



## **ABSTRACT**

Industries – Scheme of offering employment based package of incentives to companies setting up major industries in Tamil Nadu – Approved – Orders – Issued.

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### **Industries (MIB.1) Department**

**G.O. (Ms.) No.63**

**Dated : 26.06.2009**

#### **ORDER:**

At present, an investment based structured package of assistance in terms of the New Industrial Policy, 2007 is being offered to major industries, which are setting up new and expansion projects in Tamil Nadu. During the presentation of Industries Demand for 2008-2009, it was announced that an employment based incentive will be given to the Companies setting up major industries in Tamil Nadu without taking into account the investment made by them. The main objective of the announcement is to encourage employment intensive industries. Those sectors of industry, which have low investment but high employment creation, would also become eligible for attractive package of incentive. This would lead to creation of many more employment opportunities for the youth of this State.

2. The Government examined the modalities to be adopted for implementation of the employment based package of incentives and approve the following scheme:-

- (i) The scheme will be called 'Employment based package of incentive scheme'.
- (ii) The package will be a standard package. Companies which are setting up major projects in Chennai, Tiruvallur and Kancheepuram districts and employing more than 1500 persons directly and Companies setting up major projects in districts other than Chennai, Tiruvallur and Kancheepuram and providing employment to more than 750 persons directly will be covered under this package. In order to qualify for this incentive, 75% of the direct jobs should be provided by such companies to the people belonging to Tamil Nadu.
- (iii) Expansion projects will also be covered and such expansion projects should create additional production capacity in the State. Replacement of existing capacity will not be qualified for this scheme. The expansion projects should fulfill the basic criteria i.e. net addition to direct employment for 1500 persons in Chennai, Tiruvallur and Kancheepuram Districts or for 750 persons in other Districts.
- (iv) The project qualifying for employment based incentive will be given Soft Loan against the Net Output VAT paid by the project to the Government for the first five years from the commencement of commercial production. The Soft Loan will carry a nominal interest of 0.1% per annum and it will be repayable after 7 years. Thus, Soft Loan given during the first year shall be repaid in the 8<sup>th</sup> year along with interest; the Soft Loan given in the second year shall be repaid in the 9<sup>th</sup> year along with interest and so on. A ceiling on cumulative availment of Soft Loan will be fixed as equal to the total wages paid by the Project to employees on its roll during the first 5 years period from the date of commercial production. This incentive will be eligible only if the sale is for ultimate use in Tamil Nadu.

- (v) The existing investment based structured package of assistances will be continued. In case, a project qualifies for any investment based package of incentives also, the choice will be left to the investing company to choose either the investment based package or the employment based package. This would be a one time choice to be made by the company in the beginning itself, while approaching the Government for the package of incentives.
- (vi) Projects qualifying for employment based incentive will be given capital subsidy, electricity tax exemption and Environment Protection Infrastructure subsidy as eligible to them under the New Industrial Policy, 2007. Land will be allotted to them in the Industrial Park of SIPCOT or any other Government agency at the normal price of allotment by the agency in that particular park. Water supply and power supply would be given to the project as given to other industries in the Park at the normal tariff and terms and conditions.
- (vii) The minimum number of workers prescribed for eligibility to avail the standard package of assistance should be reached within 6 (six) months from the commencement of the commercial production and it should be maintained at least for a period of 10 (Ten) years from commencement of commercial production, failing which the assistance shall be recoverable along with interest to be fixed by the Government.

3. This order issues with the concurrence of Finance Department vide its U.O. No.34281 / Ind / 09, dt. 23.6.2009.

(BY ORDER OF THE GOVERNOR)

**M.F. FAROOQUI,  
PRINCIPAL SECRETARY TO GOVERNMENT.**

To

The Chairman & Managing Director,  
State Industries Promotion Corporation of Tamil Nadu Limited,  
19-A, Rukmini Lakshmipathi Road, Egmore, Chennai 600 008

The Principal Secretary to Government,  
Finance Department, Chennai 600 009.

The Secretary to Government,  
Commercial Taxes & Registration Department, Chennai 600 009.

The Principal Secretary to Government,  
Energy Department, Chennai 600 009.

The Chairman, Tamil Nadu Electricity Board,  
No.144, Anna Salai, Chennai - 600 002.

The Special Commissioner & Commissioner of Commercial Taxes,  
Chepauk, Chennai 600 005.

The Director, Guidance Bureau,  
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Copy to:

Chief Minister's Office, Chennai 600 009.

Finance (Industries) Department, Chennai 600 009.

Public (SC) Department, Chennai 600 009

Industries (OP.II) Department, Chennai 600 009.

// Forwarded / By order //

**Section Officer.**