness of industries mentioned at Para 7.1.2 above, a subsidy upto 1% of FOB value of exports subject to maximum of Rs.50 lac on freight incurred on transporting goods from the place of manufacture to the place from where these are shipped / air-lifted for export will be provided. A provision of maximum upto Rs.50 crore per annum shall be made by the State Government for this purpose. If the claims exceed this amount the same will be disposed off on pro-rata basis.

7.3 Centre for Competitiveness

The State Government is worried over the erosion of competitiveness in Industry and Agriculture Sector of the Northern Region over the past decade. In order to stem this erosion and help industries in the State in particular and in northern region in general, the State Government will assist Confederation of Indian Industry (CII) for setting up CII Centre for Competitiveness. The Centre will assist the small & medium scale industry in reaping benefits of new technology, providing technology information services, consultancy and advisory services in agri-food processing and bio-technology sector. The Centre would undertake sectoral studies with the help of specialised organisations so that the industry in the region can regain its competitive edge.The State Government has extended financial support of Rs.1 crore to the Centre.

CHAPTER-8

REVIVAL OF SICK SMALL SCALE INDUSTRIAL UNITS

8.1 Small Scale Industries (SSI) constitute an important and crucial segment of the industrial sector. With opening up and globalisation of economy there has been considerable pressure on the performance of the SSIs, resulting in a number of them becoming sick. Although industrial sickness is an inherent part of the process of development, it causes unemployment, non-payment of state and central government dues, blocking of institutional finance and non-utilisation of productive assets. A State Level Industrial Revival Forum will be framed to assist the revival of such sick units. The constitution of the forum will be as under:-

- | | |
|---|----------|
| (i) Principal Secretary Industries & Commerce | Chairman |
| (ii) Financial Commissioner. Taxation | Member |
| (iii) Principal Secretary, Power | Member |
| (iv) Chairman, PSEB | Member |

(v) Secretary, Local Government	Member
(vi) Managing Director, PSIDC	Member
(vii) Managing Director, PFC	Member
(viii) Representative of concerned Banks	Member
(ix) Regional Head, RBI	Member
(x) Director, Industries & Commerce	Member Secretary

The details of the scheme will be separately notified. It is imperative that while rehabilitating a company / unit all concerned have to sacrifice. Accordingly, the promoter will contribute at least 20% of the cost of revival package as equity in a stipulated time frame.

8.2 These units will be considered for following concession/s by the forum on case to case basis:-

8.2.1 Deferment of recovery of arrears of Sales Tax, Purchase Tax, Electricity Duty, Power Bills, House Tax and Water Charges for a period up to five years. The deferred dues will be repayable within a period of five years thereafter with interest at a specified rate.

8.2.2 Deferment of payment of electricity duty by the unit in respect of energy consumed for a period of two years from the date of sanction of Rehabilitation Package.

8.2.3 Exemption from power cuts to such units will be ensured. In case this is not possible in view of reduced power availability and other compelling demands, the Board will reduce power cuts to about 50% of the stipulated power cuts in case of other industrial units.

8.2.4 Prompt permission of State Government to the sick units for the sale of surplus land.

8.2.5 Minimum charges for electricity connection would be exempted during the closure period.
(Notification on detailed scheme)

CHAPTER-9

REDEFINING ROLE OF PSIDC, PFC AND PSIEC

9. Following steps will be taken:-

9.1 Re-capitalisation of PSIDC and PFC for their future role.

9.2 Amalgamation of the following roles under one roof:-

- Infrastructure Development
- One stop banking including appraisals, insurance, merchant banking.
- Seed/venture capital funds in specific in sunrise areas.
- One window facilitation to Industry for all clearances.
- Closing down or redefining of divisions which are irrelevant

9.3 Dis-investment in the Joint / Assisted Sector and Direct Subscription companies promoted by various Corporations of Punjab Government.

9.3.1 Punjab State Industrial Development Corporation and Punjab Agro Industries Corporation have been engaged in promoting joint sector/assisted sector companies by participating towards equity of funds entities based on an understanding with the promoter that after a specified number of years when the company was on stream, the promoter would buy back the equity stake of the investing Corporations at principal investment plus pre-agreed rate of interest.

9.3.2 In most cases, the promoters/collaborators have not been able to buy back shares which have become overdue.

9.3.3 A liberal One Time Policy for facilitating equity dis-investment in the promoted companies as also in those cases where arbitration proceedings have already started would be implemented to enable the units to settle obligations with PSIDC and PAIC.

9.3.4 The Policy will offer Single Tier carrying 10% simple rate of interest irrespective of the status of the unit. This OTS shall apply only to all the balance shares being held by the respective corporations in Joint Sector / Assisted Sector / Direct Subscription which have yet not been transferred back to the collaborator.

9.3.5 The above concessions would be subject to the following:

a) The buy back amount under the OTS Policy as per above shall be calculated as on 31st March 2003 and the operating date shall be 1-04-2003.

b) The promoters shall have to deposit an amount equivalent to 10% of the consideration amount i.e. principal + up to date simple interest as calculated above from the date of disbursement till the offer date alongwith his application asking for OTS.

c) There will be following options for the payment of balance amount:

i) In case, the complete amount is paid within 60 days, then 10% rebate on the interest due up to the actual date of buy back will be given.

ii) In case, the complete amount is paid within 120 days, then 5% rebate on interest due up to the actual date of buy back will be given.

iii) In case, the payment is made beyond 120 days and in less than one year, then no rebate is offered. However, further simple interest @ 12.5% p.a. shall be charged on reducing amount till the date of full payment or one year whichever is earlier.

iv) In case, the payment is made after one year then the compound interest @ 12.5% p.a. shall be charged on reducing amount. However even in this option, the entire payment has to be completed within 2 years of accepting the offer.

d) The entire buy back is to be completed within two (02) years from the date of acceptance. In case, the collaborator fails to complete the buy back during the said period, then the buy back shall be governed by the provisions of the FCA and the amount already received shall be adjusted against the interest.

e) The shares shall be transferred only after the entire amount is received and buy back concluded thereof.

f) The above scheme shall be in operation till 31st May 2003 for the purpose of exercising an option.

g) The rate of interest under One Time Settlement Policy for facilitating equity disinvestments in the companies promoted by Punjab Government Undertakings located in the Border districts will be 8% instead of 10%. The period for availing OTS for equity buy-out for the Border districts units will be 3 years.

CHAPTER-10

INDUSTRIAL INFRASTRUCTURE DEVELOPMENT

10.1 Serious endeavour will be made to attract private investment and participation for creation of adequate infrastructure as well as also for up-gradation of existing infrastructure. In future all industrial parks shall be developed through private sector or as joint ventures of private sector and public sector undertakings. Agencies of the State Government like Punjab Small Industries & Export Corporation shall act only as Master Planner Facilitator and, Infrastructure Coordinator. They shall also act as a vehicle to channelise flow of financial assistance as well as grants available under various schemes of the Central Government to subsidise specific infrastructure projects. A conscious effort shall be made to develop industrial parks in such a manner that these become self-contained entities with adequate social infrastructure.

10.2 The operation and maintenance, of Industrial Parks, Focal Points shall be done on self-sustaining basis by levy of user charges and by incorporating Special Purpose Vehicles for this purpose.

10.3 Earnest efforts shall be made to take maximum advantage from the following schemes of the Central Government :-

10.3.1 Special Economic Zones (SEZs): Efforts shall be made to set up atleast three SEZs at appropriate locations in the State, one of which shall be set up in the border belt of the State.

10.3.2 Apparel parks Efforts would be made to fully exploit "Apparel parks for export" scheme of the govt. of India to develop apparel parks at suitable places in the state. First such apparel park shall be set up at Ludhiana by PSIEC with private sector participation. Special purpose vehicles (SPVs) will be set up for this purpose and PSIEC would act as a facilitator and contribute token equity in this venture.

10.3.3 Cluster Development In order to motivate industry to be globally competitive, the State Government will adopt a Cluster approach. Following clusters will be strengthened in the initial stages by availing assistance under Industrial Cluster Development Scheme of Government of India:-

- Machine tools at Batala
- Bicycle and bicycle parts at Ludhiana.
- Re-rolling steel mills at Mandi Gobindgarh

In the Second Phase the following Industrial Clusters will be taken up for assistance under this scheme:-

- Sports Goods, Rubber Goods, Hand Tools, Leather And Leather Goods at Jalandhar.
- Gems and Jewellery at Amritsar
- Diesel Engines at Phagwara.
- Handicrafts at Hoshiarpur
- Automobiles and Automobile Parts at Ludhiana
- Wooden Furniture at Kartarpur
- Combines And Agriculture Implements at Bhadson.

10.3.4 Textile Centres Infrastructure Development Scheme

In order to further accelerate the development of Textile industry, infrastructure development projects would be prepared for taking assistance under "Textile Centres Infrastructure Development Scheme" (TCIDS) of Government of India.

10.4 Following measures will be taken to encourage private sector investment in development of Industrial parks / Estates / Agro parks / IT parks :-

10.4.1 External Development Charges for Private Industrial Estate Developers In order to facilitate and encourage private participation in Industrial Parks / Estates / Information Technology Parks/ Agro Parks / Special Economic Zones in the private or joint sector shall be exempted from the Punjab Apartment and Property Regulation Act (PAPRA) 1995, in accordance with the powers vested with the State Government under Section-44 (2) of the Act. To be entitled to avail of these benefits, the eligibility of each such park / estate / zone will be assessed and determined by the Empowered Committee for Industrial Approvals. Upon approval of the Committee, the Department of Industries will issue an eligibility certificate. **(Notification of Empowered Committee)**

10.4.2 Change of land use

Change of land use will not be required anywhere in the State except in the areas falling within the municipal limits, Chandigarh Capital periphery or planning or controlled areas and along the notified schedule roads and bye passes . However, in the case of Industries being set up in the areas other than specified above, intimation by the Industries Department about the location of the proposed unit shall be sent to Chief Town Planner, Punjab, Department of Housing & Urban Development, so as to keep the data bank regarding land use updated.

(Instructions Regarding Change of Land Use issued by Department of Housing & Urban Development)

10.4.3 Sale / Transfer of developed infrastructure

There shall be no stamp duty on first sale/transfer of developed infrastructure by the developer in industrial parks / complexes as approved by the Department of Industries during the setting up of such areas and subsequently for a period of three years. Thereafter, the normal stamp duty would be chargeable on such transactions.

(Scheme for change of land use for industrial park/estates/ agro parks/ IT parks/ multiplexes)

10.5 Development of Integrated Multiplex Complexes

10.5.1 Development of Multiplex Complexes with integrated entertainment and Shopping Centre / Complex having atleast three Cinema Halls with total minimum capacity of 1,000 seats, set up in an area of 4,000 square yards or above with minimum investment to the tune of Rs.20 crore will be encouraged in the State. The entertainment area will have Cinema Halls, Restaurants, Fast Food outlets, Video Games Parlours, Pubs, Bowling Allies, Health Spa/Centre and recreational activities. Such Complexes will be given the status of Industry.

10.5.2 Following concessions will be given to these Complexes:-

- (a) 100% entertainment tax exemption for first five years.
- (b) Existing Cinema Halls converting into Multiplexes shall also be entitled to 100% exemption for first five years.
- (c) Liberty to fix the ticket rates by the Owners.
- (d) Power tariff rates as applicable to Industry.
- (e) No transfer fee except stamp duty shall be liveable on first sale of Shopping area.

10.6 PSIEC to make enhancement in land prices transparent.

10.6.1 In the past few years, enhancement in the cost of plots in industrial focal points on account of substantial increase in the land compensation in favour of original land owners by the Civil Courts and subsequent transferring of proportionate liability upon the allottees has raised number of apprehensions in the

minds of the allottees. Therefore, it has been decided that while raising demand for the recovery of additional price due to enhancement in the land compensation, PSIEC shall demand only the component of statutory dues under the Land Acquisition Act.

10.6.2 In order to make this process transparent, the allottees shall be supplied a copy of relevant cost sheet alongwith demand notice. However, failure on the part of allottees to deposit the amount of additional price within the prescribed period of 30 days, shall lead to invoke the provisions as laid in the respective terms of

CHAPTER-11

MEASURES FOR ATTRACTING NEW INVESTMENT

11.1 Development of Mega Projects

State Government will consider and determine a Special Package of Incentives as well as Facilitation by way of relaxation of Rules & Regulations and Provision for Legal, Institutional and Financial dispensation for new as well as existing industrial units undertaking expansion through an Empowered Committee headed by the Chief Minister (Annexure-V). The limit of fixed capital investment by a unit for the Special Package shall be increased from Rs.25 crore to Rs.100 crore and above. This limit will be Rs.25 crore in case border districts.

11.2 Border Area Development

For the development of Border Areas, State Government will provide capital subsidy to new Small Scale Industrial units except those in negative list at Annexure-VI set up in the Border areas. The quantum of subsidy will be 30% of the Fixed Capital Investment upto maximum of Rs.30 lac per unit. For this purpose, budgetary allocation upto Rs.25 crore per annum would be made to Industries Department by State Government. In case at the end of the year, the number of units to be covered under the scheme is more than the budgetary allocation, the amount of subsidy shall be reduced accordingly on pro-rata basis. The procedure for sanction and disbursement of Incentive shall be notified separately.

(Notification Capital Subsidy)

11.3 Development of Sugar Industry

State Government will facilitate the development and growth of Sugar Industry. Following measures will be taken to ensure growth in Sugar Industry:-

- (a) Automatic clearance for manufacture of ethanol.
- (b) Automatic clearance for setting up of distilleries.
- (c) Co-generation of Electricity will be allowed in Sugar Industry. Wheeling of surplus power so generated will also be allowed to other industries / PSEB.

11.4. Development of Agro & Food Processing Industry

11.4.1 Definition For the purpose of this policy, Agro-Food Processing Industries would mean an activity involved in the production of value added / high end products from primary agricultural / horticultural crops including floriculture & vegetables and their residues available in the State. It will also include cultivation of processing / superior quality & high yielding varieties of all kinds of crops and their post harvest operations such as cleaning, grading, packaging, storage, transportation, marketing etc. The extent of value addition should be atleast 50% of the basic value. However, this will not include rice, pulse and cereal mills, decorticating, expelling, crushing, roasting and frying of oil seeds, preparing of bread other than by mechanised bakery, refining and hydrogenation of edible oils, including manufacture of Vanaspati. It will further include the non-molasses based alcohol plants.

11.4.2 Incentives

- (i) For agriculture commodities other than wheat and paddy no market fees shall be levied on purchases made by agro and food processing units.
- (ii) Similarly for commodities other than wheat and paddy purchased by food and agro processing units, no Rural output tax shall be charged.

(iii)As regards wheat, the concessions regarding market fees given in the Department of Agriculture Notification No. G.S.R. 96 / P.A.23 / 61 / S.43 / Amd. (58)/ 2001, dated: 11-09-2001 shall be retained.

(iv)All processing units will be allowed to purchase agricultural products directly from the farmers and necessary exemption for this purpose will be given to them under the Punjab APMC Act.

(v)Sales tax on packaging material will be reduced to minimum floor level.

(vi)Sales tax on ISI mark pumps and motors will be reduced to the minimum floor level.

(vii)There will be no restriction on any dealer for stocking / movement of food grains, sugar and edible oils in view of Removal of Licensing Requirements Stock Limit and Movement Restrictions on Specified Food Stuff Order, 2002.

(viii)For agro and food processing units other than those processing wheat and paddy, input tax credit in respect of sales or purchase tax paid, as envisaged under the proposed VAT regime, will be allowed provided the finished products are taxable under the local tax act or under the CST act. This input tax credit shall be allowed at the rate of tax on inputs or the rate of tax on output, whichever is lower. In respect of wheat, paddy / rice industry, this Input tax credit will only be allowed to those agro and food processing units which have a fixed capital investment of atleast Rs. 50.00 crore.

11.5 Development of IT and IT enabled Services, Electronics Industry, Knowledge Parks and Bio-technology

11.5.1 State Government will encourage IT and IT enabled Services, Electronics Industry, Knowledge Parks and Bio-technology through Special measures as per details given in the scheme at Annexure-VII. This will include:-

(i) Minimum floor level of Sales Tax rates.

(ii) No restriction on movement of capital equipment.

(iii) Rationalisation of Octroi.

(iv)Power at Industrial Power Tariff.

(v)Exemption from Electricity Duty for five years.

(vi) No power cuts or restrictions on peak load hours.

(vii)Exemption on property transactions from Stamp Duty and Registration Fee for three years.

(viii) Relaxation in Floor Spacing Index to the extent of 50%.

(ix)Exemption from Land and Building Tax. The above Package of Incentives will be valid for a period of three years and subject to review thereafter.

11.6 Bond Scheme

State Government will issue fully tradable bonds to discharge the liability of sanctioned subsidy cases. The industrial units to whom these bonds are issued will be entitled to clear their dues towards the State Government departments / institutions through these bonds in respect of Sales Tax, Arrears of Sales Tax, Taxes & Duty on Electricity, Arrears pending with PSEB, Payment of IFL, Dues of PSIDC, PFC and PAIC. The total face value of bonds will be Rs.600 crore which will have different maturity dates spread over a period of 6 years so that the amount of redemption against Government dues is Rs.100 crore per year.

CHAPTER-12

APPLICABILITY OF THE POLICY

12.1 The Industrial Policy 1996 and Notifications issued thereunder as mentioned below: -

(i) Industrial Policy Notification No. 15/43/96-5/IB/2238, dated: 20th March 1996.

(ii) Punjab Industrial Incentive Code under the Industrial Policy 1996 notified vide No. 11/15/43/96-5/IB/4176 dated: 1st June 1996 amended vide Notification No. 15/43/96-5IB/3444 dated: 15-05-1998, Notification No. 15/43/96-5IB/2865 dated: 26-04-2000, Notification No. 15/43/96-5IB/3407 dated: 15-05-1998, Notification No. 15/43/96-5IB/2852 dated: 26-04-2000, Notification No. 15/27/96-5IB/3616 dated: 26-05-1998.

(iii) Incentives for development of electronic industry vide Notification No. 15/43/96-5IB/5951 dated: 13-08-1996.

(iv) Land Allotment Policy vide Notification No. 15/43/96-5IB/7722 dated: 10-12-1998.

(v) Empowered Committee to consider special package of incentives for projects of Special Significance vide Notification No. 15/43/96-5IB/4172 dated: 01-06-1996.

(vi) Empowered Committee for time bound sanctions/clearances vide Notification No. 15/43/96-5IB/4174 dated: 01-06-1996.

(vii) Designated Kandi areas notified vide Notification No. 15/43/96-5IB/5474 dated: 22-07-1996.

(viii) Additional Incentives to Agro Industries vide Notification No. 15/58/98-5IB/5405 dated: 11-08-1998.

(ix) Special Package of incentives for New Units in and around Rural Focal Points vide notification Number 15/5198-5IB/4091 dated: 17-06-1998, amended vide Notification No. 15/51/98-5IB/2889 dated: 26-04-2000 shall read with Notification No. Inc.1/IP-96/Review/275/4376(I)-C dated: 3rd / 5th June 2002, Notification No. Inc.1/Amd./S.T.Notification 26-04-2000/4672-4075 dated: 17-06-2002., stand rescinded with the Notification of this Policy.

12.2 The Principal Secretary, Industries & Commerce shall be vested with powers to frame / amend / relax / interpret Rules and Schemes under this Policy.

12.3 This Policy and Package of Incentives would be effective from 1st April, 2003. For giving effect to this Policy, necessary amendments in various enactments, wherever necessary, shall be expeditiously undertaken. Government will also notify detailed rules and schemes for the implementation of this Policy.

K. R. Lakhanpal

Principal Secretary to Govt., Punjab Department of Industries &
Commerce

ANNEXURE-I

(Clause 3.1.10) COMMITTEE TO OVERSEE THE IMPLEMENTATION OF SELF CERTIFICATION SCHEMES

1. COMPOSITION Principal Secretary, Industries & Commerce, Punjab Chairman Director, Industries & Commerce Director, Labour & Employment Chairman, Punjab State Electricity Board Chairman, Punjab Pollution Control Board Chief Electrical Inspector Chairman, Punjab Council CII Chairman, Punjab Committee, PHDCCI President, Chamber of Industrial & Commercial Undertakings Chief Coordinator, Udyog

Sahayak Convenor

2. **POWERS & FUNCTIONS** The Committee will oversee the implementation of Certification / Self Certification Schemes with regard to Boilers, Weights & Measures, Electrical Installations, Environmental

ANNEXURE-II

(Clause 3.2.1) STATE LEVEL MONITORING COMMITTEE

1. **Composition:** Chief Secretary, Punjab Chairman Principal Secretary to Chief Minister Principal Secretary, Industries and Commerce Principal Secretary, Irrigation and Power Secretary, Environment Secretary, Housing and Urban Development Secretary, Labour Director of Industries and Commerce, Punjab Convener. The Chairman of the Committee may co-opt other Administrative Secretaries / State Government Officials, as and when required.

2. **Powers and Functions:** The powers and functions of the Empowered Committee shall be as under: - To monitor sanction/clearances from the environmental, locational and other aspects to entrepreneurs setting up

Annexure-III

(Clause 3.2.1) DISTRICT LEVEL MONITORING COMMITTEE

1. Composition

Deputy Commissioner	Chairman
Environmental Engineer, Punjab Pollution Control Board	
Superintending Engineer / Executive Engineer of PSEB	
District Officer of Housing and Urban Development Authority.	
Assistant Director of Factories	
General Manager, District Industries Centre	Convener

2. Powers and Functions: The Committee will monitor the grant of sanctions/clearances in a time bound manner, as per notified time scheduled, for setting up of small scale Industrial units in the State. The Committee will meet once in a month or earlier, if necessary.

ANNEXURE-IV

(Clause 3.2.2) STATE LEVEL POLICY IMPLEMENTATION COMMITTEE

1. COMPOSITION Industries & Commerce Minister, Punjab Chairman Minister of State for Industries & Commerce Chief Secretary, Punjab Principal Secretary, Industries & Commerce Principal Secretary, Power Principal Secretary, Labour Principal Secretary, Finance Financial Commissioner, Taxation Financial Commissioner, Development Secretary, Science, Technology & Environment Chairman, PSEB Director, Industries & Commerce Convener

2. POWERS & FUNCTIONS The Committee will oversee implementation of Industrial Policy by the Departments / Agencies concerned in the State. The Committee will meet once in three months or earlier, if required.

ANNEXURE-V

(Clause 11.1) EMPOWERED COMMITTEE FOR MEGA PROJECTS

Composition

Chief Minister, Punjab Chairman
Industries & Commerce Minister Vice Chairman
Finance Minister
Excise & Taxation Minister
Minister of State for Industries & Commerce
Chief Secretary
Principal Secretary, Finance
Principal Secretary, Industries & Commerce
Convener

Any other Minister or Administrative Secretary whose department is concerned with the proposal under

consideration shall be associated with the Committee in its detailed deliberations. The Committee will consider and determine a Special Package of Incentives as well as facilitation by way of relaxation of Rules & Regulations and provision of Legal, Institutional and Financial dispensation for new as well as existing Industrial units undertaking expansion. The limit of Fixed Capital Investment by a unit for eligibility of Special Package shall be Rs.100 crore and above. This limit will be Rs.25 crore for Border districts. No formal examination of proposals put up to the Committee will be necessary either in the Administrative Department or in Finance Department and decisions of the Committee would be conveyed to the concerned departments. All decisions taken by the Committee shall be considered Directives of the Government.
(Notification for Special Package of Incentive)

ANNEXURE-VI

(Clause 11.2) NEGATIVE LIST OF INDUSTRIES

1. Rice, Pulse and Cereal Mills.
2. Mere Bottling of Aerated Waters, Soft Drinks and Alcoholic Drinks.
3. Decorating, Expelling, Crushing, Roasting and Frying of Oil Seeds.
4. Wire Drawing of Steel and Stainless Steel and Bright Bars Manufacturing.
5. Bricks and Brick Tiles, excluding Ceramics, Vitreous and PVC Tiles.
6. Conduit Pipes and manually welded furniture, except ERW and Seamless Pipes.
7. Lime Kiln.
8. Stone Crushers
9. Bus / Truck Body and Cargo Boxes Manufacturing.
10. Refining and hydrogenation of edible oils, including manufacture of Vanaspati.
11. Distilleries & Breweries.
12. Tobacco and Gutka.

ANNEXURE-VII

(Clause 11.5) IT & IT Enabled Services, Electronics Industry, Knowledge Parks & Biotechnology

1. Background:

1.1 Information Technology (IT)

1.1.1 Government of Punjab has been working on various initiatives to attract investments in Information Technology (IT) and Electronics Industry. In 80s, Mohali developed a niche for electronics and telecommunication Industry. Semiconductors Complex Limited, Punwire, Punjab Communication Limited (PUNCOM), Fujitsu India Limited, ESPL etc. were established during the same period. In its IT Policy, 2001, Government of Punjab has identified the IT Enabled Services, Telecommunications and Hardware industry as the niche areas for the State because of the vast opportunity these offer for employment and wealth generation. A policy for Electronics Industry was announced by the Punjab Government in 1996. Electronics

Industry has played a great role in the growth of Industry and creation of employment opportunities. The Government of India has also renamed its Department of Electronics as Department of Information Technology and both the Electronics and I.T. Industries has been included in this Department. On line with the Government of India, Punjab has also considered to both electronics and Information Technology Industry to be covered under the same policy and therefore, the incentives under this policy will also be made available to the Electronics Industry.

1.1.2 In the IT Incentive Policy, 2000, as notified by the Department of Industries, the Government of Punjab has been adopting a common policy for both IT Services and IT Enabled Services. However, with the expected growth of ITES and for the development of a better understanding of industry needs, the Government identified the need for special and targeted policy on ITES while reframing the IT and ITES Incentive Policy for the Industry in the changed global scenario. Government has been taking feedback from the Industry and incorporated suggestions from the leading industry players, industry associations, academic institutions and the concerned departments and agencies of the government in the preparation of this policy.

1.2 Biotechnology (BT) The commercial potential of biotechnology having been proved world over, the State Government has set vision for a knowledge-driven Punjab and has decided to invest liberally over 7 years for infrastructural and industrial development in this sector. The objective is to create highly visible, world-class research capability, which will support the growth of knowledge intensive biotech industry in the State. The framing of Biotechnology Policy of State is an expression of State Government's commitment to this end. Also the formulation of this policy is very timely as sequel to the Vision Document on Biotechnology released by Hon'ble Prime Minister of India on September 7, 2001.

2. Objectives:

2.1 Information Technology

2.1.1 Both IT & ITES and Electronics Industry are the fast growing potential sectors most suitable for a state like Punjab, specially in view of the mother-tongue influence (MTI) advantage Punjab enjoys as compared to the other states. Punjab is endowed with large pool of technically competent English speaking manpower and the graduate and senior school levels. The ITES has been identified as a sunrise sector in the National Association of Software & Services Companies. Mckinsey Report 2002, which could drive the economic growth and prosperity of not just states but even countries. It could therefore provide a long-term viable solution to the problem of unemployment by creating jobs for a large number of educated youths. The Government's is committed to leverage the advantage of this rapidly growing sector.

2.1.2 Through its ITES policy and initiatives, it intends to be de-facto destination in India for ITES and capture a large portion of India's ITES opportunities by strengthening Punjab's value proposition.

2.1.3 Generate employment for educated youth in all streams in the State including the towns like Patiala, Gurdaspur, Hoshiarpur, Sangrur, Ferozepur, Bathinda etc.

2.1.4 Generate high-value-employment for IT and Engineering professionals from engineering colleges, polytechnics and other reputed institutions.

2.1.5 Develop IT, ITES and Electronics Industry as a strong small and medium enterprise sector in Punjab.

2.1.6 Attract foreign direct investment (FDI), both in IT, ITES and Electronics Industry by specially encouraging the NRIs to invest in their homeland.

2.1.6.1 Increase export earnings and there by the State's GDP and revenue.

2.1.6.2 Enable the youth of the state to acquire skills and knowledge in this important, fast growing sector, thereby making them highly employable not just in Punjab based IT, ITES and Electronics companies but in companies based anywhere in the world.

2.2 Biotechnology The advancements in biotech sectors have already lead to some dramatic and exciting

developments such as more than 90 drugs and vaccines approved by the US Food and Drug Administration (FDA) and range of diagnostics, benefiting about 200 million people worldwide; high yielding, pest-resistant crops; 'Golden rice', rich in vitamin-A; cleaner industrial processes with lesser waste generation and lower energy consumption. Further, 3.1 million chemical letters of DNA have been sequenced and a draft human genome map has been made available in public domain. This information will be used by biotech industry to develop innovative drugs, vaccines and diagnostics for virtually all illnesses. It is speculated that new drugs worth thirty to fifty one billion dollars each will emerge from human genome mapping soon. Hence, in order to tap the potentials of this sector effectively, Biotechnology Policy component of this document has been formulated with an objective of launching a major well-directed effort for:

- Attaining new heights in biotechnology research
- Harnessing biotechnological tools for economic development
- Scientific and technological empowerment of human resource
- Ensuring social justice especially for the welfare of rural population & weaker sections of the society

2 Features of the IT, ITES, Electronics and Biotechnology Policy:

2.1 In order to achieve its objectives, the Government of Punjab intends to provide the most optimal environment for IT, ITES, Electronics and Biotechnology companies. Towards this end, Government of Punjab has developed this policy with following commitments:

2.2 Easy Availability of Trained Manpower:

2.2.1 Ensure the availability of high quality manpower in IT, ITES, Electronics and Biotechnology segments who are certified by renowned institutions and Industry.

2.2.2 For this purpose, a State level Institution for specific training in ITES in association with the Industry and world renowned Institutions is being set up while for BT sector, the existing universities / institutions are generating manpower in the areas of agriculture, health care and environmental biotechnology.

2.2.3 Coordinate between the technical institutions and other higher institutions of learning and the industry to develop sector specific IT, ITES and BT course curricula and modules.

2.2.4 Provide Institutional mechanism and frame-work for shared training facilities and infrastructure at minimal cost.

2.2.5 Promote development of requisite support system in the form of softwares, educational kits etc on biotechnology for schools, colleges and general public.

2.3 High Quality infrastructure:

2.3.1 Provide reliable, cost effective telecom infrastructure with adequate built-in redundancy.

2.3.2 Work with key real estate developers to provide multi-option ready-to-move-in IT, ITES, Electronics and Biotech Industry office, commercial and entertainment space, plots for customize development of I.T. and BT complexes/ Parks and developed land for establishment of IT and BT campuses and townships by large companies.

2.3.3 Provide reliable and economically priced electrical power with adequate built-in redundancy. Enable IT, ITES, Electronics and Biotech Industry companies to set up their own captive power generating facilities and provide single window clearance for establishing such Captive Power Stations to IT, ITES, Electronics and Biotech companies.

2.3.4 Ensure rail, road accessibility and reliable public and private transport for rapid movement of employees and businesses.

2.4 Supportive environment:

2.4.1 Provide the most supportive, investor friendly and progressive regulatory environment.

2.4.2 Re-engineer the role of Government as Facilitator rather than a regulatory agency.

2.4.3 Setting up empowered committees for single point clearances and approvals of all projects and considering special packages for mega-projects of more than Rs.25 crores.

2.4.4 Provide single window interfaces for facilitating the setting up, and running of business.

3.5 Venture Capital Fund: The Government of Punjab has already setup PUNJAB INFOTECH Venture Fund with the initial corpus of Rs. 20 crore for the development of IT and ITES Industry in the State. The details of the commitments indicated above under each head are as under:

3 High Quality Manpower

4.1 Information Technology

4.1.1 The Government of Punjab is presently in the process of consolidating the gains of technical education in the state while specifically focusing on Post-Graduate programmes in the specialized areas like Information Technology, Electronics, Micro-electronics, Tele-Communication, IT Enabled services and Bio Technologies. For the purpose, Punjab Technical University, Jalandhar, is being strengthened to open multi-disciplinary advance centres in these areas. The private engineering colleges in the state would be better regulated for their course curriculum, quality of teaching staff, hardware facilities, and the technical tie-ups with foreign/Indian institutions of advance learning.

4.1.2 Punjab believes that highly skilled, English speaking manpower is a key prerequisite for ITES companies. Towards this end, Punjab intends to provide ITES companies, manpower that is proficient in English as well as in softskills and domain specific skills. It intends to do this by training approximately 100,000 to 150,000 students by 2010 of which 5,000 to 10,000 will be trained in the next 2 years.

4.1.3 Developing Language Skills is a long-term process. Earlier these methods and measures are introduced in the school curriculum the better it would be. The government shall, therefore, encourage the private sector to open high quality English medium public schools by providing cheaper land and other infrastructural facilities. The quality of the regulations and the regulator for such schools shall be improved to bring in qualitative difference in the standards of education and at the same time cross subsidize the weaker section of the society. The Government shall also encourage inclusion of other foreign languages like Spanish, German, French, and Japanese as part of the curriculum through Schools, colleges, universities and other advanced private training institutes, so as to develop relative advantage for ITES industry to capture untapped markets.

4.1.4 To address the requirements of ITES companies, Punjab will institute a two-tiered training programme. The first level of this training programme, required for all potential ITES employees, will be geared towards augmenting basic English capability. The second level of this programme will focus on specialized domain skills for ITES. Further, Punjab will also provide value-added elective courses for domain specific skills such as HR training, payroll processing, accounting, banking, insurance processing, Punjab's local laws, etc. in the second level of training.

4.1.5 In order to institutionalize the training programme, the state will:

4.1.5.1 Set-up an Institute of Excellence in IT & ITES in collaboration with the IT Companies and some of the best Universities/ institutions in the world. The advisory board of this institute will have representation from both academia and industry and will be responsible for ensuring that the curriculum design, certification methodology, etc. are in line with industry needs and support marketing of the programme to end customers. For this purpose, the 15 acres of prime land in Chandigarh (Mohali) along with the seed money of Rs. 20 crores is being contributed by the State Government. The State Universities have also been requested to

offer special courses through their English departments for training manpower for ITES.

4.1.5.2 Franchise ITES diploma programmes to IT training providers with a well-established network of training institutes to increase training capacity and expedite penetration into smaller towns.

4.1.6 The International Institute of IT and ITES shall also:

4.1.6.1 Develop certification for the programmes together with leading educational institutions in the world.

4.1.6.2 Tie up with the extensive network of colleges throughout the state to administer the diploma and certificate programme.

4.1.6.3 To setup corporate training institutes with collaboration of major ITES companies, who in turn will set the curricula and standards for training. The companies will be able to get their prospective employees trained at these institutes.

4.1.6.4 Negotiate with banks to provide soft loans with a payback period of 3 to 5 years to the students after completion of the course.

4.1.6.5 Attract private ITES training providers specially for the B and C class towns.

4.1.6.6 In the long term, the proposed institute will work towards institutionalizing and strengthening the English language capability in the State. It will:

4.1.6.6.1 Assess and redesign the existing English curriculum in schools, colleges and polytechnics to ensure higher English standards in the state.

4.1.6.6.2 Design a comprehensive curriculum for teacher training programmes by developing a greater understanding of teaching methodologies and increased awareness of the needs of learners.

4.2 Biotechnology Human resource development in biosciences and biotechnology will be enhanced to achieve widespread excellence in both the teaching quality and support resources. The short and long term training programmes for technicians, scientists, industrialists, IPR experts covering whole arena of biotechnology research and commercialization would be initiated. Special programmes would be launched to train students in biotech ventures. Awards and incentives would be instituted to recognize meritorious efforts.

5 High Quality Infrastructure

5.1 High quality infrastructure is one of the most important pre-requisites for fostering the growth of the IT, ITES, Electronics and Biotech industry. This is primarily because each aspect of infrastructure has a significant impact on the costs incurred by a Industry.

5.2 To address these objectives Government of Punjab will encourage private real estate developers to develop and reinforce the key aspects of infrastructure namely, office infrastructure, city infrastructure, residential and commercial infrastructure and the social educational, recreational and health infrastructure.

5.3 High Quality Office space/ infrastructure

5.3.1 Ready availability of high quality office space serviced with all basic amenities like high-speed telecommunication links with redundant connectivity, uninterrupted power supply with back-up power facility, central air-conditioning, etc. are critical to attract IT, ITES, Electronics and Biotech companies. Therefore, it is the endeavour of the Government of Punjab to facilitate creation of this space in the State for Biotechnology. For IT, this facility will be created not only in and around Chandigarh and Mohali but also in other important B and C class cities and towns in the state such as Ludhiana, Patiala, Jalandhar, Amritsar etc.

5.3.2 It will ensure that the following facilities are available to the IT, ITES, Electronics and Biotech companies: High quality Built-up space: To cater to the rising demand of the ITES and Biotech industry, Punjab will encourage the development of quality office space. Government will facilitate setting up of IT Parks by the private sector in the potential locations for the development of IT industries. Private IT and BT Park developers will be given assistance in land acquisition and re-zoning wherever required. This is divided in two categories based on the requirements of such companies:

5.3.2.1 Ready to move in office space: Government of Punjab will ensure that a host of renowned real estate developers would offer high quality office space.

5.3.2.2 Built-to-suit office space: The same set of incentives, as available to infrastructure developers, would be applicable to the IT, ITES, Electronics and Biotech companies, which decide to build their own facilities.

5.4 In order to attract renowned real estate developers, the Government of Punjab will provide the administrative and asset base support as well as foregoing select revenue streams as detailed below:

5.4.1 Administrative Support:

5.4.1.1 Provide State level statutory clearances within specified time frames after the project is sanctioned in favour of the developer and also automatically grant non-statutory state level clearances. Provide full support for obtaining all central Government level clearances.

5.4.1.2 Acquire land necessary through Punjab Small Industries and Export Corporation (PSIEC) or Punjab Urban Planning & Development Authority (PUDA) for the project or other means, if the same does not already belong to the Government and undertake all rehabilitation & resettlement activities resulting from acquisition of land. Wherever possible the Government may provide out of its land pool for such projects.

5.4.1.3 The Government shall also act as a facilitator for the private sector acquiring land for developing the Knowledge parks under the Industrial park scheme of Government of Punjab/ India.

5.4.1.4 Special land acquisition procedures are required for the mega-projects of INR Rs. 25 crore and above requiring large land chunks. The government shall make suitable amendments in the applicable acts/ rules to facilitate such land acquisition and its conversion in land use.

5.4.1.5 The entity-creating infrastructure on such allotted land shall be exempt from restraining clauses of PSIEC and PUDA vis-à-vis sub-leasing/ transfer / sale of portion of that infrastructure.

5.4.1.6 Commit/facilitate development of linkage infrastructure for IT, ITES, Electronics and Biotech projects. The government shall include such industrial parks in its town planning and other schemes so as to improve access to such Industrial Parks / knowledge parks, through air, rail and road.

5.4.1.7 The Knowledge park under this scheme, besides intelligent ready to move in space / facilities for housing Knowledge based entities, may include social infrastructure like schools, hospitals, convention centers, community center, shopping areas, entertainment zones and guest house/ transit housing/ hostel specifically for the industry located in the IT & BT park subject to the zoning restrictions of the local authority.

5.4.1.8 The Punjab's zoning and FSI rules may be amended to allow high-rise buildings for the Knowledge parks and the entities within the knowledge park.

5.5 Foregoing Revenue Streams:

5.5.1 The materials and equipments required for construction of IT, ITES, Electronics and Biotech infrastructure projects may be exempted from Octroi, during construction and for a period of three years thereafter. These exemptions would be available to installation in all the IT & BT parks and the units to be based in these parks.

5.5.2 The acquisition of land and subsequent sale/ transfer of developed infrastructure shall attract zero stamp duty for three years from the date of notification of this policy and thereafter a lower stamp duty of 2% in line with some of the international parks.

5.6 Reliable Telecom: Punjab already has adequate telecom capacity throughout the state which can be dedicated to IT, ITES and BT. The government would ensure:

5.6.1 Presence of multiple telecom service providers offering high-speed telecommunication links with several levels of built in redundancy for all IT and BT parks. The state already has multiple private and government providers of telecom facilities like VSNL, STPI, BSNL, Spice, HITL, Reliance and Bharti.

5.6.2 Establishment of Punjab Wide Area Network (PUNWAN) which will be the IT backbone connecting Government offices upto the Block level.

5.6.3 Service level agreements (SLAs) in place with different telecom service providers to provide quality of service (QoS). The SLAs will be designed to include normal anticipated delays as a safety margin, and will provide incentives to the concerned service providers on timely delivery of service.

5.6.3.1 In order to attract telecom service providers to Punjab and encourage existing ones to expand their operations, Government of Punjab has already notified free Right of the Way (RoW) Policy allowing any entrepreneur holding the necessary licenses of ISP or telecom operator from Department of Telecommunications (DOT), to lay optic fibre along the state highways, roads, district roads, municipal areas and link-roads free of any license fees or special charges.

5.6.3.2 Permission to set up base stations and telecommunication network equipment in earmarked areas would also be given on priority.

5.7 Uninterrupted Power Supply: The State of Punjab is basically a power rich State. Government of Punjab will provide reliable power supply and will ensure:

5.7.1 Rapid steps would be taken by PSEB to set-up redundant power connections. The maximum time period to establish a connection from the existing lines will be 10 working days with a 3 months provision of setting up a captive transformer. The application for seeking a connection with the estimated load requirements shall be dealt with on priority by PSEB and there shall be simplified procedures for such sanction of load. Suitable amendment shall be made in PSEB rules to cater to these special sectors.

5.7.2 Exemption from statutory power cuts for IT, ITES & Electronics parks/ facilities and BT parks / facilities and 24 X 365 (round-the-clock) maintenance services.

5.7.3 Exemption from peak load restrictions in view of the special requirement of round-the-clock power supply.

5.7.4 Service level agreements (SLAs) with the nodal agency would be available to ensure quality of service (QoS).

5.8 PSEB / Government would facilitate single window clearance for establishing Captive Power Stations to IT, ITES, Electronics and Biotech companies. Incubation Centers:**5.8.1** Information Technology Government of Punjab will encourage the development of Incubation Centers in Engineering Colleges, polytechnics and universities in collaboration with Technical Institutes and State IT Parks. The incubation centers will provide complete start up facilities with the computer systems and telecommunication links for a limited period of time. The entrepreneurs are expected to pay a reasonable rent for the premises and move out in a short period to commercial space.

5.8.1 Biotechnology A Centre of Excellence for Biotechnology would be set up in the State that would aim at accelerated and coordinated research and development in the frontier areas of biotechnology and their commercialisation to the economic advantage of the state. It would include state-of-art physical infrastructure for research, development and production related to agriculture, health care and environmental

biotechnology. It will also support & strengthen the existing scientific base in the state. The Centre would nurture the leads of potential utility emerging from the existing institutes/ universities, which will serve as its satellite centres as well as conduct cutting edge research and development. The concept of Centre of Excellence is unique in itself as it will cover the whole range of conceptualisation to commercialisation under one roof. Accordingly, the Centre shall consist of Research & Development Component, Scale up & Demonstration Units and Biotechnology Business Incubators to meet the validation and updation requirements of the existing and upcoming biotech industry. Apart from these, it will have a consultancy cell that would offer services of patent facilitation, project detailing, market assessment, technology transfer, fund syndication and industry oriented manpower training.

5.9 Shared training Infrastructure: Government of Punjab will encourage building of shared training infrastructure in the existing institutions as well as IIIT for IT and Centre of Excellence for Biotechnology for BT like seminar / conference rooms, computers and projectors for companies to use periodically on a rental basis. This will help reduce the HRD investment for emerging IT, ITES, Electronics and BT players.

5.10 Law & Order situation: The State of Punjab presently has one of the lowest crime rate amongst all States. The State Government is committed to ensure industry friendly law & order in the State and specially in the I.T. and BT Parks.

5.11 Restaurants, food courts: Government of Punjab will encourage leading international / national food and entertainment chains to set up shops in Punjab and offer multiple options to suit different budgets in or in the vicinity of the IT and BT Parks.

5.12 City's civic Infrastructure: Government of Punjab will focus on enhancing the quality of service (QoS) of state run bodies providing these support services to IT, ITES, Electronics and BT companies. It is committed to working along the following areas to ensure a robust city infrastructure:

5.13 Public Transport: The Government of Punjab would develop sustainable means of public transport to service the needs of the IT, ITES and Electronics companies and will: at the doorstep.

5.13.1 Ensure adequate numbers of buses and trains are available to transport employees of IT, ITES & Electronics companies.

5.13.2 Establish a bus depot/ stand close to IT, ITES and Electronics parks to handle the high volume of traffic.

5.13.3 Establish customer service centers for both bus and rail services to provide companies with a single contact to the service provider and also ease the procedure of bookings, payments etc.

5.13.4 Encourage state run transport providers to sign Service Level Agreements (SLAs) with companies and infrastructure developers.

5.13.5 Make provisions in the state laws so as to negate the ill effects of transport unions on the movement of materials and equipment of IT, ITES, Electronics and Biotech units in this sector.

5.14 Roads, water etc.: Provide roads and water facilities at the site of IT, ITES & Electronics and BT parks. This will involve replicating facilities such as street lighting with photo sensor controls, municipal water reservoir, treated water supply network, excellent sewerage system, RCC storm water drain network to the IT, ITES & Electronics and BT parks.

5.15 Residential and commercial infrastructure: This includes amenities such as high quality and affordable housing, entertainment, reputed schools and hospitals etc. that employees of IT, ITES, Electronics and Biotech companies look for in a city. Government of Punjab is actively working towards improving the quality of life in the State. It will ensure:

5.15.1 High quality residential space: Government of Punjab would encourage development of residential space through private developers and PUDA :

5.15.1.1 Provide a range of options to suit the budgets of various IT & BT professionals & ITES Electronics and Biotech Industry employees.

5.15.1.2 Attract private real estate developers to build excellent residential facilities.

5.15.2 Commercial space: Government of Punjab will encourage development of commercial space dedicated to shopping and entertainment. The government is working towards:

5.15.2.1 Attracting leading food and entertainment chains to build a strong lifestyle brand for Punjab. The government will earmark viable plots of land for these companies to build and/ or expand their facilities.

5.15.2.2 Attracting private real estate developers to build suitable support infrastructure such as entertainment complexes, mega malls etc. The Government of Punjab will provide administrative and asset based support to these developers in line with the incentives delineated in this section.

5.15.2.3 Attracting leading schools in the country to establish in Punjab by offering suitable plots of land and other administrative and financial support. They will be given necessary clearances within a specified timeframe.

5.15.2.4 Attracting leading healthcare players and educational institutions to augment their existing healthcare set up and open new schools with international quality standards. The government will offer land at subsidized rates and also accord necessary help in securing all approvals through the single Empowered agency.

5.16 Easy Accessibility / mass transit: Punjab will improve international connectivity in the years to come. It will:

5.16.1 Influence domestic airlines to link to incoming and outgoing international flights so that travel time to Punjab destinations is reduced.

5.16.2 Expedite the development of the new international airport at Amritsar, Halwara (near Ludhiana) and Chandigarh.

6 Supportive environment: Government of Punjab believes that providing a supportive and progressive Government is critical to realizing the state's aspiration in the high-tech space. Therefore, Government of Punjab intends to undertake several initiatives to make Punjab's regulatory environment, the most optimal environment for ITES, Electronics and Biotech companies. The government will:

6.1 Amend / relax / exempt the relevant provisions of Punjab Shops and Commercial Establishments Act 1958, to make it more suitable for the IT, ITES and B Electronics companies. It will allow IT, ITES, Electronics and BT companies to:

6.1.1 Employ women and young persons (between age group 18 to 21) during night shift, subject to provision of adequate security and transport, through amendment in section 30 .

6.1.2 Have "flexi-timing" by asking an employee to work for more than eight hours a day, without exerting an additional financial burden on the companies, in terms of overtime payments, as long as the statutory requirement on the maximum weekly working hours, 48 hours, is respected. This will be achieved by amending section 7.

6.1.3 Operate twenty four hours a day by amending section 8 and 9

6.1.4 Operate 365 days in the year by amending section 10, 11 and 12

6.1.5 Reduce the procedures involved in retrenching employees, if certain conditions are satisfied, by amending section 22

6.2 Develop an institutional mechanism to provide specific labour policies and a single interface to the government. Government of Punjab will also provide a reliable single interface to facilitate the start up process and help IT, ITES, Electronics and BT companies in obtaining state government approvals. The single interfaces for IT and BT in PUNJAB INFOTECH Corporation and Punjab State Council for Science & Technology respectively will provide escort executives to assist each IT, ITES, Electronics and Biotech companies. In addition to helping companies with the necessary approvals, escort executives will help resolve all issues between the government and companies, explain relevant laws to companies and help them complete all application forms and formalities.

6.3 Adopt appropriate regulation on Data Protection and Consumer Privacy to reassure the IT, ITES, Electronics and Biotech companies and their customers of the safety of their data and indicate the Government of Punjab's commitment to, and respect for, consumer privacy.

6.4 Work with the Government of India for simplifying the custom bonding procedure. Multiple entities function in one common infrastructure therefore the state government will work with the government of India for simplifying the existing procedure of physical isolation and demarcation of the custom bonding of IT/ITES/Electronics/Biotech units, the declaration of an item value and its existence on the fixed asset register shall be considered as physical bond for these entities.

6.5 The State will work towards simplifying the existing STP scheme to allow IT, ITES, Electronics and Biotech companies to self certify as custom bonded warehouses. Work with the Government of India for simplifying the rules and procedures of Excise and customs wherein a declaration/self attestation by the authorized signatory of the IT/ ITES/ Electronics/Biotech entities is considered as approval and sanction subject to Quarterly filings with the Department.

6.6 Work with the Government of India to simplify the procedure of customs clearance at the time of import of items for IT/ ITES/ Electronics/Biotech entities, the present system of appraisals and the valuation system shall be dispensed once an import certificate is issued by the director STPI.

7 Venture Capital Fund: Punjab Venture Capital Ltd. (PVCL) has been established to facilitate and support growth of the Information Technology Industry in the State of Punjab. It is a Rs. 20 crore 10 year close ended fund established jointly by the Punjab State Industrial Development Corporation Limited (PSIDC), PUNJAB INFOTECH, the Punjab Financial Corporation (PFC) and the Small Industrial Development Corporation Limited (SIDBI). The fund is making direct investments in equity and equity related instruments of companies that have operations in Punjab. The fund is dedicated to investing in companies operating in Software and related business such as networking, multimedia and data communication products and IT enabled services. Small Industries Development Bank of India (SIDBI) has set up a venture capital funds of Rs. 50 crores for Biotechnology.

8 Quality Certification: The Government of Punjab will encourage IT, ITES, Electronics and Biotech companies in the State to go for certifications such as ISO, SEI-CMM etc, so as to compete in the global marketplace. Necessary provisions for granting subsidy /financial support to the companies for achieving the certification will be made available.

9 Intellectual Property Rights (IPR): The Government of Punjab will encourage and promote R & D projects capable of generating competitive IPR and also their effective protection. The development of more patents and steps against piracy of patented products will be given a major focus. Action will be taken to protect these indigenous knowledge systems through state policies and recommendation for enactment of suitable laws.

INCENTIVES AND OTHER EXEMPTIONS The following special incentives shall be available to the IT, ITES, Electronics and Biotech units set up in the State of Punjab irrespective of their locations. These would be in addition to the Incentives available to the General Industry under the Industrial Policy, 2002 of Government of Punjab. To further make the investment and business environment attractive & friendly for the IT, ITES, Electronics and Biotech Industry, High Powered Consultants in each area are being appointed by Government of Punjab for recommending sector specific incentives to be provided to each of these sectors in addition to the incentives already being provided by Government of Punjab. While the financial benefits would be available to any unit established after 15th March 2002, all other exemptions and benefits would also be available to the existing units.

1. Single Window Service: In all the Knowledge, Technology, IT, ITES, Electronics and Biotech Parks/ estates/ complexes set up by Punjab Information and communication Technology Corporation Limited or in its joint ventures or facilitated by the Corporation, setting up of projects would be facilitated through a Single Window Service. The Biotech units facilitated by State Deptt. of Industries and Commerce would also be provided with a Single Window Service. In all such projects Punjab Information and communication Technology Corporation Limited for IT and Punjab State Council for Science & Technology for BT will function as single window service agencies to assist the entrepreneurs/ investors for getting all statutory clearances required for setting up the units. In case of private sector technology parks also Punjab Information and communication Technology Corporation Limited and Punjab State Council for Science and Technology will assist the entrepreneurs in getting all clearances.

2. Tax / local tax Rationalization and benefits:

2.1. The sales tax rates on IT and BT products would be maintained at the level of the minimum floor rates announced by Government of India wherever applicable. No turnover tax, additional sales tax, surcharge or any other additional levy related to sales tax, shall be applicable to IT and BT products and services.

2.2. There would be no restrictions on the movement of capital equipment including IT, ITES, Electronics and Biotech equipment, hardware peripherals, captive power generating sets, UPS sets and telephone exchanges subject only to sales tax payments as per orders enforced.

2.3. Rationalisation of Octroi: No octroi will be charged on the IT, ITES, Electronics and Biotech items including hardware, software, components, PCB's, populated PCBs and mechanical items relating to IT and ITES and electronics, which are being brought into the Industrial Areas/ Industrial Focal Points/ IT parks / complex, knowledge parks notified by Punjab Information and communication Technology Corporation Limited for assembly, job work, repairs & maintenance and are to be re-sent to the original owner and the BT parks notified by the State Govt.

3. Locational benefits: Software, Electronics and bio-informatics industry which needs electrical power up to 10 KVA will be permitted to be established without any location restrictions and will be eligible for all incentives and concessions. For this purpose, subject to certain norms to be notified by Punjab Information and communication Technology Corporation Limited, the accredited training institutes, as notified by the Government from time to time, will also be eligible to claim industry-status, only for enabling them to obtain term-loans and bank finance at industry rates.

4. Benefits in respect of electric power:

4.1. Treated as Industrial (and not commercial) consumers. Power at industrial power tariff and all other admissible incentives and concessions in respect of power shall be applicable to the IT, ITES, Electronics and Biotech industry including those in the urban areas. No commercial power-tariff would be charged to such industries. The power connections to such industry would be given priority in both, sanctioning and servicing.

4.2. Exemption from Electricity Duty: All IT, ITES, Electronics and Biotech units located in the State of Punjab are exempted from payment of electricity duty for a period of 5 years from the date of release of electricity connection.

4.3. No power cuts or restrictions of peak load hours: All IT, ITES, Electronics and Biotech units located in the State of Punjab are exempted from the purview of statutory power cuts. These industries have been declared as continuous process industry with exemption and would be exempted from peak load restrictions subject to procedure prescribed by the PSEB in this regard.

4.4. Captive power generation is permitted for industries through out the State in respect of IT, ITES, Electronics and Biotech units. The Captive power generation sets installed by such industry will be eligible for total exemption from payment of electricity duty for captive power generation.

5. Facilitation Services:

5.1. All IT, ITES, Electronics and Biotech units are exempted from obtaining NOC/ consent from the Punjab Pollution Control Board (PPCB) provided that where the number of workers in such industry is more than 300 and there exists no sewerage facility, no exemption shall be available. Even the hardware industries, except for those having electroplating, heat treatment and painting process, are exempted from obtaining NOC/ consent of Punjab Pollution Control Board (PPCB) provided that where the number of workers in such industry is more than 300 and there exists no sewerage facility, no exemption shall be available.

5.2. All IT, ITES, Electronics and Biotech units are allowed to self-certify the full observance of the provisions of law in respect of the following Acts and Rules instead of the statutory inspections/ verification reports by the concerned Departments in respect of the following acts:

5.2.1. The Factories Act

5.2.2. The Employment Exchange (Notification of Vacancies Act)

5.2.3. The Payment of Wages Act

5.2.4. The Workmen Compensation Act

5.2.5. The Contract Labour (Regulation and Abolition) Act

5.2.6. The Minimum Wages Act

5.2.7. The Employees State Insurance Act All IT, ITES, Electronics and Biotech units would be totally exempted from the provisions of Punjab Shops and Commercial Establishments Act 1958. However, this will not take away the statutory power of the Department concerned to take action in case a false certification or default come to notice.

5.3. Three shifts operation: General permission has been granted to all IT Software Industry and IT Enabled Service Industry and electronics industry as well as the Biotech Industry to operate in three shifts and also employ the ladies staff on such jobs subject to the conditions notified.

6. Infrastructure incentives and facilitations:

6.1. Land or ready to move in office space may be offered to IT, ITES, Electronics and Biotech units at a reasonable / discounted price worked out by the Government for each IT and BT Park subject to:

6.1.1. Land being allotted by Government / PSIEC/ Punjab InfoTech with prospective effect.

6.1.2. Minimum number of employees to be hired by a company being 300, corresponding to 0.30 acres of land with a minimum investment of Rs. 3.0 crores.

6.1.3. Minimum gross salary/ wage of Rs. 5000/- per month.

6.1.4. Sustaining the employment for a minimum period of two years.

6.1.5. The IT, ITES, Electronics and Biotech companies shall provide a bank guarantee/ corporate guarantee that he shall continue to fulfill the conditions for availing the land subsidy for next three years.

6.1.6. In case the IT, ITES, Electronics and Biotech companies does not create or maintain the jobs promised while availing the discount, within 3 years, the bank guarantee / corporate guarantee to be taken from the company would be invoked. The amount invoked would be linked to the shortfall between the jobs promised to be created and jobs actually created. Allow for phased implementation and guarantee structure especially for mega projects or ITES/Electronics/Biotech townships

6.1.7. The infrastructure providers will be given a reasonable period to be negotiated between provider and government from the purchase of land to market and sell the office space.

6.2. Exemption from Stamp Duty and Registration Fee: Property transaction in connection with setting up of IT & ITES and Biotech Parks, Complexes and electronics/Biotech estates as well as transactions within the constructed IT & ITES and BT Parks, Complexes and electronics estates as authorized by the Department of Industries & Commerce, Government of Punjab or Punjab Information and communication Technology Corporation Limited (Punjab InfoTech) shall be exempted from payment of stamp duty for period of three years. The maximum registration fee charged from these units shall not be more than Rs. 1000.00. There shall be no stamp duty on lease and financial instruments of units located in such notified areas during the setting up of these parks and thereafter for a period of three years. Thereafter a stamp duty of 2% would be chargeable on such transactions.

6.3. Relaxation of FSI: Government of Punjab would offer relaxation of FSI (Floor Spacing Index) in the towns to the extent of 50% for IT & ITES and BT Parks, Complexes and electronics / Biotech estates as authorized by the Department of Industries & Commerce, Government of Punjab or Punjab Information and communication Technology Corporation Limited (Punjab InfoTech). Similarly, FSI for areas other than towns would be relaxed by a factor of 100% of existing FSI. (**Notification issued by Department of Housing & Urban Development**)

6.4. Exemption from land and building tax: The portion of the commercial buildings which are fully dedicated to IT, ITES, Electronics and Biotech Industry will be exempted from the property tax for a period of 5 years. In case of change of use of building prior to 5 years such exemption would automatically be revoked.

7. Assistance on IT in Gurmukhi Script: One time Gurmukhi Script assistance shall be admissible to the units engaged in the development of IT in Gurmukhi Script amounting to 5% of the total turn over subject to a maximum of Rs. 5 lacs provided that the number of qualified information technology professionals engaged on such project by the unit/ institution is more than 10. This will be limited to a budget provision to be made under this head and will be given on first come first serve basis.

8. Purchase and Order Preference: The IT, ITES and Electronics units located in the State of Punjab shall be given purchase preference on IT and Electronics resources including Application Software Development for all Punjab Govt. Departments, Undertaking/ Boards/ Institutions etc. all other conditions being the same. This incentive shall, however, be available to only ISO or SEI-CMM certified units.

9. Procedure for availing incentives for IT, IT enabled services', Electronics, BT, BT enabled services & Biotech companies: Most of the incentives and exemptions available under the policy are automatic. For availing other incentives listed in this policy, the eligible IT, ITES, Electronics companies, BT, BT enabled services and BT companies will file their applications with notified Executive Authority which shall act as the single window service for processing the cases for award of incentives by the Government.

10. Interpretation / Relaxation / Amendment: The Principal Secretary Industries & Commerce shall be competent to interpret/ relax/ amend any of the above provisions under this policy in consultation with the concerned departments/ agencies of Government.

11. Special Incentives for Mega Projects / Pioneering Projects: For Mega projects, with investments exceeding Rs. 25 crores and creating more than 500 jobs, Government of Punjab, may consider special package of incentives, on a case to case basis, based on the gestation period of projects, its pioneer nature, employment generation potential, vocational aspects, state of the art technology, profitability, scope for further related investments etc. For this purpose a proposal would required to be submitted to the Department of Industries & Commerce.

12. Amendments / Modification in the Definition of IT, ITES & Electronics, BT and Biotech Units: The Empowered Committee for Industrial Approvals shall be empowered to carry out Amendments / Modification (in the list according to the advancement in IT & BT sector) in the definition of IT/ ITES Industry / Electronics / Biotech Units to be covered under this policy.

13. The package of incentives will be valid initially for a period of 3 years and subject to review there after.

SPECIAL INCENTIVE POLICY FOR IT INDUSTRY

A. DEFINITION OF IT, ITES and Electronics and SERVICES: Categories of industries include in the scope/ definition of Information Technology Industry:

1. Computing devices including:

1.1. Desktop / Personal computer

1.2. Thin/ Thick clients

1.3. Servers

1.4. Workstation

1.5. Nodes

1.6. Terminals

1.7. Network PC

1.8. Home PC

1.9. Laptop computers

1.10. Notebook computers

1.11. Palm to computer/ PDA

1.12. Hand held computer devices

2. Network controller cards/memories including:

2.1. Network interface card (NIC)

2.2. Adapter-Ethernet/PCI/EISA/Combo/PCMCIA

2.3. SIMMs-memory

2.4. Central processing unit (CPU)

2.5. Controller-SCSI/Array

2.6. Processors-Processor/Processor power module/upgrade

2.7. Smart card devices

3. Storage units including:

3.1. Hard-disk drivers/Hard drives

3.2. RAID devices & their controllers

3.3. Floppy disk drives

3.4. CD-ROM drives

3.5. Tape drives-DLT devices/DAT

3.6. Optical Disk drives

3.7. Other digital storage devices including magnetic tapes & DATs

4. Others:

4.1. Keyboard

4.2. Monitor

4.3. Mouse

4.4. Multimedia kits

4.5. Scanners

4.6. Joystick

4.7. Card readers

4.8. Computerised time recording devices

4.9. Tablets

5. Printers and output devices including:

5.1. Computer Printers of all types

6. Networking products including:

6.1. Hubs

6.2. Routers

6.3. Switches for networking

6.4. Computer network concentrators

6.5. Trans-receivers

7. Software including:

7.1. Application software

7.2. Operating system

7.3. Middleware/Firmware

7.4. Any component level development of the above software.

7.5. Design and Quality assurance work for these software.

7.6. System integration work/components for software.

7.7. Any localization and SCM work in the software.

7.8. Extension development (modules outside the main software).

8. Power supplied to computer systems including

8.1. Switch mode power supplies

8.2. Uninterrupted power supplies

9. Networking / Cabling & related accessories (related to IT Industry)

9.1. Fibre optic cable

9.2. CAT 3, CAT 5 & CAT 6 & other network specific cable

9.3. Connectors, terminal blocks

9.4. Jack panels, patch cord

9.5. Mounting cord, patch panels

9.6. Back boards, wiring blocks

9.7. Surface mount boxes

10. Consumables including:

10.1. CD-ROM/Compact disk

10.2. Floppy disk for computer

10.3. Tapes DAT/DLT for computer

10.4. Ribbons for computer

10.5. Toners

10.6. Inkjet cartridges for computer printers

10.7. Inks for computer output devices

10.8. Continuous Computer Forms

11. Electronic Components:

11.1. Printed circuit board assembly / populated PCB relating to computer integrated circuits/ICs & connectors for computers

11.2. Magnetic heads, Print heads

12. Tele-communication equipments including:

12.1. Videophones

12.2. Multiplexers/ Muxes

12.3. Modems

12.4. VSAT

12.5. Computer communication equipments

12.6. Wireless datacom equipment – Including Set top boxes for both video and digital signaling

12.7. Receiving equipment like Pagers, Mobile Cellular Phones etc.

13. Information Technology services:

13.1. Internet Service Provider

13.2. E-mail Service Provider

13.3. World wide web Service Provider

13.4. E-commerce & content development

13.5. Electronic Data Interchange (EDI) Services

13.6. Video conferencing

13.7. V-SAT, ISDN services

13.8. Electronic Data Centre activities

14. IT Enabled Services: ITES include processes and services sourced from a place that is located in a place separate from that in which the end users are located. It is delivered over private and secure public telecommunication networks. These services can be sourced from external contractors, own subsidiary or joint ventures.

15. ITES include, but are not limited to:

15.1. Customer interaction services, e.g., call/contact centres and email help desks

15.2. Engineering and design

15.3. Back office processing

- 15.4. Finance and accounting (provided remotely)
- 15.5. Insurance claims processing (provided remotely)
- 15.6. HR services (provided remotely)
- 15.7. Web site development and maintenance services
- 15.8. Data search, integration and analysis
- 15.9. Network consulting and management
- 15.10. Remote education
- 15.11. Animation (provided remotely)
- 15.12. Market research (provided remotely)
- 15.13. Translation, transcription and localization (provided remotely).
- 15.14. Consultancy (Provided remotely) for:
 - 15.14.1. IT sector
 - 15.14.2. ERP
 - 15.14.3. CRM
 - 15.14.4. MRM
 - 15.14.5. Technical support
 - 15.14.6. Business Systems & Processes
- 15.15. Data Processing
- 15.16. System Integration and customization.
- 15.17. System Up gradation services
- 15.18. Designing and designing systems
- 15.19. Call centers:
 - 15.19.1. Voice- Both inbound and outbound
 - 15.19.2. Data- Both inbound and outbound
- 15.20. Software Extension development
- 15.21. IT Facilities management (including provided remotely)

16. IT Enabled Services do not include remote production / manufacturing units, local branches of global businesses and virtual businesses on the Internet.

17. Electronics: The Electronics industry for the purpose of this policy means the following categories as per classifications notified by the Department of Information Technology, Government of India from time to time:

17.1. Consumer Electronics

17.2. Control, instrumentation and Industrial Electronics

17.3. Data processing and office equipment

17.4. Communication and broadcast equipment

17.5. Strategic Electronics

17.6. Electronic Components

17.7. Parts of Electronics components

17.8. Electronic materials

17.9. Miscellaneous items used by the Electronic industry

B. Definition of Biotechnology (BT) and Biotech Company.

1. Biotechnology encompasses any technique, which uses living organisms or parts thereof to make or modify products, improve plant or animal productivity or to develop micro organisms for specific use.

2. A Biotech Company means and includes inter-alia a company engaged in any of the following activities:

- Research and Development and/or manufacture of products or processes, which use or are derived by using specific living systems (plants, animals and microbes or parts thereof) and or enzymes/ biocatalysts- derived there from.
- Genetic engineering or cell culture or microbiology or biochemistry.
- Bio-informatics.

3. Any other item for Information Technology, ITES and Electronics projects as well as biotechnology, biotech companies and biotech projects as may be decided from time to time by the committee notified above.

4. Knowledge Park for this purpose means an industrial complex which accommodates the IT, ITES and electronics industry projects.

* 'Biocatalysts' would mean proteins or proteinaceous molecules naturally occurring in or derived from living systems whose primary function is to assist in biochemical reactions.