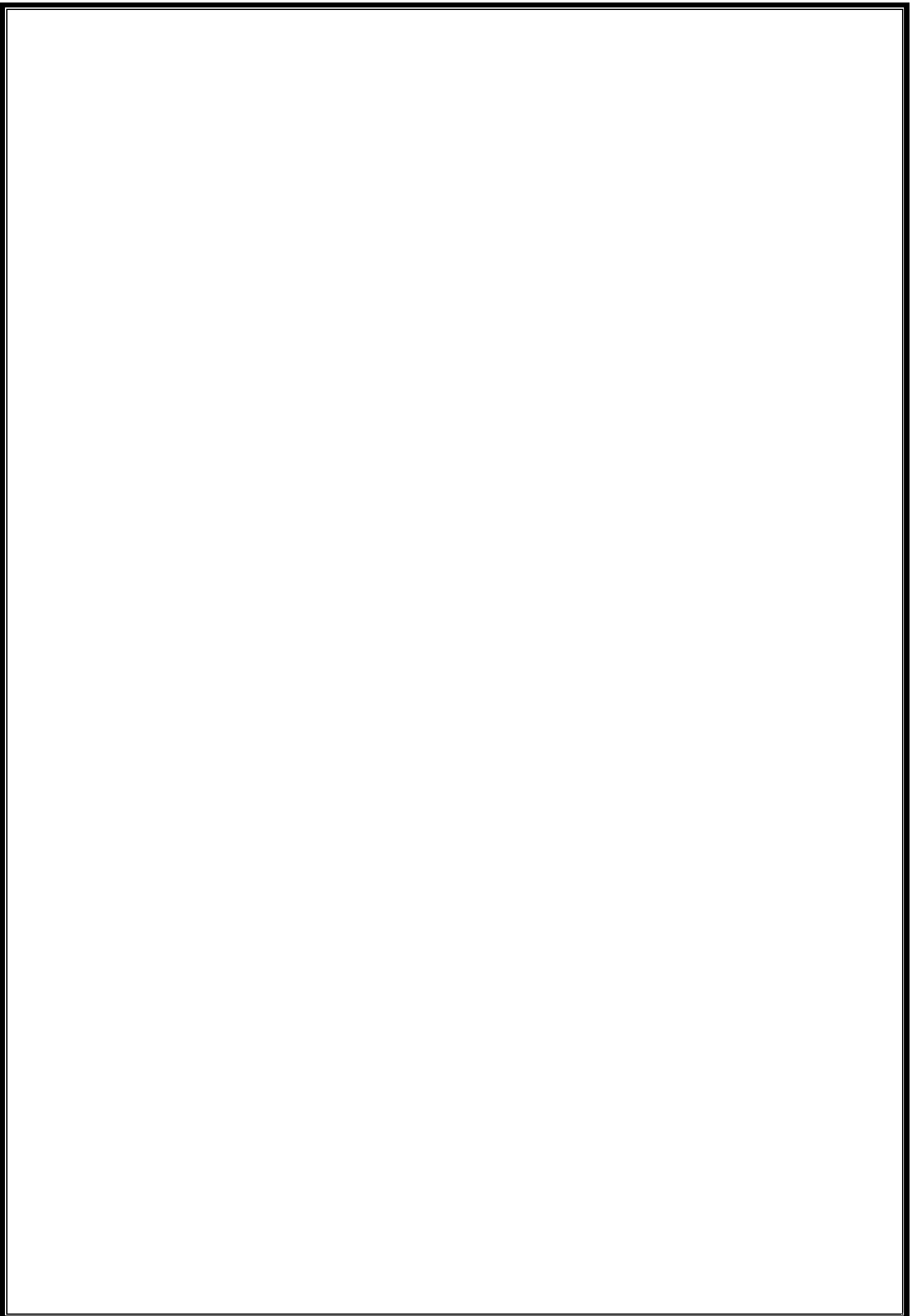




**GOVERNMENT OF KARNATAKA**  
**DEPARTMENT OF INDUSTRIES AND COMMERCE**

**OPERATIVE GUIDELINES**  
**FOR IMPLEMENTATION OF INCENTIVES AND CONCESSIONS.**  
**UNDER KARNATAKA AEROSPACE POLICY 2013-23**

**(As approved by the STATE LEVEL COMMITTEE IN ITS 114 MEETING held on 03/02/2015)**



## CONTENTS

Sl. No.	PARTICULARS	Page No.
1.	Acknowledgment	1
2.	Introduction	2
3.	Definitions of various terms used in the policy	2-4
4.	Anchor unit subsidy.	5-7
5.	Exemption from Stamp Duty and Concessional Registration charges	7-8
6.	Exemption from Electricity duty	8-9
7.	Interest Free Loan On VAT	9-10
8.	Reimbursement OF CST	10
9.	Entry Tax Exemption.	11-12
10.	Support for Capacity Building	12
11.	Support from KIADB	12
12.	Encouragement for Hiring	12
13.	Special Package of Incentives and concessions	12
14.	<b>Definitions and Terms &amp; Conditions for sanction of incentives and Concessions (Appendix -2 of G.O.DT 05-02-2013 OF Karnataka Aerospace Policy</b>	13-14

**LIST OF ANNEXURES**

<b>Annexure's</b>	<b>Details</b>	<b>Page No.</b>
1	Classification of Taluks in Karnataka into Zones for the purpose of administering the Incentives and Concessions under 2009-14 policy and holds good to the Karnataka Aero space policy also.	15-18
2	Application For Sanction Of Anchor unit Subsidy under Aerospace Policy 2013 -23	19-21
3	Statement of fixed assets created by the enterprise	22-23
4	Fixed investment certificate from the bank / financial institutions.	24
5	Chartered engineer 's / architect's certificate	25
6	Form of declaration regarding employment of 'local persons'	26
7	Chartered accountant certificate	27-28
8	Investigation report Of Joint Director of DIC	29-30
9	Agenda Notes for sanction of Anchor Unit Subsidy	31-32
10	Format for sanction order of Anchor Unit Subsidy	33-34
11	Format for undertaking to be executed for Anchor Unit Subsidy	35-36
12	Format for release of Anchor unit subsidy to the concerned enterprise	37
13	Format for issue of Stamp Duty Exemption Certificate under 2013-23 Karnataka Aerospace Policy for Mortgage of Loan documents	38
14	Format for issue of Stamp Duty Exemption Certificate under 2013-23 Aerospace Policy p for Land/ Plot registration	39
15	Format for issue of certificate for claiming electricity duty / tax exemption	40
16	Proforma application for claiming interest free loan against value added tax (VAT) under 2013-23 aerospace policy	41-42
17	VAT LOAN ELIGIBILITY CERTIFICATE	43-45
18	Format for documents to be executed by the enterprise for availing interest free loan against payment of VAT.	46-48
19	Schedule of Repayment of Instalments of Interest free loan against VAT	49
20	Proforma for Entry Tax Exemption Certificate during Implementation phase.	50
21	Proforma for Entry Tax Certificate to during operational phase	51
22	Format for filing quarterly statement to head office in respect of stamp duty exemption issued to MSMEs (i.e.,quarter ending as on .....)	52
23	Format for filing quarterly returns to head office in respect of entry tax exemption certificates issued to MSMEs (i.e., quarter ending as on .....)	53

## ABBREVIATIONS

BAP	Bangalore Aerospace Park
BASCZ	Bangalore Aerospace Special Economic Zone
BIAL	Bangalore International Airport Authority
CA	Chartered Accountant
CFO	Consent For Operation
DFEE	Department of Forest Ecology and Environment
DIC	District Industries Centre
DLC	District Level Committee to sanction Investment Promotion Subsidy
DLSWCC	District Level Single Window Clearance Committee
EOU	Export Oriented Units
ESCOM	Electricity Supply Company
ET/ETE	Entry Tax / Entry Tax Exemption
FAVC	Fixed Asset Valuation Certificate
GDP	Gross Domestic Produce
GO	Government Order
GOI	Government of India
GOK	Government of Karnataka
IAF	Indian Air Force
IISc	Indian Institute of Science.
IIF	Indian Institute of Flying
I & C	Department of Industries and Commerce
ID	Industrial Development
IEM	Industrial Entrepreneurs' Memorandum
IL	Industrial License
KIADB	Karnataka Industrial Area Development Board
KLR	Karnataka Land Reforms
KSFC	Karnataka State Finance Corporation
KSIIDC	Karnataka State Infrastructure Investment Development Corporation
KSPCB	Karnataka State Pollution Control Board
KSSIDC	Karnataka State Small Industries Development Corporation
MRO	Maintenance, Repair & Overhaul
MOEF	Ministry of Ecology and Forest
MSME	Micro Small and Medium Enterprises
OEM	Original Equipment Manufacturing

PPP	Public Private Partnership
R & D	Research and Development
SEZ	Special Economic Zone
SHLCC	State High Level Clearance Committee
SLCC	State Level Co-ordination Committee
SLSWCC	State Level Single Window Clearance Committee
VAT	Value Added Tax
VFA	Value of Fixed Assets







## **ACKNOWLEDGEMENT**

The Government of Karnataka, Department of Commerce and Industries, has introduced Aerospace policy 2013-23 which is first of its kind in the country, offering various measures and incentives & concessions in Aerospace sector to new investments in the State. In order to administer the package of incentives and concessions, the Department of Industries and Commerce has brought out operational guidelines which is guiding tool for field level implementing officers, decision taking authorities and also to the new investors.

The definitions, formats, procedures for claiming and sanction of various incentives and concessions are fully explained. The narration is simple so that it is understood by every reader. The need for seeking unnecessary clarifications and also for interpretations of the policy provisions is minimized. It is noted that the intentions of the Government of Karnataka promised in the Policy will be put into practice with this manual.

## **INTRODUCTION**

The Government of Karnataka has announced the First Karnataka Aerospace Policy 2013-2023 vide Government Order No. CI 17 SPI 2012 Bangalore Dated: 06 -02 - 2013.

The salient features of the Karnataka Aerospace Policy 2013 - 23 are as follows:

- (i) Envisioned to establish Karnataka as vibrant Aerospace Hub of Asia and globally recognize aerospace destination.
- (ii) Has a mission to attract investments of Rs.60,000 crores,(10 billion USD)over a period of 10 years in two phases i.e.2013 -18 and 2013 –23 and generating direct employment to about one lakh persons and derive large spin off effects.
- (iii) To create Aerospace Eco-System across the State by providing and enabling industry-friendly environment.

The Aerospace policy and package of incentives and concessions shall come into effect from 6<sup>th</sup> February, 2013 and shall be in force upto 31<sup>st</sup> January, 2023.

## **2.0 DEFINITIONS OF VARIOUS TERMS USED IN THE POLICY**

	As per the MSMED Act, 2006, <b>Manufacturing</b> Enterprises have been defined based on the investment in plant and machinery and classified into:
2.01	<b>MICRO ENTERPRISES</b> - Investment upto Rs.25 lakhs
2.02	<b>SMALL ENTERPRISES</b> - Investment above Rs.25 lakhs and up to Rs. 500 lakhs.
2.03	<b>Medium Enterprises</b> - Investment above Rs.500 lakhs and up to Rs.1,000 lakhs.
	As per the MSMED Act, 2006, <b>Service</b> Enterprises have been defined based on investment in equipment and classified into:
2.04	<b>MICRO ENTERPRISES</b> - Investment upto Rs.10 lakhs
2.05	<b>SMALL ENTERPRISES</b> - Investment above Rs.10 lakhs and upto Rs.200 lakhs.
2.06	<b>Medium Enterprises</b> - Investment above Rs.200 lakhs and upto Rs.500 lakhs.
2.07	<b>Plant and Machinery</b>  S.O. 1722(E) – In exercise of the powers conferred by sub-section (1) of 2006) herein referred to as the said Act, the Central Government specifies the following items, the cost of which shall be excluded while calculating the investment in plant and machinery in the case of the enterprises mentioned in Section 7(1)(a) of the said Act, namely:  (i) equipment such as tools, jigs, dyes, moulds and spare parts for (ii) maintenance and the cost of consumables stores; (iii) installation of plant and machinery; (iv) research and development equipment and pollution control equipment (v) power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board; (vi) bank charges and service charges paid to the National Small Industries

	<p>Corporation or the State Small Industries Corporation;</p> <p>(vii) procurement or installation of cables, wiring, bus bars, electrical control panels (not mounted on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;</p> <p>(viii) gas producer plants;</p> <p>(ix) transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;</p> <p>(x) charges paid for technical know-how for erection of plant and machinery;</p> <p>(xi) such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and</p> <p>(xii) fire fighting equipment.</p> <p>While calculating the investment in plant and machinery refer to above, the original price thereof, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;</p> <p>(i) Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);</p> <p>(ii) Shipping charges;</p> <p>(iii) Customs clearance charges; and</p> <p>(iv) Sales tax or value added tax.</p>
2.08	<p><b>Large Scale Aerospace Enterprise</b></p> <p>Large Scale Aerospace Enterprise is one where investment on plant and machinery is more than 10 crore in respect of manufacturing activities and Rs. 5 crore in respect of service, and the upper limit is upto 250 crore of the project cost.</p>
2.09	<p><b>Mega Aerospace Enterprise</b></p> <p>Mega Aero space Enterprise is one where the project cost of the proposed project is more than 250 crore and upto a ceiling of Rs. 500 crore with direct employment for minimum of 250 persons.</p>
2.10	<p><b>Ultra Mega Aerospace Enterprise.</b></p> <p>Ultra Mega Aerospace Enterprise is one where the investment on the project is more than 500 crore and upto a ceiling of Rs 1000 crore with a employment for minimum of 500 persons</p>
2.11	<p><b>Super Mega Aerospace Enterprise</b></p> <p><b>Super Mega Aerospace</b> Enterprise is one where the investment on the project is more than 1000 crores and direct employment for atleast 1000 persons</p>
2.12	<p><b>Value of Fixed Assets (VFA)</b></p> <p>Value of Fixed Assets shall mean the total investment made on land, building, plant &amp; machinery and such other productive assets viz., tools, jigs, and fixtures, dies, utilities like boilers, compressors, diesel generating sets, cranes, material handling equipments electrical items including electrical wiring, M/c transportation &amp; erection charges and such other equipments directly related to production purposes.</p>
2.13	<p><b>New Industrial Enterprise</b></p> <p>Shall mean an enterprise which undertake to invest on fixed assets on or after 01-02-2013 with own/ Bank/ Financial Institution finance. This will includes the enterprise which have taken effective steps on or before 31.3.2009</p>
2.14	<p><b>Date of commencement of commercial production</b></p> <p>The date on which the first sale invoice is issued by the enterprise, after trial production.</p>
2.15	<p><b>Investment / Capital investment</b></p>

	For the purpose of package of incentives and concessions, investment / capital investment shall mean investment made in fixed assets of the Enterprise.
2.16	<b>State Level Co ordination Committee (SLCC)</b> Shall mean the committee already constituted under Industrial policy 2009-14 for administration of package of incentives and concessions and interpretation of Karnataka Aerospace Policy -2013 vide Government Order CI/17/SPI/2012 dt: 06-02-2013
2.17	<b>Date of commencement of the implementation of the project</b> Shall mean the date on which the first purchase invoice is raised for the plant and machinery or other productive equipment
2.18	<b>VAT (for the purpose of Incentives and Concessions of 2013-23 Aerospace policy)</b> Shall mean output tax payable (Not the net tax payable)
2.19	<b>SLSWCC</b> Shall mean State Level Single Window Clearance Committee for consideration of application from entrepreneurs intending to establish industries with the investment of up to rupees (50) fifty crores each to be set up in the State. This was constituted under the Karnataka Industries (Facilitation) Act, 2002 and notified under Notification No.CI 162 SPI 2001, Bangalore Dated 26 <sup>th</sup> July, 2004.
2.20	<b>SHLCC</b> Shall mean State High Level Clearance Committee for consideration of application from entrepreneurs intending to establish industries with the investment of above rupees (50) fifty crores each to be set up in the State. This was constituted under the Karnataka Industries (Facilitation) Act, 2002 and notified under Notification No.CI 162 SPI 2001, Bangalore Dated 26 <sup>th</sup> July, 2004.

### 3.0 Anchor Unit Subsidy

Anchor Unit Subsidy of Rs.500 Lakhs shall be offered to the first ten Aerospace OEM enterprises with a minimum investment of Rs.50 crore and direct employment of 100 persons established during the policy period. This subsidy is in addition to the Anchor Unit Subsidy available for first two units under the Industrial Policy 2009-14 in case of Bangalore Urban, Bangalore Rural and Ramangara districts, this subsidy shall be offered for the Aerospace OEM enterprises coming up in the designated Aerospace Parks only.

Anchor unit subsidy shall be available to OEM enterprises in Large, Mega, Ultra and Super Mega scale Aerospace Enterprises with a minimum investment of Rs. 50 crore to the specified activities listed in Para (6) and (7) under Appendix-2 Definition and Terms and Condition for sanction of Incentives and Concessions in Government order. CI/17/SOI/2012, dated: 06-02-2013. It is also eligible for Aerospace enterprises as defined by GOI for the purpose of issuing Industrial License.

The Anchor unit subsidy is available only to Enterprises that availed term loan from KSFC/KSIIDC / Banks / other Recognized Financial Institutions from RBI.

The quantum of Anchor unit subsidy shall be computed on the value of fixed assets (VFA) as approved by the financial institutions/ commercial banks or actual investment in fixed assets at site, whichever is less.

Total quantum of Anchor unit subsidy for Aerospace enterprise shall not exceed the prescribed upper limit of 5.crore (500 lakh).

Other terms and conditions not specifically mentioned herein above but indicated in the Government Order No. CI/17/SOI/2012, dated: 06-02-2013 and subsequent amendments, clarifications issued by the State Level Coordination Committee thereon shall apply mutatis-mutandis.

#### 3.1 Procedure for claiming Anchor unit Subsidy:

Eligible industrial enterprises shall apply with the following documents to the concerned District Industries Centre.

- a) Duly filled in Application in the prescribed format as in **Annexure –2**
- b) Original Statement of Fixed Assets created by the Enterprise in prescribed format as in **Annexure-3 .**
- c) Original Fixed Investment certificate issued by the loan sanctioning Authority/ Bank /Other financial institutions in prescribed format as in **Annexure -4.**
- d) Original Certificate from Chartered Engineer/ Architect in prescribed format in respect of investment made in building as in **Annexure-5**
- e) Form of declaration regarding employment of local persons in the prescribed format as in **Annexure-6**
- f) Copy of Investment certificate certified by Chartered Accountant in the prescribed format as in **Annexure-7**
- g) A copy of the detail Project report duly signed by the Promoter.
- h) Copy of Land documents/ records.
- i) Copy of term loan sanction orders from loan sanctioning Authority/Bank/ Other financial institutions.
- j) Copy of First sale invoice of product manufactured.
- k) Copy of IEM acknowledgement filed with GOI after production / license issued by GOI.
- l) Copy of registered partnership deed /certificate of incorporation/ Memorandum and Articles of Association/ byelaws.
- m) Copy of power sanction/service, letter.
- n) VAT Registration Certificate.
- o) ESI/EPF Registration copy.
- p) Copy of approved building plan from the appropriate authority along with construction license.

- q) Copy of license obtained from local authority if applicable.

### 3.2 Scrutiny of Anchor Unit Subsidy claim for sanction:

The concerned Joint Director of District Industries center on receipt of application shall scrutiny and verify the genuineness of the claim with reference to the documents furnished by the enterprise. On satisfying with the documents furnished by the enterprise, the Joint Director, shall take up physical verification of the enterprise and shall recommend to the Directorate of Industries and Commerce for sanction of Anchor subsidy to the applicant enterprise.

The scrutiny of Anchor unit Subsidy application by the Joint Director has to be done in the following manner.

- (i) Land actually required for putting up the factory building, office building, space required for utilities with provision for immediate expansion shall be considered.
- (ii) Investment made on the factory building required for housing plant and machinery and storage of raw materials, finished goods, drying yards, soaking pits and such other structures directly related to the production purposes shall only be considered.
- (iii) Reasonable area constructed for office use within the factory premises shall be considered.
- (iv) Investment made on Guest/ Rest house, Decorative arch entrances, high-rise compound walls, goods carriers, and such other non-essential structures should be excluded.
- (v) Value of building has to be accepted as certified by the loan sanctioning Authority / Bank/ other financial institutions and it should be cross checked with reference to the Chartered Engineer's certificate.
- (vi) The plant and machineries installed in the enterprise have to be verified with reference to the statement of fixed assets duly certified by the loan sanctioning Authority Bank/ other financial institutions and chartered accountant certificate. The least value shall be accepted.
- (vii) Miscellaneous items like computers, printers, fax machine and office furniture's used only for the concerned enterprise purpose can be considered.
- (viii) The cost of old /second hand machinery and equipment shall be excluded for computing the investment in the plant and machinery. However imported second hand machinery brought into the country for the first time by the enterprise shall be considered, subject to such machineries shall have residual life span of minimum five years.
- (ix) Actual transportation cost, electrification of the plant and machinery and erection cost shall be considered.
- (x) Any other investments directly made by the enterprise on eligible items, has to be certified by the loan sanctioning Authority Bank/ other financial institutions and it must be considered by obtaining the bills and receipts. This is subject to the physical verification of such assets and the payments of more than Rs.20,000 should be by cheque/D.D.
- (xi) Joint Director DIC is responsible for attestation of documents and verification of local employment details. He has to submit the investigation report to the to the Directorate of Industries and Commerce as per **Annexure-6**
- (xii) The Directorate of Industries and Commerce on receipt of the proposal from the Joint Director, shall further scrutinize and after random checkup will place the subject before the committee (which is already constituted for sanction of investment subsidy for ETPS) by preparing the Agenda Notes as per the **Annexure-9** for sanction of eligible anchor unit subsidy. The Directorate of Industries and Commerce shall issue the Sanction order as per **Annexure-10** The enterprise, on receipt of the Sanction order, shall furnish the undertaking as per **Annexure-11** before release of the sanctioned amount

### 3.3 Release of Anchor unit Subsidy.

- (i) Enterprises who have been sanctioned Subsidy shall submit their claim the eligible amount to the Directorate of Industries Commerce on payees receipt, duly countersigned by the Commissioner for Industrial Development or the sanctioned amount will be released as per the guidelines issued by the Govt. from time to time. The anchor unit subsidy amount may also be released to the financial instruction or Bank who have sanctioned term loan if there is any claim or power of attorney by them. Separate register shall be maintained at the Directorate for having released the subsidy amount.

**NOTE: The sanctioned Anchor Unit Subsidy amount will be released fully or partly in installment subject to the availability of grants from the Government. The enterprise concerned can't claim it as a right as the said amount is being released as Grant-in-aid.**

### 4.0 EXEMPTION FROM STAMP DUTY & CONCESSIONAL REGISTRATION CHARGES.

Stamp duty exemption and concessional registration charges will be available for the new Aerospace enterprises as per Industrial policy 2009-14. In case of Bangalore Urban, Bangalore Rural, Ramanagara District, this incentive will be available for the Aerospace enterprises coming up in the designated Aerospace park only as per the eligibility under Zone-3 of Industrial Policy 2009-14. This incentive & concession is eligible on the amount of stamp duty and concessional registration charges to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing only term loans from State Govt. and/or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBs, Co-operative Banks, Multi National Banks operating in India and other institutions which may be notified by the Government from time to time for the initial period of **[5] five years**. This incentive & concession is also eligible for executing lease deeds, lease-cum-sale and absolute sale deeds by industrial Enterprises in respect of industrial plots, sheds, industrial tenements, by KIADB, KSSIDC, KEONICS, KSIIDC, Industrial Co-operatives and approved private industrial estates for Micro Small; large scale; Mega; Ultra and super mega aerospace Manufacturing enterprises as below:

Zone-1	100%
Zone-2	100%
Zone-3	75%
Zone-4 ( In Bangalore urban, Bangalore Rural & Ramanagara District in the designated aerospace park only).	75%

For all loan documents & Sale deeds as specified above, the Registration charges shall be available at a concessional rate of Rs.1 per Rs.1000.

The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act and also for direct purchase of industrially converted lands for the projects approved by SHLCC / SLSWCC / DLSWCC.

The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Aerospace policy which was in vogue at the time of execution of lease-cum-sale deed/lease deed.

#### 4.1 Procedure to claim Stamp Duty Exemption & Concessional Registration Charges:

The eligible Aerospace enterprises shall apply to the officers mentioned below along with the required documents.

Sector	Officer with whom the application to be filed.
Micro, Small and Medium, Aerospace Enterprises and large Aerospace enterprises (up to 50 crore project cost)	Joint Director, District Industries Centre.
Large(above 50 crore project cost) Mega , ultra mega , Super Mega, Aerospace enterprises	Director, Department of Industries & Commerce

The documents to be furnished by the enterprise for claiming stamp duty exemption and concessional registration charges are given below:

- Application in plain paper / letterhead.
- Copy of the IEM acknowledgement or industrial license.
- Copy of Term loan sanction order in case of loan agreements, credit deeds, mortgage and hypothecation deeds in case of mortgage of loan Documents.
- Copy of Shed / land allotment order, possession certificate, lease deed/lease-cum-sale/absolute sale deed in case of industrial land / plots/sheds allotted by KIADB/KSSIDC/ KEONICS/ KSIIDC/ Industrial Co-operatives/ approved private industrial estates.
- Copy of Revenue Department permission & other related documents for purchase of land under section 109 of KLR Act.
- Copy of detail Project Report duly signed by the promoter.
- Copy of single window clearance committee approvals obtained by individual enterprises if any.

The concerned officer after verification of eligibility of the enterprise has to issue the Stamp duty exemption & Concessional Registration Charges certificate to the enterprise in accordance with the Revenue Departments notifications No.ಕಂಇ 40 ಮುನೋಮು 2014 dated:20/06/2014 and in prescribed format as in

**Annexure-13** in respect of registration of loan documents and **Annexure-14** in respect of registration of land documents.

All other terms and conditions mentioned in Appendix-2 of Aerospace Policy-2013-23 and in Industrial Policy 2009-14 Operation Guidelines are applicable.

The Joint Director, DIC's shall furnish quarterly statement indicating the details of cases issued with Stamp Duty exemption certificate in **Annexure-22**.

#### 5.0 EXEMPTION FROM ELECTRICITY DUTY:

100% Exemption of electricity duty / tax for Aerospace enterprises shall be available for initial period as given bellow:

MSME	:	7 years
Large	:	6 years
Mega	:	5 years
Ultra Mega	:	4 years
Super Mega	:	4 years

In case of Bangalore urban, Bangalore Rural & Ramanagara Districts this exemption is available for the aerospace enterprises coming up in designated aerospace park only.

#### 5.1 Documents to be furnished for claiming the Electricity Duty Exemption Certificate:



- a. Application on letterhead/plain paper
- b. IEM Part – II/ Industrial license.
- c. First Sale Invoice
- d. Land documents
- e. ESCOMs power sanction letter and service letter with R.R. No. and date.
- f. Copies of the 1<sup>st</sup> and latest electricity bills with receipt.

## 5.2 Scrutiny:

After verifying the application of the enterprises and satisfying the genuineness of the facts, electricity duty exemption certificate in the prescribed format as in **Annexure-15** shall be issued to the eligible Aerospace enterprises by the Joint Director, District Industries centre in respect cost up to Rs.50 crores. This exemption certificate shall be forwarded to the enterprise with an advice to approach the concerned ESCOM for obtaining exemption from payment of electricity duty/tax.

For the project's cost above Rs.50 crore the Joint Director District Industries center will recommend to the Directorate of Industries commerce along with above documents duly attested. On receipt of proposal the Commissioner for Industrial Development or authorized officer shall issue the exemption Certificate in the prescribed format with advised to approach the concerned ESCOM for obtaining exemption from payment of electricity duty/tax.

## 6.0 INTEREST FREE LOAN ON VAT

Interest Free Loan on VAT as specified in the Industrial policy 2009-14, shall also be extended to all New Aerospace Enterprises as per Karnataka Aerospace Policy. In case of Bangalore urban, Bangalore rural and Ramanagara District, this incentive shall be offered for the new Aerospace enterprises coming up in the designated Aerospace parks only to large, Mega ultra mega, and super mega Aerospace manufacturing enterprises established in Zone-1, 2, 3 and 4 (only Bangalore (urban), Bangalore (rural) and Ramanagara in the designated Aerospace park only) as specified below:

Investment range on fixed assets (Rs. cr.)	Min. Direct Emp. (Nos.)	Quantum of interest free loan
10 (value of plant & machinery) – 50	Minimum 100 employment and additional 20 employment for every Rs. 10 cr. investment.	50% of assessed gross VAT for initial 5 yrs. subject to the max. Of 100% of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 5 yrs.
51 – 250	Minimum 200 employment and additional 20 employment for every Rs.50 cr. investment.	50% of assessed gross VAT for initial 6 yrs. subject to the max. Of 75% of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 6 yrs.
251 - 1000	Minimum 400 up to Rs.300 Crs and 50 additional employment for every Rs.100 Crs additional investment	25% of assessed gross VAT for initial 7 yrs. subject to the max. Of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 7 yrs.
1001-3000	Minimum 750 for Rs.1000 Crs and additional 25 for every Rs.100 Crs additional investment	25% of assessed gross VAT for initial 10 yrs. subject to the max. Of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 10 yrs.
More than 3000	1250	25% of assessed gross VAT for initial 15 yrs.

		subject to the max. of 50% of total value of fixed assets. Repayment of the loan shall be in 5 annual installments after 12 yrs.
--	--	---

### 6.1 Procedure for claiming the interest free loan against VAT

- (a) All eligible enterprises shall file an application to the concerned Joint Director, District Industries Centre along with the following documents, in duplicate
- 1 Application as in **Annexure -16** and all other Annexure stated in application i.e., **Annexure-3,4,5,6 & 7.**
  - 2 Copy of the VAT registration certificate
  - 3 Copy of the First sales invoice of the product
  - 4 Copy of the Memorandum and Articles of Association
  - 5 Copy of duly signed project report
  - 6 Copy of approved building plan and licence
  - 7 Copy of IEM acknowledgement (Part-II)/ Industrial License issued by GOI.
- (b) The Joint Director, District Industries Centre on receipt of the required documents, will scrutinize and will take up the physical verification of the fixed assets created with reference to the documents furnished by the enterprise. On confirmation of the enterprise's eligibility, the Joint Director, DIC shall make an assessment of the value of the fixed assets eligible for interest free loan against the VAT payment. Based on this assessment, the Joint Director, DIC will issue the loan eligibility certificate to the unit in the format as in **Annexure-17** , in respect of the projects up to Rs.50 crore. In respect of the projects above Rs.50 crore Joint Director, DIC shall recommend the proposal to Directorate for issue of loan eligibility certificate. The Directorate will scrutinize the proposal of Joint Director, District Industries Centre and subject to enterprise's eligibility, the Directorate shall issue the loan eligibility certificate to the enterprise in the format as in **Annexure-17**. On receipt of the loan eligibility certificate, the enterprise shall execute the agreement in the prescribed format in **Annexure-18**.
- (c) For availment of Interest Free Loan the enterprise shall file/ upload all the required documents /transactions /certificates before the Jurisdictional Local VAT Officer either half yearly/ yearly basis. In turn the Jurisdictional Local VAT Officer shall verify the claims submitted by the enterprise as per the circular instruction issued by the Commissioner of Commercial Taxes from time to time and pass necessary orders regarding the eligibility of Gross VAT loan separately. The Commercial Tax Department(CTD), their after shall confirm the loan amount towards payment of eligible gross VAT separately to the Directorate of Industries and Commerce for the specific period. On receipt confirmation from CTD the Directorate, Industries and Commerce shall send the proposal to the Government for release of funds.
- (d) On release of funds from the Govt. the enterprise shall draw the loan amount on payee's receipt duly countersigned by the Directorate of Industries & Commerce. Before the disbursement of loan the unit shall submit the Bank Guarantee and after confirmation regarding the Genuineness of the Bank Guarantee, the amount will be paid to the enterprise along with the repayment schedule as per **Annexure-19**
- (e) The Joint Director, District Industries Centre/Directorate of Industries & Commerce shall maintain the record/ register for watching the disbursement and also the recovery.

### 7.0 REIMBURSEMENT OF CST

CST paid by all Aerospace enterprises shall be reimbursed to the extent of 75% for the initial period of 5 years. In case of Bangalore Urban, Bangalore Rural and Ramanagara districts , this reimbursement shall be offered for the Aerospace enterprises coming up in the designated Aerospace Parks only.

Procedure for reimbursement of CST shall be followed as per the Govt. Order CI 16 SPI 2013 dated:02/09/2013.

### 8.0 Entry Tax Exemption

100% Entry Tax Exemption as specified in the Industrial Policy 2009-14 shall be available for all Aerospace enterprises. In case of Bangalore Urban, Bangalore Rural and Ramanagara districts, this incentive shall be offered for the

the Aerospace enterprises coming up in the designated Aerospace Parks only

Entry Tax Exemption shall be available to Aerospace Manufacturing MSMEs and Large, Mega, Ultra & Super Mega enterprises (i.e. new and expansion/ modernization/ diversification only including own/financed enterprises)

Zone	During implementation	During operational phase
1, 2 & 3	100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term 'Plant & Machinery and Capital Goods' also includes Plant & Machinery, equipment etc. including machineries for captive generation of Electricity.	On raw materials, inputs, component parts & consumables (excluding petroleum products) [wherever applicable] for a period of 5 years from the date of commencement of commercial production.
4	100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term 'Plant & Machinery and Capital Goods' also includes Plant & Machinery, equipment etc. including machineries for captive generation of Electricity. <b><u>In Bangalore urban, Bangalore rural and Ramanagara dist the ETE is available to the enterprises in designated Aerospace parks only.</u></b>	On raw materials, inputs, component parts & consumables (excluding petroleum products) [wherever applicable] for a period of 5 years from the date of commencement of commercial production in Bangalore urban, Bangalore rural and Ramanagara district in the designated park only.

#### 8.1 Procedure for availing Entry Tax Exemption:

The eligible Micro, Small, Medium Enterprises, Large, Mega, Ultra Mega, and Super Mega Aerospace enterprises shall apply to the Joint Director, District Industries Centre along with the required documents.

##### 8.1.1 The documents to be furnished by the enterprises for availing entry tax exemption during project implementation are given below.

- a. Application in plain paper/ letter head
- b. Copy of the IEM Acknowledgement Part I / II or industrial license
- c. Copy of 1<sup>st</sup> purchase order placed for machinery.
- d. Copy of detailed Project Report, duly signed by promoter.
- e. Copy of Single Window Clearance Committee/state high level Clearance Committee approval letter if any.
- f. Land documents/ records

- g. Term loan sanction order, if any
- h. VAT registration copy
- i. Copy of partnership deed/ Memorandum and Articles of Association/ Bye-laws.
- j. List of plant and machineries and other equipments with their value required for implementation of the project

**8.1.2** The documents to be furnished by the enterprises for availing entry tax exemption during operational phase are given below.

- a. Application in plain paper/ letter head
- a. Copy of the IEM acknowledgement Part I / II or industrial license
- b. Copy of First sale invoice
- c. Copy of detailed Project Report, duly signed by promoter.
- d. Copy of Single Window Clearance Committee / approval letter if any.
- e. Land documents/ records
- f. Term loan sanction order and investment certificate by Banks, if any
- g. CA certificate in case of self financed enterprise as per **Annexure-7**
- h. Form of declaration regarding employment of local persons in **Annexure-6**
- i. VAT Registration Certificate
- j. Copy of partnership deed/ Memorandum and Articles of Association/ Bye-laws
- k. Statement of details of annual requirement of raw materials/ inputs/ components and consumables for which entry tax exemption to be claimed.

The Joint Director, District Industries Centre after verification of the claim of the enterprise has to issue the entry tax exemption certificate on plant and machinery during implementation phase to the enterprise in the prescribed format as in **Annexure-20** In respect of projects up to Rs.50 crores. Similarly the entry tax exemption certificate during Operational period shall be issued in the prescribe format as per **Annexure-21**. For the projects above Rs.50 crore the proposal have to be recommended to Directorate of I & C. The Joint Director (ID) after verification of the proposal shall issue the entry tax exemption certificate in the prescribed format as in **Annexure-20 / Annexure-21** depending upon the proposal whether it is ET during implementation / operation period.

The Joint Director, District Industries Centre shall furnish quarterly statement indicating the details of cases issued with entry tax exemption certificates in the prescribed format as in **Annexure-23**.

## **9.0 SUPPORT FOR CAPACITY BUILDING**

For the in-plant training provided by the industries, the cost of training would be subsidized by way of offering stipend up to 50% of the cost of training subject to a limit of Rs.10,000/- per month per trainee. This incentive shall be available for maximum of 50 trainees per industry per annum. The benefit shall be available for 1000 candidates per annum.

Separate guidelines as per the above shall be worked out in consultation with Additional Director(DIC Central Cell) and Aerospace Industry/ Association.

## **10.0 SUPPORT FROM KIADB**

(1) In addition to fiscal support, land for such anchor units will be allotted by KIADB at concessional rate as undeveloped land.

(2) KIADB would consider leasing of the land for non profit activities /projects depending on merits to reduce the initial burden of projects. Activities /projects eligible for these incentives shall be specified through notifications by government from time to time.

## **11.0 ENCOURAGEMENT FOR HIRING**

Flights/Helicopters, the Government will come out with the separate schemes to offer need based incentives and encouragements.

## **12.0 SPECIAL PACKAGE OF INCENTIVES AND CONCESSION**

Special package of Incentives and concession will be offered for Large, Mega, ultra Mega, and Super mega projects depending upon merits of each case

**Definitions and Terms & Conditions for sanction of  
Incentives and Concessions**

**(Appendix -2 of G.O.DT 05-02-2013 of Karnataka Aerospace Policy)**

1. Definition of Micro, Small and Medium Aerospace Enterprises shall be as defined in the MSMED Act, 2006 of Govt. of India. Karnataka Industrial Policy 2009-14. Whenever, Govt. of India revises the definitions, the revised definitions shall be made applicable under this policy also.
2. Large Scale Aerospace Enterprises is one where investment on plant & machinery is more than 10 crores in respect of manufacturing activities and Rs. 5 crores in respect of service oriented activities and the upper limit is up to Rs. 250 crores of the project cost.
3. Mega Aerospace Enterprise is one where the project cost of the proposed project is more than Rs. 250 crores and up to Rs. 500 crores and employment for at least 250 persons.
4. Ultra Mega Aerospace Enterprise is one where the investment on the project is more than Rs. 500 crores and up to Rs. 1000 crores and employment for at least 500 persons.
5. Super Mega Aerospace Enterprise is one where the investment on the project is more than Rs.1000 crores and direct employment for at least 1000 persons.
6. Aerospace industry shall include the following activities:
  - a) Aircraft / Gliders
  - b) Guided missiles
  - c) Space vehicles
  - d) Aircraft engines
  - e) Propulsion units
  - f) Aircraft overhauling & Re-building
  - g) Manufacturing of components exclusively required for Aerospace sector
  - h) Any other activities to be notified by the Government from time to time
7. Aerospace Enterprises as defined by GOI for the purpose of issuing Industrial License shall qualify as Aerospace unit under this policy.
8. Project cost includes the investment on land, building, plant & machinery, preoperative expenses, working capital margin etc..
9. Fixed Asset: Fixed assets shall mean the total investment made on land, building and plant and machinery and such other productive assets like tools, jigs, and fixtures, dies, utilities like boilers, compressors, diesel generating sets, cranes, material handling equipments and such other equipments directly related to production purposes.
10. Sanction of Incentives & Concessions as per this Government Order is Subject to the following terms and Conditions:
  - a. All new Aerospace Enterprises shall create maximum possible additional employment opportunities and provide a minimum 80% of employment to the local people on an overall basis [100% employment to local people in case of Group C & D categories will be insisted] and this will be monitored during disbursement of incentives and concessions. (The above requirements regarding employment to local people will be monitored by the DIC for a period of 5 years. Failure of the industries to provide employment to local people as stipulated above will be reported to the concerned DLSWCC/ SLSWCC/SHLCC, which will recommend for recovery of incentives and concessions sanctioned to the unit, for which purpose a suitable under-taking will have to be furnished by the unit concerned before sanctioning incentives and concessions).
  - b. The incentives and concessions as per this Policy shall be applicable only to all new and additional investments made on or after 01/02/2013.

- c. The incentives and concessions under this policy will be available to all new investments both for establishment of new Enterprises or for expansion, diversification and modernization of existing industries. To be eligible for considering as expansion/diversification/modernization, enterprises shall make an additional investment of at least 50% of the original investment of the existing unit.
- d. The definition of Micro, Small, Medium Enterprises and Large Scale Industry as indicated above shall automatically stand revised as and when Government of India makes any changes in such definition and benefits under this package shall be available to the Micro, Small, Medium Enterprises and Large Scale Industry as per the new definition from the respective dates.
- e. The validity of incentives and concessions as per this order shall be for a period of ten years from 01/02/2013.
- f. The incentives and concessions under this policy will come into force from 01/02/2013. Wherever Aerospace Enterprises availed subsidy / interest subsidy under any other schemes of Govt. of Karnataka / Govt. of India, only differential amount of Subsidy/ interest subsidy, if any, would be provided under this policy. However, Industrial Enterprises which are in the process of being established at the time of announcement of this Aerospace Policy, shall have an option of availing incentives and concessions under the 2009-14 policy provided, loan is sanctioned by the financial institution prior to announcement of Aerospace Policy and subject to fulfillment of following conditions:
- i. First release of the loan should be before the announcement of Aerospace Policy.
  - ii. Supply orders should have been placed for all the plant and machineries.
  - iii. Such Enterprises shall commence commercial production on or before six months from the date of announcement of Aerospace Policy.
- The above option should be exercised within the months from the date of announcement of Aerospace Policy and should be registered with Commissioner for Industrial Development and Director of Industries and Commerce, Bangalore or in Office of the concerned District Industries Centers with necessary documentary evidence. Options once exercised cannot be withdrawn and shall be binding. Enterprises which do not exercise such option and do not fulfill all the conditions, shall automatically be governed by the provisions of this order.
- g. Separate guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies and officers with the approval of the State Level Coordination Committee under the Chairmanship of the Principal Secretary to Government, C&I Department; which has already been constituted under Industrial Policy 2009-14/2014-19. Interpretation of Government Orders and decision thereon of this State Level Coordination Committee shall be final.

\* \* \*

**Classification of Taluks in Karnataka into Zones for the purpose of administering Incentives & Concessions under 2009-14 policy holds good for the Aerospace Policy 2013-23 also.**

Sl. No.	Districts	Total No.of Taluks	Zone - 1 (Most Backward Taluks)	Zone - 2 (More Backward Taluks)	Zone - 3 (Backward Taluk)	Zone - 4 (Industrially Developed Taluks)
<b>South Karnataka Region</b>						
1	B'lore (U)	4	-	-		Anekal B'lore (North) B'lore(South) B'lore(East)
2	B'lore (R)	4		-		Devanahalli D B Pur Hoskote Nelamangala
3	Ramanagara	4	Kanakapura Magadi			Ramanagaram Channapatna
4	Chitradurga	6	Hosadurga	Hiriyur Molakalmur Hololkere Challakere	Chitradurga	
5	Davanagere	6	Channagiri Harapana halli	Honnali Jagalur	Davangere  Harihar	
6	Chikka- ballapura	6	Bagepalli	Gudibande Gowribidanur	Chikka- ballapura Siddlaghatta Chintamani	
7	Kolar	5		Mulbagal	Kolar Bangarpet Srinivasapura Malur	
8	Shimoga	7	-	Soraba	Shimoga Bhadravathi Sagar Shikaripura Hosanagara Thirthahalli	
9	Tumkur	10	Kunigal Madugiri Gubbi Sira Pavagada	Turuvekere Koratagere Chikkanaya- kaanahalli	Tumkur Tiptur	



Sl. No.	Districts	Total No.of Taluks	Zone - 1 (Most Backward Taluks)	Zone - 2 (More Backward Taluks)	Zone - 3 (Backward Taluk)	Zone - 4 (Industrially Developed Taluks)
10	Chamarajana- nagar	4	Chamarajana- nagar	Gundlupet Kollegal	Yelandur	
11	Chikka - magalore	7	-	Kadur	Chikka - magalore Tarikere Shringeri Mudigere Koppa N R Pura	
12	D Kannada	5	-	-	Bantwal Mangalore (excl. Corpn.limits) Puttur Sulya Belthangadi	Mangalore (only Corporation limits)
13	Hassan	8	-	Arakalgud	Hassan Arasikere C R Patna H N Pura Belur Alur Sakleshpura	
14	Kodagu	3	-	-	Madikeri Somwarpet Virajpet	
15	Mandya	7	-	Malavalli Nagamangala K R Pet	Mandya Maddur Srirangapatna Pandavapura	
16	Mysore	7	H D Kote	Hunsur T N Pura Nanjangud	Periapatna Mysore (excl. Corp.n. limits) K R Nagara	Mysore (only Corporation limits )
17	Udupi	3	-	-	Udupi Kundapura Karkala	
<b>North Karnataka Region</b>						
18	Bellary	7	Sandur Kudligi	Siraguppa H B Halli Hadagalli	Bellary Hospet	
19	Bidar	5	Bhalki Humnabad B Kalyana Aurad	-	Bidar	

Sl. No.	Districts	Total No.of Taluks	Zone - 1 (Most Backward Taluks)	Zone - 2 (More Backward Taluks)	Zone - 3 (Backward Taluk)	Zone - 4 (Industrially Developed Taluks)
20	Gulbarga	10	Sedam Shourapur Yadgir Chitapur Afzalpur Shahapur Aland Chincholi Jewargi	-	Gulbarga	
21	Koppal	4	Kushtagi Yelburga	Koppal	Gangavathi	
22	Raichur	5	Sindanorr Manvi Lingasugur Devadurga	Raichur		
23	Bagalkote	6	Bilagi	Hunagund Badami	Bagalkote Mudhol Jamkhandi	
24	Belgaum	10	-	Athani Gokak Soundatti	Belgaum Khnanapur Hukkeri Ramdurga Bailhongal Chikkodi Raibag	
25	Bijapur	5	Muddebihal B Bagewadi Indi Sindgi	-	Bijapur	
26	Dharwad	5	-	Kalghatagi	Dharawad Hubli Kundaggol Navalgund	
27	Gadag	5	-	Mundargi	Gadag Nargund Ron Shirahatti	
28	Haveri	7	-	Savanur Shiggaon Hirekerur	Haveri Ranebennur Byadagi Hanagal	

Sl. No.	Districts	Total No.of Taluks	Zone - 1 (Most Backward Taluks)	Zone - 2 (More Backward Taluks)	Zone - 3 (Backward Taluk)	Zone - 4 (Industrially Developed Taluks)
29	U Kannada	11	-	Supa Bhatkal	Karwar Haliyal Sirsi Mundagod Yellapura Honnavar Ankola Siddapura Kumta	
	<b>TOTAL</b>	<b>176</b>	<b>39</b>	<b>40</b>	<b>87</b>	<b>12</b>

## Application For Sanction Of Anchor unit Subsidy under Aerospace Policy 2013 -23

1.	Name and address of the enterprise.	
2.	Zone as per Aerospace Policy.	1 / 2 / 3 / 4
3	Location of the enterprise.	
4(a)	Registration No and date (As mentioned in EM/IEM/IL)	
4(b)	ESI / EPF Registration No. and date.	
4(c)	VAT Registration No. and date	
4(d)	Electric Power Connection RR No. (power, line).	
4(e)	Electric Power Connection RR No. (Lighting).	
5.	Large/Mega/Ultra Mega/Super Mega	
6.	Products manufactured	i)
		ii)
		iii)
		iv)
7	Constitution of the industry ( / Partnership / Private Limited Company / Public Limited	
8.	Is it new industry or existing industry undertaken expansion/ diversification / modernization	
9.	Date of commencement of commercial production	
10	PROJECT COST:	
	LAND	
	BUILDING	
	PLANT & MACHINARY	
	OTHERS	
	WORKING CAPITAL MARGIN	
11.	Name of the term loan lending financial institution.	
	Date of loan sanctioned.	
	Amount of loan sanctioned	
	Amount of loan release.	
	Date of first loan release.	
12.	Actual Investment details :	
	Land:	
	Building	
	Plant and Machinery	
	Transportation :	
	Installation charges :	
	Others :	
TOTAL		

13.	Means of finance		
	Own /share capital		
	Term loans		
	Others (please specify)		
	TOTAL		
14.	Employment provided in the new enterprises.		
	Executive/Top level		
	Managerial		
	Supervisory/ Skilled		
	Un Skilled/Semi skilled		
	TOTAL		
15.	Additional employment in case of expansion/modernization/ diversification.	Existing	Additional
	Executive/Top level		
	Managerial		
	Supervisory/ Skilled		
	Un Skilled/Semi skilled		
	TOTAL		

**NOTE : Furnish the following documents**

- i. Statement of fixed assets in the prescribed format as per **Annexure -3** certified by the Enterprise.
- ii. Investment Certificate in the prescribed form issued by the financial institution/ bank as per **Annexure -4**
- iii. Chartered Engineers / Architects certificates in the prescribed format as per **Annexure –5** regarding investment on Building
- iv. Local employment details in the prescribed format as per **Annexure-6**
- v. All relevant documents to the information provided above.

**17. Declaration by the Enterprise:**

I / We hereby certify that the particulars given above for the purpose of securing Investment Promotion Subsidy from the Government of Karnataka are to the best of my / our knowledge and belief, are true and correct.

Place :

Date :

Signature(s)

Name and Designation.

**18. Certificate by the Joint Director of District Industries Centre.**

I hereby certify that the particulars given by the applicant were verified by me with reference to documents furnished by the applicant and found to be true and correct.

I further certify that the total investment in fixed assets in new enterprises / in expansion, diversification, modernization of the existing enterprise could be considered for Anchor unit subsidy is Rs....., .

A sum of Rs..... being the investment made on items on which subsidy, is not admissible as per details shown in the Annexure- statements are disallowed.

The declaration in Annexure- regarding employment of local persons has been verified and certified that the enterprise has provided minimum 80% employment to the local people on overall basis (including 100% employment to local people in Group C and D categories).

I further certify that the said Aerospace industry has provided direct employment to ----- persons.

Place :

Date :

Signature of the Joint Director  
DIC  
(Name designation and seal)

## STATEMENT OF FIXED ASSETS CREATED BY THE ENTERPRISE

## PART – A : Investment on land.

Location of the land	Sy.No/ Plot/ No.	Purchased / acquired by whom.	Date of purchase/ sale deed/ allotment.	Payment to the land owner.				
				Date	Amount	Payment by cash/ cheque/ DD	Cheque/ DD No.	Value accepted by DIC.

## PART – B: Investment on Building

Sl. No.	Details	Built up area/ volume in sft/Cu.ft	Enterprise rate as per sq.ft or Cu.ft	Total value claimed by the enterprise.	Value accepted by DIC	Remarks.
1.	Production building.					
2.	Godown					
3.	Office building					
4.	D.G.set Room					
5.	Water tank					
6.	Bore well					
7.	Compound wall					
8.	Drying yard.					
9.	Others (specify).					

## PART – C: Investment on Plant and Machinery, Transportation, Erection and Electrification, etc.

No	Particulars on P&M, Transportation, Electrification, Erection.	From whom purchased/	Date of placement of order.	Date of bill/ invoice.	Amount of bill/ invoice	Mode of payment cheque/ DD/ cash.	Cheque/ DD No and date.	Receipt No. Date
i.	Plant and Machinery and other productive assets.							
ii.	Transportation							
iii.	Erection							
iv..	Electrification.							
v.	Other assets.							


Signature of the Proprietor/Managing Partner/Managing  
Director of the Industrial Enterprises with seal.

**PART D**

Certified that verification has been done by me with reference to above fixed assets statements and found correct. No items for which subsidy is inadmissible is included in the statement.

Following items which are included in statement are disallowed as they are not eligible for Anchor Unit Subsidy for the reasons stated against each item.

Sl.No.	Name of the item.	Amount disallowed	Reasons for rejection.

Signature of the Joint Director  
District Industries Centre.  
(Name, Designation and Seal)



## FIXED INVESTMENT CERTIFICATE FROM THE BANK / FINANCIAL INSTITUTIONS.

M/s. .... of (location of the enterprise)..... have been disbursed as on this date amounts under the loan amounting to Rs..... sanctioned under letter No..... Dated:..... as shown below.

Sl.No.	Particulars.	Date	Amount.
a.	Term loan sanctioned.		
b.	Loan amount disbursed on		
	Total amount disbursed as on .....		
c.	Value of investment in fixed assets.		
		As per project appraisal.	Actual investment including promoter's investment, if any.
	i) Land (excluding lease hold).		
	ii) Building (excluding residential quarters/guest houses).		
	iii) Plant and machinery (excluding technical knowhow, engineering fees, feasibility study, etc)		
	iv) Other assets, tools, jigs dies, DG sets, boilers, etc (please specify the items).		
	TOTAL.		

Certified that the sanction of financial assistance to M/s. .... for the enterprises at ..... has been considered on the basis of the company's assessed requirement of factory buildings and the cost is estimated at Rs. .... as per the project report.

We certify that this investment certificate is issued after verifying the bills and vouchers made available by the enterprise for purposes of release of Term loan Installments (including promoter's investments and based on the physical verification of the inspecting Officers. Items for which subsidy is not admissible are not included in the investment certified above. And also certified that the investment made on second hand plant and machinery is not included.

We are in possession of relevant bills and vouchers on which this investment certificate is issued and we agree to make available the same as and when required for any verification purpose, before the loan liability is discharged.

Signature of the  
Branch Manager / Manager /

Place :

Date : // SEAL //

(Name of the Institution.)

## CHARTERED ENGINEER 'S / ARCHITECT'S CERTIFICATE

I, hereby certify that as against the estimated cost of Rs. ....  
 .....of the building and civil works for  
 M/s..... for their proposed project at ....., the enterprise as on  
 has completed the civil works as under:

Sl.No.	Particulars	Amount.
1.	Value of completed civil works as per estimates.	
2.	Amount certified for payment to the building (civil and structural) contractors.	
3.	Retention money (from civil contractor).	
4.	Value of materials utilized for the completed portion of building.	

The value of completed building certified above do not involve the area built for guest houses, and residential building in the factory site.

It is further certified that built area of the building is absolutely essential for the manufacturing / processing activity of the industry. **A detailed estimate sheet is appended to this Certificate.**

Place :

Date :

// SEAL //

Signature, Name and full address.  
 of Chartered Engineer/Architect

**FORM OF DECLARATION REGARDING EMPLOYMENT OF  
'LOCAL PERSONS'**

1.	Name of the Industrial enterprises.	M/s.			
2.	Address: Village/town/taluk/ district.	OFFICE		FACTORY	
3.	Product				
4.	Year of establishment.				
5.	Proprietor/partner ship / Pvt.ltd/ Ltd/Public				
6.	Name of the Administrative Officer in charge of recruitment. (Kannadiga or non- Kannadiga).				
7.	Registered as MSME large/mega/Ultra Mega/Super Mega/ projects. No. and date.				
8.	Employment details (excluding Casual workers and 'Badli' workers)				
	ITEM	Group C&D	Group B	Group A	Total
A.	Total no. employees.				
B.	No. of local persons therein				
C.	Percentage of local persons to total.				

9. I / We understand that the percentage of local people in Group C & D categories i.e., supervisory/ skilled/ semi skilled/ un skilled categories has to be 100% and the overall local employment in the enterprise not less than 80% (inclusive of all categories).

I / We hereby undertake to make up the deficiency before the disbursement of subsidy.

10. I / We further understand that eligibility of my/our industrial enterprises, under taking for incentives and concessions from the Government of Karnataka is contingent upon my fulfilling minimum local employment as per the Dr. Sarojini Mahishi Report to the satisfaction of the State Government.

Place:

Date:

Signature of authorized person.

"Verified by me"

Joint Director DIC

- 
- 1. LOCAL PERSON** is defined as one who has at least fifteen years domicile in the State of Karnataka.
  - This declaration should be signed by a person duly authorized to do so by the Industrial undertaking.

Group A – Executive / Top level.

Group B – Managerial

Group C – Supervisory/Skilled

Group D – Unskilled / Semi skilled.

-----

## CHARTERED ACCOUNTANT CERTIFICATE

Name of the Chartered Accountant .....

We hereby certify that

M/s..... (name of the indl.unit) Have acquired the following fixed assets up to ----- for the unit at -----(address) for manufacture of ----- (name of products).

Item of fixed assets.	Period during which investment is made(date of payment)		Value Rs.
1.Land i)For entire unit excluding ETP ii)For ETP only			
2. Factory building (please specify period. i)For entire unit excluding ETP			
a. Amount paid to the Building contractors	From	To	Rs.
b. Amount paid for building materials	From	To	Rs.
c. Amount paid for wages and Salaries etc, for the Building constructions.	From	To	Rs.
(excluding architect's fees and wages paid for supervision staff etc)			
ii)For ETP only:			
a. Amount paid to the Building contractors	From	To	Rs.
b. Amount paid for building materials	From	To	Rs.
c. Amount paid for wages and Salaries etc, for the Building constructions.	From	To	Rs.
(excluding architect's fees and wages paid for supervision staff etc)			
4.Electrical installations (excluding KEB deposits) i)For entire unit excluding ETP ii)For ETP only			Rs.
5. Plant and Machinery i)For entire unit excluding ETP ii)For ETP only			Rs.
6. Loading, unloading, transportation, erection expenses etc i)For entire unit excluding ETP ii)For ETP only			Rs.
7. Misc. fixed assets(Please specify items) i)For entire unit excluding ETP ii)For ETP only			Rs.

We have checked the books of account of the unit, bills, invoices and payment vouchers, etc, and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid items have been duly paid for and no credit is raised against them in the books of the unit.

Certified that the investments certified above do not include items for which subsidy is not allowed. Expenditure incurred on following items are not included.

A. LAND

- i) Value of the open land not utilized for construction, leaving the area proposed for immediate expansion.
- ii) Expenditure incurred for land scraping for beautification and expenditure on unsuccessful open wells/bore wells.

B. BUILDING

- i) Expenditure on unproductive construction like guest house, workers/staff quarters, canteens, cycle/scooter stands, garages, etc.
- ii) Expenditure incurred on beautification of buildings, arches, decorative lights including street lights, furniture and air conditioners, water coolers, refrigerators such of the gadgets not directly connected with production.
- iii) Expenditure incurred on the purchase of old buildings.

C. PLANT AND MACHINERY

- i) All consumable materials like tool bits, files, oils, etc.
- ii) Investments on tools jigs/fixtures, moulds etc, which are required repeatedly, should not be allowed for the second time and onwards. While considering the investments made on first purchases, only the required quantify of such items are to be allowed. Extra quantities taken as spares are not to be allowed.
- iii) Second hand machines purchased shall not be included.

Date :

Place :

// SEAL //

CHARTERED ACCOUNTANT.  
(NAME AND ADDRESS)

**INVESTIGATION REPORT OF JOINT DIRECTOR OF DIC.****Date of Inspection:**

1	Name of the address of the enterprise	M/s.	
2	Zone	1/2/3/4	
3	Constitution (With names of Director/Partners)		
4	Whether new enterprise / Undertaken Expansion/ Modernization / Diversification Programme		
5	Size of the enterprise.	Large/Mega/Ultra Mega/SuperMega	
	Regn No. and date/License no. and date		
6	In case of new industrial enterprise the date of commencement of production		
7	In case of expansion, actual date of commencement of production of existing industrial enterprise and date of completion of expansion / modernization/diversification of project		
8	Items manufactured/ processing by the Enterprise.		
9	Project Cost (RS) (Please indicate item-wise details)		
	Land		
	Building		
	Plant and machinery		
	Others		
	Working Capital Margin		
	TOTAL		
10.	Name of the lending Institution		
11.	Date and Amount of loan sanction		
12.	Date of 1 <sup>st</sup> release		
13	Means of finance	As per project appraisal.	Actual investment
	KSFC/Bank /Term Loan		
	Own finance		
	Others (please specify)		
	TOTAL		
14	Details of fixed capital investment.	Details of Capital investment made by the enterprise	Investment accepted by the DIC.
	a)Land		
	b)Building		
	c)Plant & Machinery		
	d)Others Miscellaneous fixed assets (Please Specify)		
	TOTAL		
15	Period during which the investment :Shown in Col 14 above is		

made (please specify the investment made in different periods)					
16	Employment provided.	Original (in case of new enterprises)		Additional (in case of expansion enterprise)	
		Total	Local	Total	Local
	a) Top / Executive level				
	b) Managerial.				
	c) Supervisor / Skilled				
	d) Semi Skilled / Un skilled				
	TOTAL.				
17	Percentage of local employment in the enterprise.				
18	Amount of anchor unit subsidy recommended			Amount	
	Eligible Fixed assets			Rs.	
19.	General remarks/recommendation (A brief report on working of the enterprise).				

Name and signature of  
the joint director, with seal.

Place :

Date :

## Agenda Notes for sanction of Anchor Unit Subsidy

1	Name of the address of the enterprise	M/s.			
2	Zone	1/2/3/4			
3	Constitution (With names of Director/Partners)				
4	Whether new enterprise / Undertaken Expansion/ Modernization / Diversification Programme				
5	Size of the enterprises.	Large/Mega/Ultra Mega/SuperMega			
	Regn No. and date/ License no. and date				
6	In case of new industrial enterprise the date of commencement of production				
7	In case of expansion, actual date of commencement of production of existing industrial enterprise and date of completion of expansion / modernization/diversification of project				
8.	Date of application filed with DIC for sanction of subsidy with all the required documents.				
9	Items manufactured/ processing by the Enterprises				
10	Project Cost (RS) (Please indicate item-wise details)				
	Land				
	Building				
	Plant and machinery				
	Others				
	Working Capital Margin				
	TOTAL				
11	Name of the lending Institution				
12	Date and Amount of loan sanction				
13	Date of 1 <sup>st</sup> release				
14	Means of finance	As per project appraisal.	Actual investment		
	KSFC/Bank /Term Loan				
	Own finance				
	Others (please specify)				
	TOTAL				
15	Details of fixed capital investment.	Investment made by the enterprise	Investment accept ed by the financial institution	Investment accepted by the AD/DD., DIC.	Invest ment accepted by the J.D
	a)Land				
	b)Building				



	c)Plant & Machinery				
	d)Others Miscellaneous fixed assets (Please Specify)				
	TOTAL				
16	Period during which the investment made (please specify the investment made in different periods)		:Shown in Col 14 above is		
17	Employment provided.	Original (in case of new enterprises)		Additional (in case of expansion enterprise)	
		Total	Local	Total	Local
	a)Top / Executive level				
	b) Managerial.				
	c) Supervisor / Skilled				
	d)Semi Skilled / Un skilled				
	TOTAL.				
18	Percentage of local employment in the enterprise.				

**19.Recommendation :**

As per the details, the enterprises is located at ..... i.e., in Zone-1/2/3, availed term loan of Rs..... from ..... institution for the manufacture of .....

The enterprises is eligible for Anchor Unit Subsidy on the Investment of Rs of Rs. .... under 2023-23 Aerospace Policy as under:

The subject is placed before the committee for consideration.

Place:

Date:

Member Secretary

**Format for sanction order of Anchor Unit Subsidy**

Government of Karnataka  
Department of Industries and Commerce

No.....

Office of the .....

Date:

**Sanction Order**

**SUB:** Sanction of Anchor Unit Subsidy under Karnataka Aero Space Policy 2013 -23 to M/s. .... for manufacture/process of ..... located at .....

**REF:** 1. G. O.No.CI 17 SPI 2012 dated 06 – 02 - 2013

2. Your application for Anchor Unit Subsidy received through Joint Director DIC: ..... vide letter no. ....dated.....

\*\*\*\*\*

We are pleased to inform you that the Committee for sanction of Anchor unit Subsidy for Aero space enterprise, in its ..... Meeting held on -----has sanctioned a total Anchor Unit Subsidy of Rs.----- (Rupees-----only) on the basis of Investment of RS..... to your enterprise located at .....i.e., Zone – 1/2/3/4 as per 2013-23 Aerospace Policy for manufacture of ..... The Committee has accepted the investment as detailed below:

Sl. No.	Particulars	Amount Rs.
1.	Land	
2.	Building:	
3.	Plant & Machinery.	
4.	Erection / Electrification / transportation, etc.,	
5.	Other fixed assets (Please specify)	
	TOTAL:	

You shall have to execute an agreement, in the draft format enclosed to this sanction order. The original agreement should be on Stamp paper of Rs.100/-. The agreement should be executed by the proprietor in case of proprietary concern, by one or more directors duly authorized by the board of directors of the company. The execution of the agreement should be under the common seal of the company, by all the partners incase of partnership concern. However, if any one of the partners holds a general power of attorney, he may execute the agreement on behalf of the remaining partners and furnish a certified true copy of the power of attorney. When the agreement is executed by a holder of general power of attorney, a certificate signed by all the partners on behalf of the firm to the effect that the general power of attorney is in force and not revoked as on the date of execution of the agreement, should be furnished. The Erasures, if any, should be properly attested No blank should be left in the agreement form.

The above agreement should be executed in the presence of Joint Director, District Industries Centre , .....

**The sanction of this Anchor Unit Subsidy is subject to following conditions:**

1. In the event of the Anchor Unit Subsidy being sanctioned, while at a later date found to be not actually due, the grantee shall refund to Government such portion or whole amount as determined by the Directorate of Industries and Commerce / Joint Director , DIC----- . In the event of the grantee failing of refund such amount, the same shall be recovered as arrears of land revenue.
2. The Anchor Unit Subsidy sanctioned will be released either wholly or partly/or any number of Installments depending upon the Budget Provisions and availability of funds.
3. The enterprise shall submit the annual reports and Audited Balance sheet for a period of three years after final /part disbursement of subsidy.
4. The Joint Director, District Industries Centre shall also monitor the employment provided to local people in accordance with Dr. Sarojini Mahishi Report for a period of five years. In case enterprise fail to comply the employment to local people, shall be bound to return the subsidy amount to Government.
5. The Anchor Unit Subsidy sanctioned herein is in the nature of “Grant –in-aid” and shall not be construed as a “contract” with Government of Karnataka. The grantee shall not exercise his right of privities of contract in the matter of release of subsidy by Government of Karnataka, who shall release the subsidy amount as and when the grantee is eligible for the same, in such proportions and installments as the Government may regulate.

**Commissioner for Industrial Development /  
Joint Director (ID)**

**(Name and official seal)**

**Format for undertaking to be executed for Anchor Unit Subsidy**

UNDERTAKING

The undertaking executed this day ..... 20..... by.....represented by its Managing Director/Director authorised by the company carrying on the business of Manufacturing of ..... under the name and style of M/s.----- herein after called the 'Grantee' of the one part in favor of the Governor of Karnataka, represented by the Director of Industries and Commerce herein after called the Government of other part WITNESSETH.

Where as Committee for sanction of Anchor Unit Subsidy..... vide Order No. ----- dated: ----- has sanctioned an Anchor Unit Subsidy of Rs. ----- (Rs.-----only) under the Government of Karnataka scheme of Package of Incentives and Concessions (2013-23 Karnataka Aero space Policy) new Industrial investment made in the State of Karnataka to the grantee for the purpose of his enterprises.

In consideration of the grant of Rs.----- (Rs. ----- only) as per the Order No.----- dated: ----- of the Commissioner for Industrial Development and Director of Industries and Commerce, the receipt whereof the grantee hereby acknowledges, the grantee agree and covenants as follows:

- i If the State Government/Financial Institution concerned is satisfied that the Anchor Unit subsidy has been obtained by misrepresentation of essential fact, furnishing false information after the Sanction/disbursement of full/part subsidy, the State Government/Financial Institution concerned shall have the right to claim refund of the grant/subsidy of Rs..... (Rs..... Only) paid to the grantee together with such interest as the State Govt /Financial Institution concerned may charge.
- ii In the event of the subsidy being sanctioned, which at later date is found to be not actually due, the grantee shall refund to Government such portion or the whole amount as determined by the Joint Director, District Industries Centre/Director of Industries and Commerce. On failure to do so, such amount shall be recovered by the Government as arrears of land revenue.
- iii That this grant shall not be construed as a contract and shall be in the nature of Grant-in-Aid only and the provisions of the Indian Contract Act or that of Specific Relief Act or any other relative statutory Acts/Provisions shall not apply in the instant case.
- iv That the grantee shall not exercise his right of claiming release/reimbursement of subsidy amount out-of-turn either directly or through his attorney and that the decision of the Government in the matter of periodic release based on the availability of funds shall be final and binding on the grantee.
- v The Grantee shall undertake to provide employment to local people in accordance with Dr. Sarojini Mahishi Report and maintain the same at least for a period of five years from the date of release of the subsidy amount. In case the enterprise fail to do shall bound to return the investment subsidy amount to the Government.

SCHEDULE:

Sl.No.	Particulars	Investment details (in rupees)
1	Land	Rs.
2	Building	Rs.
3.	Plant and Machinery	Rs.
4.	Erection / Electrification / transportation, etc.,	Rs.
5.	Other fixed assets (Please specify)	Rs.
	TOTAL:	

In witness whereof the Grantee has set his hand the ----- day of ----- two thousand ----- first above mentioned.

Witness:

Signature of the Grantee

- 1.
- 2.

//Common Seal of the Company//  
Shall be affixed here.

“Attested”

JD, DIC

Format for release of Anchor unit subsidy to the concerned enterprise  
Government of Karnataka  
Department of Industries and Commerce

No.....

Office of the .....

Date:

RELEASE ORDER

Sub: Release of..... installment Anchor Unit subsidy to  
M/s .....

- Ref: (i) Sanction Order No.....dt.....
- (ii) Earlier release order no.....dt.....
- (iii) G.O no. ....dt.....
- (iv) letter no.....dt.....from M/s.....

M/s ..... has been sanctioned with Anchor Unit subsidy of Rs..... vide sanction order cited under ref (i).  
 The enterprise has already been released with..... installments of sanctioned Anchor Unit subsidy amount vide letter cited under ref (ii) , leaving a Balance of RS.....  
 The Government vide its order cited in ref (iii) has released Rs..... as grant under head of account No..... being the amount to be further released to eligible industries as subsidy. Out of the above Grants, M/s..... is herewith released with Rs..... as the ..... installment of the sanctioned anchor subsidy amount. The balance amount remaining after releases of the above amount is Rs..... M/s ----- shall draw the released amount of Rs.....on payees receipt duly counter signed Commissioner for Industrial development and Director of Industries and commerce.

Joint Director, DIC

To,  
.....  
.....  
.....

copy to

**Format for issue of Stamp Duty Exemption Certificate under 2013-23 Karnataka Aerospace Policy for Mortgage of Loan documents.**

Government of Karnataka  
Department of Industries & Commerce

No: Office of the Director,  
No.49, Khanija Bhavan  
Race Course Road, B'lore-1

**CERTIFICATE**

Subject : Exemption of stamp duty and concessional registration charges to M/s.....

Ref : 1. G.O.No.CI /17/ SPI /2012, Dated 06-02-2013.  
2. Revenue Department Notification ಕಂಇ 40 ಮುನೋಮು 2014 dated:20/06/2014  
3. Units letter No..... Dated.....

This is to certify that;

- (i) M/s.\_\_\_\_\_ represented by Sri \_\_\_\_\_ Proprietor, Partner/Managing Directorate/ Director is a new industrial enterprise/ enterprise undertaking new industrial investment under Expansion/ Diversification/ Modernisation, which has been issued with IEM acknowledgement/industrial license from District Industries Centre/Govt. of India vide No..... dated.....for manufacture of .....
- (ii) This Industrial enterprise is located in Zone \_\_\_\_\_ in terms of the 2013-23 Karnataka Aero Space Policy'S package of Incentives and Concessions vide GO.No.CI.17 SPI 2012 dated: 06-02-2013 and has been categorised as MSME/LARGE/MEGA/IULTRA MEGA/ SUPER MEGA enterprise.
- (iii) The industrial enterprise has been sanctioned financial assistance i.e term loan of Rs..... by..... (mention financing agency) for establishment and for manufacture of.....with a project cost of Rs.....
- (iv) The enterprises proposal is also approved in the DLSWCC/SLSWCC/SHLCC vide letter dated.....
- (v) Certified that this enterprise is eligible for exemption from payment of stamp duty to an extent of 100% / 75% and reduction in Registration charges at Rs.1/- per Rs. 1000/- in respect of loan agreements/ credit deeds/ mortgage/ hypothecation deeds executed for availing term loans.
- (vi)

Joint Director, DIC  
or  
Joint Director(ID), Head Office

**Format for issue of Stamp Duty Exemption Certificate under 2013-23 Aerospace Policy p for Land/ Plot registration**

Government of Karnataka  
Department of Industries & Commerce

No: Office of the Director,  
No.49, Khanija Bhavan  
Race Course Road, B'lore-1

**CERTIFICATE**

Subject : Exemption of stamp duty and concessional registration charges to M/s.....

Ref: 1. G.O.No.CI /17/ SPI /2012, Dated 06-02-2013.  
2. Revenue Department Notification No....., Dated.....  
3. Units letter No..... Dated.....

This is to certify that;

- (i) M/s.\_\_\_\_\_ represented by Sri \_\_\_\_\_ Proprietor, Partner/Managing Directorate/ Director is a new industrial enterprise/ enterprise undertaking new industrial investment under Expansion/ Diversification/ Modernisation, which has been issued with IEM acknowledgement from District Industries Centre/Govt. of India vide No.\_\_\_\_\_ dated\_\_\_\_\_ for manufacture of \_\_\_\_\_.
- (ii) This industrial enterprise is located in Zone \_\_\_\_\_ in terms of the 2013-23 Aero Space polciy's package of Incentives and Concessions vide GO.No.CI.17 SPI dated: 06-02-2013 and has been categorised aS MSME/LARGE/MEGA/ULTRA MEGA/ SUPER MEGA enterprise.
- (iii) The enterprise has been allotted an industrial plot/shed tenements measuring \_\_\_\_\_ Sq.mtrs/ Areas by the Karnataka Indl.Areas Development Board/ KSSIDC/ KEONICS/ KSIIDC/ industrial cooperatives and approved private industrial estates for establishment of the industry at \_\_\_\_\_ industrial area, vide Allotment Letter/Order No.\_\_\_\_\_ dated \_\_\_\_\_.
- (iv) The DLSWCC/SLSWCC/SHLCC has approved the project proposal of the enterprise vide their letter No \_\_\_\_\_.
- (v) Certified that the enterprise is eligible for exemption of stamp duty to an extent of 100%/75% and reduction of registration charges to Re.1 per thousand in respect of lease deed, lease-cum sale and absolute sale deeds executed by it in respect of industrial plot/ industrial sheds/industrial tenements allotted by \_\_\_\_\_ acres of lands purchased under section 109 of KLR Act vide Revenue Department approval letter No. \_\_\_\_\_ dt \_\_\_\_\_ OR \_\_\_\_\_ acres of converted land directly purchased from \_\_\_\_\_ in accordance with DLSWCC/SLSWCC/SHLCC decision.

Joint Director, DIC  
or  
Joint Director(ID), Head Office.



**Format for issue of certificate for claiming electricity duty / tax exemption**

No. ....

Office of the .....  
.....

**CERTIFICATE**

Sub: Exemption of Electricity Duty / Tax to M/s.....

Ref: 1.G.O.No. CI/17/SPI/2012 dtd: 06.02.2013.

2.Energy Department Notification No.EN 170 EBS 2015 dated:27/04/2015

\*\*\*\*\*

This is to certify that M/s..... is a new micro/small manufacturing enterprises registered vide No. .... dtd:..... for manufacture of ..... with the Department of Industries and Commerce.

The enterprise is located at Zone -1 / 2 / 3/4 as specified in the Government Order cited at ref(1) above.

The enterprise has stated commercial production on ..... as evidenced from the 1<sup>st</sup> invoice / bill No..... dtd: ..... issued by the enterprise.

The enterprise is entitled to avail the exemption from payment of electricity duty/tax from the date of commencement of commercial production i.e., ..... for a period of ..... years as per the G.O order cited at ref(1) and (2) above.

Joint Director,  
District Industries Centre,  
..... District or  
Joint Director(ID) Head Office

**PROFORMA APPLICATION FOR CLAIMING INTEREST FREE LOAN AGAINST VALUE ADDED TAX (VAT) UNDER  
2013-23 AEROSPACE POLICY**

1.	Name and address of the applicant/ enterprise/ company		
2.	Location	Zone 1/ 2 / 3/4	
3.	Constitution	Proprietary/ Partnership/ Public Limited company or Co-op. Institution.	
4.	Name and address of the Proprietor/Partners/ Managing Director.		
5.	Particulars of the following (please furnish attested photo copies).		
	a) IEM/100% EOU Registration / IL		
	b) Foreign Collaboration Approval (Technical / financial) if any.		
6.	Indicate nature of investment	New Enterprise / Expansion/ Modernization / Diversification	
7.	Product manufactured.	Existing enterprise	Under Expansion/ Modernisation/ Diversification
8.	Installed capacity	Existing	Under Expansion/ Modernisation/ Diversification
9.	Project cost		
	a) Land		
	b) Building		
	c) Plant and Machinery		
	d) Other fixed assets.		
	<b>TOTAL</b>		
10.	Means of Finance		
	a) Share Capital		
	b) Internal resources		
	c) Long Term loans		
	d) Subsidy		
	e) Unsecured loan		
	f) Others.		
	<b>TOTAL</b>		
11.	Statement of fixed assets created by the enterprise in <b>Annexure –3</b>		
12.	Fixed Investment Certificate from Bank / Financial Institutions in <b>Annexure – 4</b>		
13.	Chartered Engineer's / Architect Certificate in <b>Annexure – 5</b>		
14.	Total number of workers employed (category wise) and local employment in the enterprise (please furnish details in the prescribed format/declaration on local employment, as per <b>Annexure – 6</b>		
15.	Chartered Accountant Certificate regarding fixed investment in the enterprise in		

<b>Annexure-7</b>	
16.	Date of commencement of commercial production as evidenced by 1 <sup>st</sup> Sale Invoice No. and date (please enclose copy).
17.	Details of charges created on the existing assets of the unit
18.	Details of Bank Guarantors
19.	Copy of the annual report for the last 3 years for existing company
20.	Designation and address of the Assessing Officer of Commercial Taxes.

- (i) Certified that all the plant and machineries claimed for loan are new and no second hand machinery has been included.
- (ii) I / We hereby certify that the particulars given above and in the appended enclosures are true and correct to the best of my/our knowledge and belief and that no material facts have been concealed or suppressed.

(Signature)  
(Name and Designation).

## VAT LOAN ELIGIBILITY CERTIFICATE

**GOVERNMENT OF KARNATAKA**  
**Department of Industries and Commerce**

No. ....

Office of the Director,  
 No.49, Khanija Bhavan,  
 Race Course Road,  
 Bangalore, Dt:  
 OR  
 Joint Director, DIC

**VAT LOAN ELIGIBILITY CERTIFICATE (NEW ENTERPRISE/ EXPANSION/  
 MODERNISATION/DIVERSIFICATION OF EXISTING ENTERPRISE)  
 (UNDER 2013-23 AEROSPACE POLICY)**

Sub: Issue of loan eligibility Certificate to M/s. ....

..... Taluk, ..... District.

Ref: 1.G.O.No. CI/17/SPI/2012 dtd: 06.02.2013.

2. Finance Department Notification No. ....

3. Letter of the enterprise No..... Dt: .....

4. Recommendation letter No. .... dt:..... received  
 From Joint Director, District Industries Centre,..... District.

This is to certify that :

1. M/s..... Is a large / mega / Ultra/Super Mega/ Aerospace enterprise located in Zone ..... Industrial Area as per the G.Os cited at ref.(1) and (2) above.
2. The enterprise is registered with Ministry of Industry, Government of India vide Registration No. .... dt:..... issued by ..... for the production of .....
3. The enterprise is a new enterprise / an existing one has undertaken expansion/diversification/modernization. The installed capacity of new enterprise or the additional capacity created by investment by way of expansion/modernization/diversification is as under:

Sl. No.	Commodity	Installed capacity of new enterprise or an existing enterprise before expansion/modernization/diversification.	Installed capacity after expansion/modernization/diversification.	Additional capacity created.
1				
2				
	Total.			

4. The new enterprise or the existing enterprise after expansion or modernization or diversification has commenced its commercial production on ..... as evidenced by the first invoice No. .... Dtd: ..... issued to M/s. ....(address).
5. As appraised by the Financial Institution, M/s. .... (name and address of the financial institution) a sum of Rs. .... ( in words ....) had been sanctioned on ..... as term loan against the total approved project cost of Rs. .... (in words.....) under new/ expansion/ modernization/ diversification. Programme. The financial institution has released the first installment of term loan of Rs..... on ..... which is on or after ..... the date on which the G.O. cited at ref(1) came into force.

6. Out of the total project cost of Rs. .... the enterprise has invested a sum of Rs. .... towards creation of fixed assets on or after ..... the date on which the G.O. cited at ref(1) came into force.
7. The investment certificate has been issued by C.A / Financial Institutions towards the investment made on fixed assets amounting to Rs. .... and the same is limited and accepted to Rs. .... after scrutinizing the records and inspecting the enterprise as reported by the Joint Director, District Industries Centre, ..... District vide ref (4) above. The details of Fixed Assets accepted is as follows;

1.	Land	Rs.
2.	Building *	Rs.
3.	Plant and machinery	Rs.
4.	Other Assets	Rs.
	Total FA Value	Rs.

- 7 (a) The above investment is excluded with investments on residential accommodation, guest houses and such other structures which are not directly related to the manufacturing activity and also the value of Leased / Hired assets are excluded.
8. It is further certified that no part of the plant and machinery as certified above includes old / used / second hand.
9. As per the accepted value of Fixed asset as at (7) the enterprise is entitled for availing interest free loan amount to an extent of Rs. .... being the 100%/75%/50% of the value of the fixed assets over a period of 5 / 6 / 7 / 10 / 12 years. The maximum loan admissible to the enterprises per annum shall be 50/25% of the assessed gross VAT (out put tax payable).
10. The loanee should execute necessary loan agreement, deed of guarantee and mortgage/equitable mortgage by deposit of Title deeds as per Annexure and on the required stamp paper and register the same in the concerned Sub-Registrar's Office in favour of the Government of Karnataka and furnish the original deeds to Joint Director, District Industries Centre, \_\_\_\_\_ District.
11. In respect of Partnership/ private / public limited companies, all the Directors of the Company shall give an undertaking individually guaranteeing repayment of this loan as per specimen vide Annexure.
12. The loanee shall undertake before disbursement of the loan, to create after obtaining the necessary approvals from the Lead Financial Institutions, second charge in favour of Government after satisfying the charges in favour of the Lead Financial Institutions.
13. The loan will be free of interest provided repayment is prompt. In the event of failure to repay on the due dates, the overdue installments will carry penal interest at rates prescribed by Government for overdue installment of the loan.
14. The loan is repayable in .....installments and repayment will commence with an initial moratorium of ..... from the date of disbursement of each installment of the loan amount.
15. All repayment due to Government shall be paid in at any Government Treasury in the State to the credit of the State Government under head of account ..... and the Treasury challans presented to this office, which will be duly acknowledged.

16. The enterprise should furnish half yearly / annual statement of audited account. The Director of Industries and Commerce / Joint Director, District Industries Centre shall have the power to inspect personally or direct any other subordinate(s) to inspect enterprise(s) to satisfy themselves about the correctness or otherwise of the statements submitted.
17. The enterprise shall not remove any of the assets of the enterprise in respect of which the agreement and guarantee is given without prior notice and without the approval of the Commissioner for Industrial Development and Director of Industries and Commerce / Joint Director, District Industries Centre until liability is fully discharged.

The loan sanctioned as aforesaid in disbursement is debit to the following Head of account.

.....

Joint Director, DIC/ Commissioner for ID/  
Joint Director(ID)

To

M/s.....

.....

.....

Copy to:

1. The Accountant General in Karnataka, Bangalore.
2. Commissioner for ID and Director of I&C/ The Joint Director, District Industries Centre, ..... District.
3. Manager\_\_\_\_\_ Bank/ .....KSFC
4. The Officer in charge of ..... Treasury.
5. The Sub-Registrar
6. Office copy
7. To loan file.
8. Spare copy.

**FORMAT FOR DOCUMENTS TO BE EXECUTED BY THE ENTERPRISE FOR AVAILING INTEREST FREE LOAN  
AGAINST PAYMENT OF VAT.**

**LOAN AGREEMENT**

The Agreement is made and executed this ..... of .....20 by and between M/s. .... a proprietary concern/partnership firm registered under the Indian Partnership Act, 1932/ Private / Public Limited Company incorporated under the Companies Act, 1956 having its place of business at ..... and registered office at ..... Being an industrial concern engaged in the manufacture of ..... and represented here in by its ..... Hereinafter referred as the 'BORROWER' which term wherever the context so applies shall mean and include the respective legal representatives, successors in office and assigns, of the one part : AND the Governor of Karnataka, represented by the Joint Director, District Industries Centre, \_\_\_\_\_ district of Industries and Commerce, Government of Karnataka, hereinafter referred to as the 'GOVERNMENT' which term wherever the context so applies shall mean and include the successors in office and assigns of the other part ;

Whereas the Borrower has applied to the Government for an interest free loan against VAT under the new package of incentives and concessions scheme of the Government of Karnataka vide No. CI/17/SPI Bangalore dated 06-02-2013.

Whereas the Government has sanctioned a sum of Rs. .... (Rs.....) to the Borrower as interest free loan subject to the terms and conditions contained in the Government's letter bearing reference No. ....

Whereas the Borrower has accepted the terms and conditions stipulated by the Government and has agreed to execute this agreement for the due re-payment of the loan and observance of the terms and conditions set out hereunder;

**NOW THIS AGREEMENT WITNESSETH :**

1. In consideration of the aforesaid sum of Rs. ....(Rs. ....) to be lent and advanced by the Government to the Borrower in such manner and in such sums specified in the order to be passed while directing payment of the balance or part thereof as the circumstances might admit;
2. The Borrower agrees to repay to the Government the said sum of Rs. .... (Rs.....) hereinafter called the 'Principal sum' in ..... yearly installments together with interest, costs, charges if any thereon, the first installment being paid on ..... and every subsequent installment being paid on the corresponding day of each and every ..... year; provided however the loan shall not carry any interest if paid on or before the due date ; provided that in case any installment is not paid on the date on which it becomes due, such amount in arrears shall carry interest at such rate as may be prescribed by the Government in this behalf and intimated to the Borrower from time to time. On such intimation, the rate of interest payable by the Borrower shall be the rate so communicated, provided that in the event of an increase in the rate of interest, the Borrower shall have the option to repay to the Government forthwith, the entire outstanding and until repayment, the outstanding shall be treated as a charge on the proportion secured hereunder; And provided also on failure by the Borrower to pay installments or outstanding due to the Government under this agreement on or before the due dates or upto which time for payment may have been extended by the Government, the Government shall have the right to recall the entire loan and other outstanding thereon, that have been in arrears and remained unpaid.

3. For the consideration aforesaid;
  - (i) The Borrower binds personally for the repayment of the principal sum with interest and other moneys due to the Government under this agreement.
  - ii) The Borrower agrees that as security for the aforesaid loan granted by the Government, shall offer the security of the properties described in the schedules hereunder by way of a valid second charge, for the due repayment to the Government of all the principal sum, interest, costs, charges etc., in accordance with the covenant agreed upon.
4. The Borrower agrees and undertakes to obtain necessary clearances and approvals from the financial institutions, Banks and other agencies for creation of a valid second charge as above and to comply with all the formalities connected therewith and to incur all the necessary expenditure such as Stamp Duty, Registration charges, other duties, penalties if any, in this behalf.
5. The Borrower agrees and undertakes that during the subsistence of this agreement to pay all rates, rents, taxes, duties and other outgoings in respect of the schedule properties regularly and diligently and to keep the entire schedule properties and every part thereof in good condition and to keep the same insured against loss or damage whatsoever for its full value with any of the nationalized insurance companies. The Borrower further agrees not to do any act of commission or omission so as to render the schedule properties less valuable than they are at present and to keep the same in good and proper condition.
6. The Borrower confirms that all the schedule properties are their absolute properties and free from any charge or encumbrance except that created in favour of the financial institutions with the knowledge of the Government and shall remain unencumbered till the aforesaid loan stands fully discharged. It shall also be not lawful for the Borrower to create any further mortgage, charge, lease or license or dispose of the schedule properties in any manner whatsoever without the prior consent and written sanction of the Government.
7. The Borrower shall submit periodically and without fail their half yearly/annual reports and audited statement of accounts of the Government.
8. The Borrower agrees that from the date of this agreement and so long as any part of the loan remains outstanding, the Borrower, shall at all reasonable times, permit the Government or any of its authorized representatives to carry out technical, financial and legal inspections of the Borrower's premises and schedule properties; and to inspect all records, registers and accounts of the Borrower; and that the Borrower shall extend full co operation and assistance to the Government and its authorized representatives in the conduct and performance of such inspections.
9. The Borrower agrees that if in the opinion of the Government there is a depreciation in the value of the schedule properties, the Borrower shall furnish additional security to the satisfaction of the Government and if such security be not given to the Government within such limit as may be prescribed in this behalf, then and in such case, the Borrower shall within a period of (6) six months reduce their indebtedness to the Government by the amount proportionate to the reduced value of the scheduled properties.
10. That if default be made in repayment of all or any part of the principal sum or interest or in the performance or observance of any of the covenants, conditions or provisions herein contained on the part of the Borrower, then and in such an event, it shall be lawful for the Government to call upon the Borrower to discharge their liability in full by recalling the entire loan amount and also to initiate such legal proceedings as may be deemed fit for recovery of the entire arrears due from the Borrower to the Government under this agreement entirely at the cost and expenses of the Borrower.
11. The Borrower agrees that all the repayments due hereunder shall be paid by them in cash at any Government Treasury in the State to the credit of the State Government under the head of account ..... prescribed by the Government from time to time and the treasury challan in proof thereof presented to the Government shall be the only conclusive evidence in the matter of the repayment of the aforesaid loan and that no other mode of payment be acknowledged by the Government.



12. The aforesaid loan shall be subject to the terms and conditions of sanction, including any amendment made from time to time and rules, regulations, notifications and orders there under framed of made by the Government from time to time. In addition to the terms and conditions contained herein; and that the Borrower agrees and covenants to comply with the same as and when imposed during the subsistence of this agreement.

**FIRST SCHEDULE**  
(Details of Land building)

**SECOND SCHEDULE**  
(Details of plant and machinery)

In witness whereof the Borrower and the Government have signed this agreement on the day, month and year first above written in the manner following:

Signed sealed and delivered for and on behalf of  
M/s..... the Borrower, by the Head of

Signed and delivered for and on behalf of the Governor of Karnataka, by the Joint Director, District Industries Centre, \_\_\_\_\_ district.

**GOVERNMENT OF KARNATAKA  
DEPARTMENT OF INDUSTRIES AND COMMERCE**

**Schedule of Repayment of Instalments of Interest free loan against VAT**

1.	Name and Address of the Enterprise	
2.	Amount of loan sanctioned:	
3.	Date of release of loan	
4.	Moratorium Period	
5.	No.of installments of repayments.	

No. of installments of repayment	Due Date	Particulars of the Principal amount due	Remarks
			The loan will be free of interest provided repayment is prompt and as per repayment schedule. In the event of failure to repay on the due dates, the over due installments will carry penal interest at the rate of prescribed by Governments for such overdue installments will carry penal interest at the rate prescribed by Governments for such overdue installments from time to time. Further, on chronic default, the loan is liable to be terminated and coercive recovery of the dues will be enforced, as if it were arrears of Land Revenue.

Joint Director DIC

- Copy :
1. Joint Director (ID), Department of Industries and Commerce—  
for information
  2. Loan ledger and loan file
  3. Extra

Performa for Entry Tax Exemption Certificate during Implementation phase.

**Government of Karnataka  
Department of Industries and Commerce**

No.....

Office of the .....  
Date: .....

**CERTIFICATE**

Sub: Exemption of Entry Tax to M/s .....

Ref: 1. G.O. No. CI.17 SPI2012 Dated: 06-02-2013  
2. F.D. Notification No. FD 163 CSL 2013 dated:27-06-2014  
3. Application dated: ..... of M/s. ....

---

This is to certify that

1. M/s. .... is a MSME/LARGE/MEGA/ULTRA MEGA/SUPERMEGA industry located at ..... District.
2. The enterprise is registered vide No. .... Dated: ..... for manufacture of ..... with GOI / GOK.
3. The enterprise is located at zone 1 / 2/3/4 as classified in the Govt.Order cited at ref(1) above.
4. It is a new enterprise/enterprise proposed to undertake expansion/diversification/ modernization and cleared in DLSWCC /SLWCC/SHLCC for establishment of ..... , with a total investment of Rs. ....
5. The value of fixed assets as proposed in the project report is as below:

Sl. No	Description	Investment (Rupees)
1	Land and site development	
2	Buildings and other civil structures	
3.	Plant and Machinery including co- generation power plant.	
4.	Other fixed assets	
5.	Miscellaneous	
	Total.	

6. The enterprise is eligible for Entry Tax Exemption on the entry of plant and machinery and capital goods directly involved in the production or other processing of goods and including those equipments brought for the purpose of establishing captive power generation plant for a maximum period of 3 years from ---- i.e., the date of implementation of the project as envisaged by the purchase order No. ----- dated: ----- or till the completion of the project implementation, whichever is earlier.
7. This Certificate is issued as per the Govt. Orders cited at reference (1) & (2) above.
8. The enterprise has to fulfill the conditions as prescribed in the Govt. Order cited at ref (1) above

JOINT DIRECTOR (DIC)/JOINT DIRECTOR (ID)

**Proforma for Entry Tax Certificate to during operational phase  
Government of Karnataka**

**Department of Industries and Commerce**

No.....

Office of the .....

Date: .....

**CERTIFICATE**

Sub: Exemption of Entry Tax to M/s. ....

Ref: 1. G.O. No. CI.17 SPI2012 Dated: 06-02-2013

2. F.D. Notification No FD 163 CSL 2013 dated:27-06-2014

3. Application dated: ..... of M/s. ....

----

This is to certify that

1. M/s. .... is a MSME/LARGE/MEGA/ULTRA MEGA/SUPER MEGA enterprise located at ..... taluk, ..... District.
2. The enterprise is registered vide No. .... Dated: ..... for manufacture of ..... with GOI / GOK.
3. The enterprise is located at zone 1 / 2/3/4 as classified in the Govt.Order cited at ref(1) above.
4. It is a new enterprise/enterprise proposed to undertake expansion/diversification/ modernization and cleared in DLSWCC / SLWCC / SHLCC for establishment of ..... , with a total investment of Rs. ....
5. The value of fixed assets invested is as below:

Sl.No.	Description	Investment (Rupees)
1	<b>Land and site devel opm ent</b>	
2	Buildings and other civil structures	
3.	Plant and Machinery including co generation power plant.	
4.	Other fixed assets	
5.	Miscellaneous	
	Total.	

6. The enterprise is eligible for Entry Tax Exemption on the entry of any goods for use as raw materials, inputs, component parts and consumables (excluding petroleum products like crude oil, petrol, diesel, super light diesel oil, bitumen (asphalt) tar, furnace oil, break fuel or clutch fluid, transformer oil, coolants, white oil, hexane, lubricating oil, petroleum jelly, naphtha and LSHS used as consumables or for captive power generation enterprises) for a period of 5 years from ----- i.e., the date of commencement of commercial production, as envisaged by the Invoice/Bill No. ----- dated: --  
----- .
7. This Certificate is issued as per the Govt. Orders cited at reference (1) & (2) above.
8. The enterprise has fulfilled the conditions of local employment as prescribed in the Govt. Order cited at ref(1) above

JOINT DIRECTOR (DIC)/JOINT DIRECTOR (ID)

**FORMAT FOR FILING QUARTERLY STATEMENT TO HEADOFFICE IN RESPECT OF STAMP DUTY EXEMPTION  
ISSUED TO MSMEs (i.e.,quarter ending as on .....)**

**PART – A: In respect registration of land/ plot documents.**

Sl No.	Name and address of the enterprise	Product	Purchased form whom	Area of plot/shed	Sale deed value of plot/shed.
1	2	3	4	5	7

Whether MSME/LARGE/MEGA/ULTRA MEGA/SUPER MEGA	Location (i.e., zone) and policy	Percentage of Stamp Duty Exemption extended.	Date of SDE Certificate	New or expansion	Remarks.
8	9	10	11	12	13

1. Certified that the above enterprises are actually eligible for Stamp Duty Exemption.
2. Certified that the above enterprises have been issued with Stamp Duty Exemption after obtaining all the required documents.

JD, DIC..... DISTRICT.

**PART – A: In respect of registration of Loan documents.**

Sl No.	Name and address of the enterprise	Product	Name of the Bank	Loan Amount	value of loan documents.
1	2	3	4	5	7

Whether MSME/LARGE/MEGA/ULTRA MEGA/SUPER MEGA her	Location (i.e., zone) and policy	Percentage of Stamp Duty Exemption extended.	Date of SDE Certificate	New or expansion	Remarks.
8	9	10	11	12	13

3. Certified that the above enterprises are actually eligible for Stamp Duty Exemption.
4. Certified that the above enterprises have been issued with Stamp Duty Exemption after obtaining all the required documents.

JD, DIC....., DISTRICT.

**FORMAT FOR FILING QUARTERLY RETURNS TO HEADOFFICE IN RESPECT OF ENTRY TAX EXEMPTION  
CERTIFICATE ISSUED TO MSMEs (i.e., quarter ending as on .....)**

Sl No.	Name and address of the unit	Location (Zone/ Policy)	Product	Date of production	Type of unit i.e., Micro/ Small/ Medium
1	2	3		4	5

Category of the unit (SC/ST/ PH/ Women/ Ex-Service Men)	Entry Tax Exemption for project implementation or operational period.	Value of Plant and Machinery or project cost.	New unit or expansion	Remarks.
6	7	8	9	10

JD, DIC.....DISTRICT.