



ABSTRACT

Industries – Special package of Incentives for Industrial Development of Southern Districts in Tamil Nadu – Orders – Issued.

INDUSTRIES (MIB.1) DEPARTMENT

G.O. (Ms) No.180

Dated : 30.09.2008

ORDER

In Tamil Nadu, the Southern Districts have seen less Industrial activities in the past. On an analysis of the investing companies, it was noticed that investment of more than Rs.250 crores are generally done by the multinational companies or top-level national companies. Since the investment commitment is high, they never like to try a place, which is considered as backward. The Government, is therefore of the view that if some attractive incentives are given for investment less than Rs.250 crores in the Southern Districts, the impact of such intervention will be much better and it is more likely to give the desired result. Also the structured package for investment above Rs.250 crores in Southern Districts needs to be made more attractive.

2. Therefore, with a view to ensure that the fruits of industrialization reach the Southern Districts of Tamil Nadu and thereby improve the Socio – Economic status of people living in Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Thirunelveli, Thuthukudi and Kanniyakumari Districts and help the youth in these districts to get employment, the Government have decided to give a Special Package of Incentives to investors who come forward to set up industries in those districts.

3. Accordingly, the Government offer the following Special Package of Incentives for investments less than Rs.250 crores to be made in new manufacturing facilities or expansion projects within the Southern Districts of Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Thirunelveli, Thuthukudi and Kanniyakumari:-

(i) New manufacturing facilities or expansion projects with an investment in eligible fixed assets of less than Rs.250 crores in a period of 3 years from the date of sanction order, Memorandum of Understanding or any other date to be fixed by Government (investment period), will be given a soft loan equivalent to the net output VAT + CST paid to the Government, in the following manner:-

Sl. No.	Investment within 3 years	soft loan given would be equal to VAT paid in the
1	Rs.50 crores – Rs.100 crores	First 3 years from commencement of commercial production
2	Rs.100 crores – Rs.200 crores	First 4 years from commencement of commercial production
3	Rs.200 crores – Rs.250 crores	First 5 years from commencement of commercial production

Expansion projects will mean those projects, which create net additional capacity in the State through the projects located in Southern Districts. The package will be available only for significant capacity addition. The soft loan given in the first year will be permitted to be repaid in full along with a nominal interest of 0.1% per annum in the month of April in the 8th Financial year; the soft loan given in the second year will be permitted to be repaid in full along with a nominal interest of 0.1% per annum in the month of April in the 9th Financial year and so on.

(ii) The New Industrial Policy 2007 treats expansion units on par with new units for the purpose of incentives, subject to the production volume / value in the older unit being preserved. Therefore, for expansion projects set up in Southern Districts, the ceiling on cumulative availment of soft loan will be fixed at 100% of the investment made in eligible fixed assets during the investment period on par with new projects.

(iii) In case of expansion projects, availment of output VAT and CST incentive is generally restricted to certain percentage of the output VAT and CST paid in a year as per a sliding scale. As part of Special Package, this sliding scale will **not** be applied to the expansion projects set up in Southern Districts mentioned above. However, the Base Volume Principle will be applied.

4. For all investments above Rs.250 crores in eligible fixed assets within 3 years period as well as super-mega projects in Southern Districts, refund of output VAT + CST paid to Government will be given instead of soft loan based incentive. Other norms of Structured Package will be followed. The ceilings now prescribed will not change.

5. The above Special Package will be considered along with the capital subsidy, electricity tax exemption, environment protection infrastructure subsidy etc., to which the new or expansion units in Southern Districts will be eligible as per the New Industrial Policy 2007.

6. This order issues with the concurrence of Finance Department, vide its U.O.No.183/SS (AP)/08, dated.26.9.2008.

(BY ORDER OF THE GOVERNOR)

M. F. FAROOQUI,
PRINCIPAL SECRETARY TO GOVERNMENT.

To

The District Collectors,

Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram,
Virudhunagar, Thirunelveli, Thuthukudi and Kanniyakumari.

The Secretary to Government, CT & R Department, Chennai -9.

The Principal Secretary to Government, Finance Department, Chennai -9.

The Special Commissioner & Commissioner of Commercial Taxes, Chepauk, Chennai-5

The Chairman and Managing Director,

SIPCOT

Egmore, Chennai -8

The Director, Guidance Bureau, Chennai -8

Copy to:

All Sections in Industries Department (Major Industries), Chennai -9.

Finance (Industries) Department, Chennai -9.

Commercial Taxes & Registration Department, Chennai -9.

SF / SCs.

// Forwarded / By order //

SECTION OFFICER.