



**Government of Chhattisgarh,
Department of Commerce and Industries
Mantralaya, Raipur (C.G.)**

Notification

Raipur, Dated 26th October, 2012

S. No. F 20- 77/2012/11/(6), Government of Chhattisgarh hereby, declares, "Automotive Industries Policy - 2012". This policy will be effective from 1st November, 2012 for five years i.e. up to 31st October, 2017.

In addition to above this policy is also published in English. In case of any dispute Hindi version of the policy will prevail.

**By the order and in the name of
Governor of Chhattisgarh,**

- sd-

(Dinesh Shrivastava)

Secretary,

Government of Chhattisgarh,
Department of Commerce and Industries





Government of Chhattisgarh
Department of Commerce and Industries
Mantralaya, Raipur

Automotive Industry Policy, 2012

Raipur, Date- 26 October, 2012

No. F 20-77/2012/11/(6), State Government do hereby declare “Automotive Industry Policy – 2012” to especially encourage the establishment of non-core sector industries and promote establishment of automotive industries (Automobile-Two wheelers, Three wheelers, Passenger and Commercial vehicles, Earth Movers, agricultural utility vehicles, auto-components etc.).

(1) Preamble:

- 1.1** “Automotive Industry” has been emerging as a sunrise sector in the non-core sector of the country. Automotive industries have been especially recognised as a sector having potential for creating employment on a large scale. The sector has grown around 12 to 15 percent per year during the last decade.
- 1.2** Establishment of large automotive Industries (Automobile-two wheelers, three wheelers, passenger and commercial vehicle, earth Movers, agricultural utility vehicle, auto-components industry, etc.) result in the creation of several micro, small and medium (Ancillary) industries that also increases opportunities for employment.
- 1.3** The State of Chhattisgarh enjoys an advantageous geographical situation, as the state is located at almost equal distances from important cities and trade centres of East, West and South India and covers markets of Chhattisgarh, Madhya Pradesh, Jharkhand, Maharashtra, Orissa and Andhra Pradesh.

- 1.4 Important pre-requisites for automotive industries are continuous and uninterrupted supply of steel, aluminium and power; all of these are available in abundance in Chhattisgarh. This is an additional advantage.
- 1.5 The State of Chhattisgarh is emerging as a “Power hub” in the country. In addition to this, one third of the total targeted production of electricity during 12th five year plan is expected to be produced in Chhattisgarh. Supply and distribution of uninterrupted and good quality electricity at competitive rates is t h e m a i n attraction for major industries of the State. Hence, it is quite logical to establish automotive industries for reaping long term benefits.
- 1.6 The State enjoys favourable labour relations and congenial industrial environment, which is certainly an added attraction for automotive industries.

(2) Introduction and Enforceability:-

The policy shall be called “Automotive Industries Policy - 2012” and will be effective from 1st November, 2012 for five years i.e. up to 31st October, 2017.

(3) Objectives :-

- 3.1 To take initiative for promotion of a non-core sector in the State to encourage the establishment of non-core sector industries in future.
- 3.2 To fetch an investment of minimum Rs.20,000 Cr. in the sector of automotive industries so as to create 20,000 additional employment opportunities during next ten years.
- 3.3 To encourage establishment of micro, small, ancillary and medium industries in large number with the help of automotive industry sector in the State, so as to create direct and indirect employment opportunities and to promote local entrepreneurship.

(4) Scope:-

Keeping in view the expected fast development of automotive industry in the State,

main provisions of new policy for Automotive Industry- 2012 are as follows:

- (4.1) Automotive Industry shall include an industry planning to establish a new unit/extension thereof (having engine plant, press shop, body shop, transmission line, assembly line, paint shop etc. at one place) on its own or as joint venture with minimum capital investment of Rs. 1000 Crore within 7 years from the date of executing Memorandum of Understanding with the Government of Chhattisgarh.
- (4.2) In abovementioned proposed automotive industries minimum amount of Rs.1000 Crore shall include capital investment and intangible assets (not exceeding 10% of the total investment). (Intangible Assets investment shall include cost of technical know-how, design, prototype etc. before start of the project shown as capital asset investment in the books of accounts of the Company.)
- (4.3) Definitions regarding investment on land, building, factory shed, plant and machinery, electricity supply and water supply under Capital Investment, shall be the same as defined under the Industrial Policy enforceable at that time.
- (4.4) There shall be no limit of capital investment for ancillaries of automotive industry/ auto components/ spare part units, however, they shall be entitled to avail the same facilities- grants/ exemptions/incentives, as declared in this policy.

(5) Definitions:

- (5.1) “New Industry” means an industry commencing its commercial production after enforcement of this policy and possessing a small scale industry registration EM Part-1/ IEM/ Industrial License/ Letter of intent (issued by a competent authority in this regard as the case maybe).
(In case of capital investment exceeding Rs. 100 cores, Memorandum of Understanding should have been executed with the State Government.)
- (5.2) “Extension, Diversion, Backward Integration, Forward integration of industry” means extension, diversion, Backward Integration, Forward Integration done after commencement of this policy and possessing a small scale industry registration EM Part-1/ IEM/ Industrial License/ Letter of intent (issued by a competent authority in this regard as the case maybe).

(In case of capital investment exceeding Rs. 100 crores, Memorandum of Understanding should have been executed with the State Government.)

- (5.3) Micro, Small and medium industry, Large industry, Mega Project, Ultra Mega Project, Schedule Cast /Schedule Tribe Industries established by Schedule Cast /Schedule Tribe, Female entrepreneurs, Disabled, Retired Army Personnel, Persons affected by naxalism, NRI/ 100% FDI investor, skilled labour, Management/Administrative class, Bonafide residents of the State, Date of commencing commercial production and other necessary definitions for the purpose of the notification shall be the same as notified in the Industrial Policy for the time being in force.
- (5.4) Other definitions recognized in connection with Automotive Industries by Government of India shall be applicable mutatis mutandis.

(6) Eligibility:-

- (6.1) Under the “Automotive Industry Policy-2012” establishment of new units as Micro and Small, Medium Industry, Large Industry, Mega Project and Ultra Mega Project class industries or expansions/ diversifications/ forward integrations/ backward integration of established units shall be eligible for availing incentives/ exemptions/rebates.
- (6.2) Industrial Units established by Government of India/ State Government(s) or by the Corporation/ Board/ Institutions shall not be eligible for grants.
- (6.3) It is mandatory that from the date of commercial production to a minimum period of five years the unit shall employ minimum 90% of unskilled workers, minimum 50% of skilled workers subject to availability and minimum one-third posts of management/ administrative cadres to bona fide residents of the State.
- (6.4) For the purpose of a project, Model rehabilitation Policy of Chhattisgarh State (as amended) shall be applicable.

(7) Details of Facilities:

Facilities to be given under “Automotive Industries Policy -2012”

S. No.	Details of Facility	Scheme and rebates/ grants/ incentives
1.	Value Added Tax reimbursement (To be provided as Investment incentive assistance)	Limited to maximum 115% of Capital Investment for original and ancillary unit, for a maximum period expiring before 18 years whichever is earlier. This rebate shall be equivalent to the VAT paid for the sale of finished products manufactured by automotive industrial units. The rebate shall be available as capital investment incentive. The unit shall have an option to receive the incentive under this policy or to avail capital investment grant under industrial policy, as applicable at the time.
2	Rebate in Central Sales Tax	For the period of 18 years 50% on the rate prevailing at that time.
3	Exemption from payment of Entry Tax	100% rebate from purchase of first raw material for the project for period of 8 years.
4	Rebate in Electricity Duty	For the period of 10 years from the date of Commencing commercial production.
5	Exemption from Stamp Duty	
(a)	On Land, Buildings, Sheds and flat.	100% on sale/lease related documents of land, buildings, sheds and flat.
(b)	On debt Instruments	Payable as per provisions of Industrial Policy 2009-2014.
6	Exemption from Registration Fee	100% exemption on Land, Buildings, Sheds and flat.
Note: In case of failure in taking effective steps towards establishment of Industry within three years by the unit, exemptions under S.No. 5 and 6 may be revoked.		

Note: “Apart from the abovementioned facilities available under Automotive Industries Policy – 2012” (including Auto components), the facilities available for Grant, Rebate/Concession as per the Industrial Policy applicable at that time, such as : - Interest subsidy, Capital Investment Grant, Rebate/Concession on land premium in land allotment in Industrial Area, Project Report Grant, Quality certification grant, Technical Patent Grant, Margin money Grant for Schedule Cast & Schedule Tribe and Industrial Award Schemes would be eligible as per rules.

- (8) Grants/ Rebates/ concessions applicable as financial incentive for industrial investment under the policy shall be notified and administrative orders shall also be issued under relevant laws.
- (9) Under this policy, the State Government shall have the right to review the provisions under this policy from time to time and include new provisions or amend existing provisions for the growth of Automotive Industries in the State.

**By the order and in the name of
Governor of Chhattisgarh,**

- sd-

(Dinesh Shrivastava)

Secretary,

Government of Chhattisgarh,

Department of Commerce and Industry