



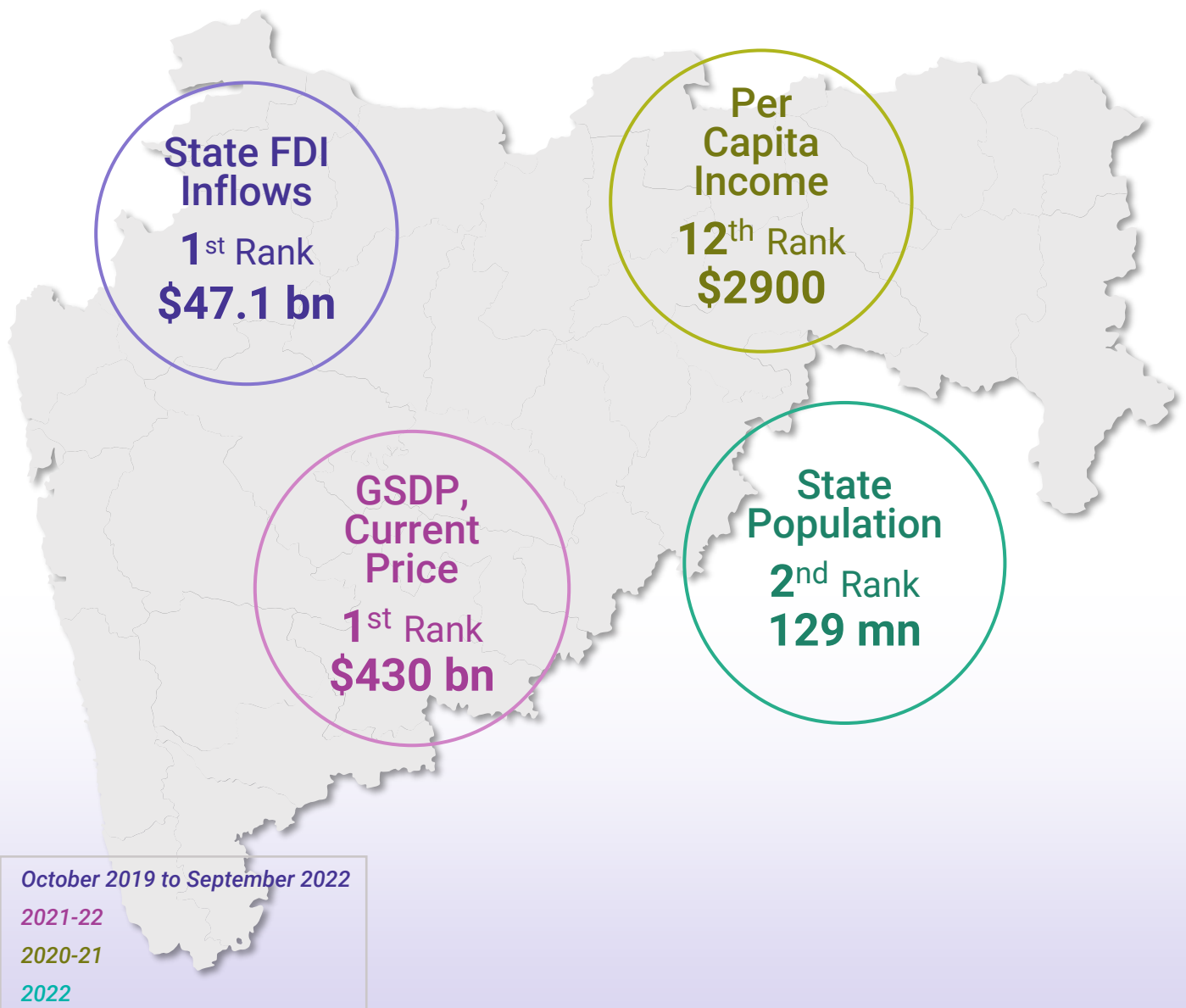
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# Incentives for New Manufacturing Set Ups **Maharashtra**

Indian State Governments offer varied incentives under their respective state industrial development corporation policies to promote the set-up of new manufacturing units in the state. Such incentives are in the form of capital subsidies, interest subsidies, subsidized electricity tariffs, and more. The purpose of such incentive schemes is to attract investments thereby enabling infrastructure development, generating employment, developing focus sectors, and largely facilitating the overall economic development of the state.

To enable the availability of a quick summary of such general incentives offered by various Indian states, Nexdigm is releasing a series of documents focusing on providing a brief overview of such incentives offered by respective State Governments in India. This document covers information about incentives offered by Maharashtra under the **Maharashtra Industrial Policy 2019**.

## Key Statistics | MAHARASHTRA

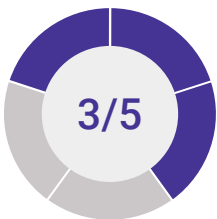


## Policy Overview

The Maharashtra State Government released 'Maharashtra Industrial Policy, 2019', which is valid from 1 April 2019 to 31 March 2024, with the intent to make Maharashtra a USD 1 trillion economy.

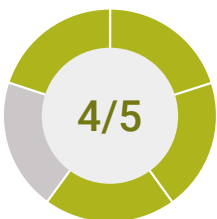
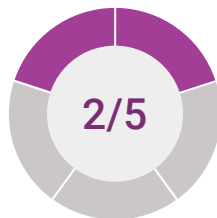
The policy aims to attract investment worth USD 120 billion by 2023-24 and create employment opportunities for 4 million people by encouraging entrepreneurs to innovate and become job creators in Maharashtra by enhancing manufacturing opportunities.

## Nexdigm Ratings and Observations



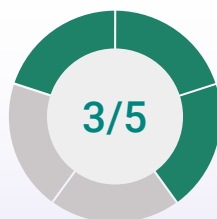
### Policy Structure

### Incentive Range & Quantum



### Investor Facilitation

### Level Of Digitization



- The policy supports the Start-Up ecosystem by providing the necessary infrastructure, incentivizing and facilitating an environment for entrepreneurs through handholding, mentoring, and providing them financial assistance.
- A single window system named "Maharashtra Industry, Trade and Investment Facilitation Cell (MAITRI)" was introduced by the government for all state-related licenses, permissions, etc.
- The policy does not offer any major incentive for units investing over INR 500 million but less than INR 750 million in Category A and B regions.

*Note: The information/data used for the ratings is subjective based on our assessment of the policy, the experience of Nexdigm professionals in dealing with State Authorities, digitization of select statutory requirements, etc.*

# Policy Highlights

## Industry Classification

Manufacturing enterprises, for the purpose of the scheme, are classified under different categories based on the quantum of Fixed Capital Investment (FCI), which have been briefly tabulated below:

Industry	Particulars	Area Classification (defined below)							
		A	B	C	D	D+	Specified Areas	No Industry Areas	
Micro, Small & Medium Enterprises (MSME)	Maximum FCI (INR) AND	Up to 500 million							
	Turnover (INR)	Up to 2.5 billion							
	Incentive Eligibility Period (years)	-	7			10			
	Incentive Ceiling as % of FCI	-	30%	40%	50%	60%	80%	100%	
Large Scale Industries (LSI)	Minimum FCI (INR) OR	7.5 billion	5 billion	2.5 billion	1.5 billion	1 billion			
	Minimum Direct Employment (no.)	1,000	750	500	400	300	250		
Special LSI	Minimum FCI (INR)	-	More than 500 million and less than the FCI limit of LSI						
Special LSI and LSI	Incentive Eligibility Period (years)	7				9			
	Incentive Ceiling as % of FCI	25%	40%	60%	70%	80%	100%		
Mega Projects	Minimum FCI (INR) OR	15 billion	10 billion	7.5 billion	5 billion	3.5 billion	2 billion		
	Minimum Direct Employment (no.)	2,000	1,500	1,000	750	500	350		
Ultra-Mega Projects	Minimum FCI (INR) OR	40 billion							
	Minimum Direct Employment (no.)	4,000							



# Policy Highlights

## Region Classification

Regions in the state, for the purpose of the scheme, are classified under different categories based on the development stage of such regions, thereby promoting investments with relatively higher incentives in developing or underdeveloped regions for the balanced growth of the entire state. The classification has been briefly tabulated below:

A	Denotes industrially developed areas such as Thane, Kalyan, etc.
B	Denotes areas where some industrial development has taken place but are less developed than the areas under Group A. These include areas such as Murbad, Dahanu, etc.
C	Denotes areas that are less developed than those covered under Group B such as Murud, Ratnagiri, etc.
D	Denotes the lesser-developed areas of the state not covered under Group A, B, or C such as Khed, Satara, etc.
D+	Denotes the least developed areas not covered under Group A, B, C, or D such as Jalna, Beed, etc.
Specified Areas	Vidharbha, Marathwada, Ratnagiri, Sindhudurg, and Dhule
No Industry Areas	<ul style="list-style-type: none"> <li>• <b>No Industry Districts:</b> Areas having no industries such as Hingoli and Gadchiroli</li> <li>• <b>Naxalism Affected Area:</b> Areas affected by naxalism such as Gondiya, Yawatmal, etc.</li> <li>• <b>Aspirational Districts:</b> Areas defined by the Government of India such as Washim, Gadchiroli, Osmanabad, and Nandurbar</li> </ul>

## Thrust Sectors

Every state encourages select sectors based on its competitive strength and advantage such as geographical location, available resources, raw material availability, existing manufacturing practices, and growth potential. Such sectors are known as thrust sectors and are accorded additional benefits in the incentive scheme.

14 thrust sectors have been identified under this policy:

- Electric Vehicles (Manufacturing, Infrastructure & Servicing)
- Manufacturing of Biotechnology, Medical, & Diagnostic Devices
- Nuclear Power Plant Equipment Manufacturing
- Industry 4.0 (Artificial Intelligence, 3D Printing, Robotics, Nanotechnology, etc.)
- Information Technology (IT) & IT-enabled Services (ITeS)
- Integrated Data Center Parks (IDCP)
- Electronic Systems Design & Manufacturing and Semiconductor Fabrication
- Agro & Food Processing Units (Secondary & Tertiary Units)
- Logistics & Warehousing
- Sports & Gym Equipment Manufacturing
- Mineral/forest-based Industries
- Textile Machinery Manufacturing
- Aerospace & Defense Manufacturing
- Green Energy/Biofuel Production



## Major Incentives

Several incentives are provided to industries based on their investment thresholds and region of set-up in Maharashtra. The below table covers a range of incentives depending on the set-up region provided to enterprises basis classification of industries:

Incentive	MSME	Special LSI	LSI	Mega & Ultra-Mega
<b>Industrial Promotion Subsidy (IPS) *</b>	100% of Gross SGST (Excluding Region A)	40% of Net SGST (Excluding Region A & B)	50% of Gross SGST	Customized package of incentives will be provided by the High-Power Committee on a case-to-case basis
<b>Exemption from Electricity Duty</b>	100% Exemption (For A & B Region – Exemption available only to 100% Export Oriented Units (EOU) + IT/BT units for a period of 7 years)	-	100% Exemption (For A & B Region – Exemption available only to 100% Export Oriented Units (EOU) + IT/BT units for a period of 7 years)	
<b>Stamp Duty Exemption (For acquiring land &amp; term-loan purposes)</b>	100% Exemption (For A & B Region, 75-100% exemption available only to IT /BT manufacturing units in IT & BT Parks)	-	100% Exemption (For A & B Region, 75-100% exemption available only to IT/BT manufacturing units in IT & BT Parks, 50% for other units only on first lease/conveyance deed)	
<b>Power Tariff Subsidy</b>	INR 0.5-1 per unit for a period of 3 years (Excluding Region A)	-	-	
<b>Interest Subsidy</b>	Up to 5% p.a. on term-loan (Not exceeding the bills paid for electricity consumed during the relevant year) (Excluding Region A)	-	-	

\*IPS in the form of State Goods and Services Tax (SGST) is applicable on the first sale of eligible products billed and delivered to the same entity within Maharashtra

### Important Notes

- The aggregate of all above incentives shall not exceed the ceiling specified as % of FCI and shall be available as per the eligibility period (years) unless otherwise specified
- LSI Units in thrust sectors shall get additional incentives
- The State Government shall be an equity partner of 9% through Maharashtra Vikrikar Rokhe Pradhikaran Limited (MVRPL) in large,

- mega, and ultra projects in Maharashtra and projects with FCI more than INR 5 billion
- Additional incentives shall be provided to MSME and LSI units to promote quality competitiveness, Research & Development (R&D), technology upgradation, water and energy conservation, cleaner production measures, etc.



## Other Key Policies

### Electrical Vehicle and Related Infrastructure Policy 2018

Industries associated with commercial public EV charging stations will be eligible for 25% capital subsidy on equipment/machinery (limited up to INR 1 million per station).

### Logistics Parks Policy 2018

80% of total area notified as 'Logistic Park' should be used for providing logistic services, and up to 20% of the remaining area will be permitted for support services and common facilities.

### Electronics Policy 2016

This policy aims to create a globally competitive Electronics System Design and Manufacturing (ESDM) industry thereby creating huge employment opportunities.

### Textile Policy 2018

The policy focuses on processing, knitting, hosiery, and garmenting sectors and aims to double farmers' income by the year 2023 by strengthening the cotton, wool, and silk sectors.

### Retail Trade Policy 2016

The policy aims to uphold Maharashtra's leadership position in retail trade within the country and to further accelerate investment flow to underdeveloped regions of the state.

“ Maharashtra, a leading industrial state, has always taken progressive approach to bring in policy reforms, which are most of the times, first of its kind across India. Maharashtra adopted an ambitious goal of becoming first sub national economy of 1 Trillion-dollar size way back in year 2018 based on a FICCI report. Since then, state government has constantly brought in various sectoral policies aiming at attracting Investment not only from overseas but also from Domestic markets. State is also working on reviving many of its existing policies such as Electronics, Aerospace & Defence, Textiles to make sure that it would attract greater investment and create more employment in the state. ”

**Deepak Mukhi**

Director

FICCI

Sources:

<https://www.investindia.gov.in/state/maharashtra>

<https://dpiit.gov.in/publications/fdi-statistics>

<https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=21412>

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We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE, and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

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