

- 26 AUG 2014

Directorate of Industries
New Administrative Building, Mumbai 400 032

CIRCULAR

Sub : - Fixation of denominator for computation of IPS where separate records are not maintained in case of Expansion units

- Ref :-
1. Industries, Energy & Labour Department, Mantralaya, Mumbai 400032
GR No. PSI-1707/(CR-50)/IND-8, dated 30th March 2007
 2. Industries, Energy & Labour Department, Mantralaya, Mumbai 400032
GR No. PSI-2013/(CR-54)/IND-8, dated 01st April 2013

A review of procedures and documentation is required for Fixation of denominator for computation of IPS where separate records are not maintained in case of Expansion units under PSI-2007 & PSI-2013. Accordingly revised procedure is detailed in this circular. This circular comes into effect with immediate effect.

As per Para 3.6 of PSI 2007, in case of expansion project where separate record is not maintained, the benefits for such eligible units shall be available in the ratio of additional fixed capital investment to total gross fixed capital investment. Gross FCI of corresponding year is considered while calculating the IPS every year.

The eligible unit under Package Scheme of Incentive has a fixed investment period as per GR. Max admissible FCI is fixed in the limits of project appraisal by the Financial Institution. Eligibility Certificate is granted after unit goes into commercial production and further to that IPS is sanctioned based on the investment made by the unit on annual basis as per the modalities. So while calculating the admissible IPS of corresponding year, the ratio as per Para 3.6 is applied in those cases where separate records are not maintained by the expansion project i.e. Additional FCI (as approved in E.C. as Actual Investment) to Total Gross FCI.

In this case the clarification to Para 3.6 i.e. for considering the investment ratio for IPS calculation where separate records are not maintained is given as follows :

After reaching the ceiling of maximum approved FCI or investment period whichever is earlier, the investment ratio will continue to remain same for IPS claims calculation till the end of EC period. While considering the investment-ratio, denominator will be fixed as investment made upto the limit of approved maximum Fixed Capital Investment within the investment period.

As approved by
Development Commissioner (Industries)



Additional Director of Industries
for Development Commissioner (Industries)