

F. No.10 (3)/2007-DBA-II/NER
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

New Delhi, dated the 15th December, 2016.

OFFICE MEMORANDUM

**Subject: North East Industrial and Investment Promotion Policy (NEIIPP), 2007
(Revised)**

The Government had approved a package of fiscal incentives and other concessions to promote industrialization and investment in the North East Region (including Sikkim) under the "North East Industrial and Investment Promotion Policy (NEIIPP), 2007", issued vide O.M. No. 10(3)/2007- DBA.II/NER dated 1.04.2007. Registration of industrial units under NEIIPP, 2007 was suspended with effect from 1.12.2014.

2. The Government has decided to resume registration of industrial units under revised NEIIPP, 2007 vide Notification No.10(3)/2007-DBA-II/NER dated 22.11.2016. NEIIPP, 2007 stands modified to the extent indicated in the following paragraphs:

(i) Duration:

All Industrial units which commence commercial production on or after 01.12.2014 and on or before 31.03.2017 (hereinafter referred to as the 'new industrial unit) as well as existing units which go in for substantial expansion and commence commercial production on or before 31.03.2017 will be eligible for incentives as per the revised norms of subsidy notified vide Notification No.10(3)/2007-DBA-II/NER dated 22.11.2016.

(ii) Capital Investment Subsidy:

The subsidy will be provided in terms of the Scheme notified vide Notification No.10(3)/2007-DBA-II/NER dated 27.07.2007 except for the modifications incorporated in this O.M. The subsidy for the new industrial units/existing industrial units going for substantial expansion (which registered and commenced production on or after 1.12.2014 and on or before 31.03.2017) will be limited to Rs.5.00 crore per industrial unit operating in manufacturing sector and Rs.3.00 crore per industrial unit operating in services sector. While the limit for automatic approval of subsidy at the rate of 30% of the investment in plant and machinery will continue to be upto Rs.1.5 crores per unit; for grant of capital investment subsidy higher than Rs.1.5 crores and upto a maximum of Rs. 5 crores, there will be an Empowered Committee chaired by Secretary, Department of Industrial Policy & Promotion with Secretaries of Department of Development of North Eastern Region (DoNER), Expenditure, representative of NITI Aayog and

Secretary of the concerned Ministries of the Government of India dealing with the subject matter of that industry as its members as also the concerned Chief Secretary/Secretary (Industry) of the North Eastern State where the claiming unit is located.

(iii) Interest Subsidy:

In partial supersession of Notification No.10(3)/2007- DBA-II/NER dated 27.07.2007, interest subsidy for new industrial units/existing industrial units going for substantial expansion (which registered and commenced production on or after 1.12.2014 and on or before 31.03.2017) will be available only on term loans of 5-10 years maturity taken to finance capital expenditure on setting up of industrial units or for substantial expansion. The interest subsidy will be limited to term loans up to Rs. 10 crore to subsidize the cost of borrowing above Prime Lending Rate (PLR) to the extent of up to 3% per annum so as to ensure that post-subsidy interest rate does not fall below the PLR of the concerned bank or financial institution. The subsidy due every year will be accumulated in a separate account and adjusted against the outstanding loan / interest due at the time of closure of the term loan.

(iv) Nodal Agency

Government has decided that henceforth subsidies payable to all industrial units will be disbursed through Direct Benefit Transfer mechanism by the Chief Controller of Accounts (Industry) for which the units would need to get themselves registered on the e-payment portal (<http://ccaind.nic.in/dippdbt/mis/default>) by providing required bank mandates, etc. To this extent, the role and responsibility of North East Development Financial Corporation (NEDFi), Guwahati stands modified.

3. All other terms and conditions as regards coverage, neutrality of location, substantial expansion, excise duty exemption, income tax exemption, comprehensive insurance, negative list; incentives for service/other sector industries (service sector, incentives for biotechnology industry and incentives for power generating industries) and value addition would continue to be the same as defined in O.M. No. 10(3)/2007-DBA-II/NER dated 1.04.2007.

4. Industrial units registered before 1.12.2014 would continue to get benefits as per pre-revised Policy. The new industrial units as well as existing units going for substantial expansion who are eligible for registration would register themselves to avail the benefits as per revised Policy notified vide Notification No. 10(3)/2007-DBA-II/NER dated 22.11.2016.

5. New industrial units/Existing industrial units going for substantial expansion that are registered under the existing or/and amended Policy and have commenced commercial production on or before 31.03.2017 shall only be eligible for the benefits of the Schemes under NEIIPP, 2007.

6. Government reserves the right to modify any part of the Policy in public interest.

7. All concerned Ministries/Departments of the Government of India are requested to amend their respective Acts/Rules/Notifications, etc. and issue necessary instructions for giving effect to these decisions.



(Ravneet Kaur)

Joint Secretary to the Government of India

Copy for information and necessary action to:

- (i) All Ministries/Departments of the Government of India and NITI Aayog.
- (ii) Chief Secretaries of the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.
- (iii) Secretary (Industries) of the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim
- (iv) The North East Industrial Development Finance Corporation (NEDFi), Guwahati.

Copy also to:

- (i) Cabinet Secretariat
- (ii) PMO