



ABSTRACT

Industries – Sanction of Structured Package of Assistance to M/s Delphi for setting up of a project for manufacture of Automotive Electronics in Tamil Nadu – Orders – Issued.

INDUSTRIES (MID.1) DEPARTMENT

G.O. Ms. No.190

Dated : 16.10.2008

Read :

From the Director, Guidance Bureau, Letter No.Dir/Inter-Deptt/2008 dated 31.3.2008.

ORDER:

M/s Delphi Automotive Systems Inc. USA is a leading global supplier of automotive components, transportation systems etc. The Company operates 156 manufacturing units in 34 countries with an employee strength of 1,69,500 persons. The company has achieved a sales turnover of Rs.89200 crores in 2007.

2. Delphi USA has proposed to make investment in India through its Indian Subsidiary called "Delphi Automotive Systems Private Limited" (Delphi) for setting up a project for manufacture of electronic displays, on-board body computers, entertainment & communication systems, safety systems, seat belts steering wheels etc. in SIPCOT Oragadam Industrial Park near Chennai. Delphi has committed to invest Rs.250 crores in eligible fixed assets and to provide direct employment to 570 persons within the investment period of 5 years. The company has requested the Government for a package of support to implement its project.

3. The Government carefully examined the request of Delphi in the light of the provisions in the New Industrial Policy, 2007. As per new Industrial Policy, 2007, in the case of electronic hardware units, the eligibility for structured package of assistance for investments in new and expansion projects will be minimum investment of Rs.250 crores in eligible fixed assets within a period of 3 years in respect of Chennai, Tiruvallur and Kancheepuram District. Considering that Delphi USA is a reputed auto component manufacture and they are planning to manufacture a wide range of products and most of the products are electronic components used in automobiles, the Government have decided to treat the project as an electronic hardware project and to extend the time limit for bringing the investment of Rs.250 crores to qualify for the structured package from 3 years to 5 years, in relaxation of the policy, as a special case.

4. Accordingly, the Government sanction the following structured package of assistance to the project of Delphi, subject to the following two obligations on the part of Delphi:-

- (i) Investing not less than Rs.250 crores in eligible fixed assets in a period of 5 years from the date of this order; and
- (ii) Creating direct employment to 570 persons at the end of 5 years from the date of this order.

Subject to availability of skills, Delphi will give preference to local unemployed youth in job opportunities. Delphi will also endeavour to give preference to the disabled persons in job opportunities, subject to skill availability.

(a) Land: The Government through SIPCOT will allot 10 (Ten) acres of land on 99 years lease in SIPCOT Oragadam Industrial Park to Delphi at normal price of SIPCOT and at normal terms of allotment.

(b) Exemption from Stamp Duty: Delphi will be given 50% exemption from payment of Stamp duty for the land to be allotted by SIPCOT. However, registration charges, as applicable, will be payable.

(c) Power Supply: TNEB will provide the required power to Delphi on normal industrial tariff as fixed by the State Electricity Regulatory Commission. If the Power requirement exceeds 10 MVA, Power will be supplied through dual feeder lines. In such a case, the cost of the second feeder shall be borne by the Company. The project of Delphi will be exempted from Power cuts & Power holidays. Delphi shall use energy efficient equipment and technology and practices to conserve energy. It shall comply with relevant energy efficiency practices, standards and norms as and when prescribed by Designated Authorities.

(d) Exemption from Electricity Tax: Delphi's project will be given exemption from payment of Electricity Tax for a period of 4 (Four) years from date of commercial production.

(e) Water: SIPCOT will meet the water requirements of Delphi on usual terms and conditions and normal rates of SIPCOT.

(f) VAT + CST related incentives: Delphi will be given an amount equivalent to net Output VAT + CST paid to Government of Tamil Nadu as Investment Promotion Soft loan for a period of 10 (Ten) years from commencement of Commercial Production or till the cumulative availment of Soft loan reaches Rs.100 crores, whichever is earlier. The soft loan will carry a nominal interest at 0.1% per annum. The soft loan sanctioned in the 1st year shall be repaid in full along with interest in the month of April in the 11th financial year and the soft loan sanctioned in the 2nd year shall be repaid in full along with interest in the month of April in the 12th financial year and so on.

(g) Capital Subsidy: Delphi will be given a back ended capital subsidy depending upon investment made and employment provided at the end of 3 years, with an additional 50% capital subsidy over and above the eligible limit, as the project is proposed to be located in SIPCOT Oragadam Industrial Park in terms of the New Industrial Policy 2007, as mentioned below:

Investment (Rs. In Crores)	Direct Employment	Quantum of Capital Subsidy (Rs. in lakhs)
5-50	100 persons	30
50-100	200 persons	60
100-200	300 persons	100
200 and above	400 persons	150

(h) Environment Protection Infrastructure Subsidy: If Delphi establishes a dedicated Effluent Treatment Plan (ETP) / Hazardous Waste Treatment Storage and Disposal Facility (HWTSDf), then it will be given an Environment Protection Infrastructure subsidy of Rs.30 lakhs or 25% of capital cost of setting up such ETP or HWTSDf, which ever is less, as per New Industrial Policy 2007.

(i) GST Compatibility: If any of the existing or current taxes included in the Investment Promotion Soft Loan gets included in the Goods and Services Tax (GST) as and when introduced, then the protection of incentive would be provided to the extent of the current taxes getting realized in the GST by the Government of Tamil Nadu out of Delphi's project. However, this will not apply to reduction in incentive due to reduction in tax rates, if any.

(j) Single Window Facilitation: Guidance Bureau will provide Single Window facilitation to M/s Delphi for getting clearances, approvals etc. as a fee based service.

(k) General Conditions:

(i) The structure package of assistance sanctioned above is contingent on fulfilment of commitment made by Delphi for making an investment of Rs.250 crores in eligible fixed assets and provision of direct employment to 570 persons in a period of 5 years from the date of this order. In the event of non-fulfillment of the said commitments, the structured package given in this order will become inoperative. In such an event, Delphi shall refund the Output VAT + CST related incentive, capital subsidy, incentives on stamp duty and electricity tax exemption, Environment Protection Infrastructure subsidy and other forms of support availed thereof to the Government together with interest to be decided by the Government.

(ii) At the end of the investment period, SIPCOT will assess the actual investment made by Delphi in eligible fixed assets in the project.

- (iii) The tax related incentives sanctioned in this order shall not exceed the actual tax received by the Government of Tamil Nadu from this Project.
- (iv) The incentive related to the output VAT will be eligible for Delphi only if the sale is for ultimate use in State of Tamil Nadu.
- (v) Delphi will make a positive contribution to the neighbourhood communities in which the project operates by supporting a wide range of socio-economic, educational and health initiatives like infrastructure in hospital, public health centre, vocational training, adopting Industrial Training Institutes etc.

5. This order issues with the concurrence of Finance Department vide its U.O. No.401/DS (AR)/08, dated 13.10.2008.

(BY ORDER OF THE GOVERNOR)

M.F. FAROOQUI,
PRINCIPAL SECRETARY TO GOVERNMENT.

To
M/s Delphi Automotive Systems Private Limited
5th Floor, Innovator Building,
International Tech Park
White Field Road,
Bangalore 560 066
The Chairman and Managing Director,
SIPCOT, Egmore, Chennai-8.
The Principal Secretary to Government,
Energy Department, Chennai-9.
The Secretary to Government,
Commercial Taxes & Registration
(2 copies) / Finance Department, Chennai-9.
The Special Commissioner & Commissioner of Commercial Taxes,
Chepauk, Chennai-5.
The Chairman, Tamil Nadu Electricity Board,
800 Anna Salai, Chennai-2.
The Director, Guidance Bureau, Egmore, Chennai-2.

Copy to:
Chief Minister's office, Chennai-9.
Public (SC) Department, Chennai-9.
Industries (MIE-2), (OP-II) Department, Chennai -9.
SF / SCs.

// Forwarded / By order //

SECTION OFFICER.