In pursuance of the provision of clause (3) of article 348 of the Constitution of India, the Governor is pleased to order the publication of the following English translation of office memorandum no. 340. Dated 15/7/25

Government of Uttarakhand
Industrial Development Section-2
No-: 340 /VII-A-2/E-67485/2025/17-Industry/2013
Dehradun: Dated 15 July, 2025

Office Memorandum

The Governor, in order to establish Uttarakhand as a competitive destination for capital investment at national and international level and to create economic development and additional employment opportunities in the state by developing a favourable ecosystem for capital investment in large-scale manufacturing enterprises, supersedes the Mega Industrial and Investment Policy, 2021 issued by office memorandum No. 1675(1) / VII-A-2/ 2021/17-Industry/2013, dated 31.12.2021 (as amended from time to time) and gives his assent to make the "Uttarakhand Mega Industrial and Investment Policy-2025".

(Vinay Shankar Pandey)
Secretary

No-: 340 /VII-A-2/E-67485/2025/17-Industry/2013, dated
Copy sent to the following for information and necessary action: -

1. The CPS to, Hon'ble Chief Minister, Government of Uttarakhand for kind perusal of Hon'ble Chief Minister,
2. All PPS, Hon'ble Ministers, for the kind perusal of Government of Hon'ble Ministers.
3. The PS to Chief Secretary, Uttarakhand for kind perusal of Chief Secretary, Uttarakhand.
4. Additional Chief Secretary/Principal Secretary/Secretary, Government of Uttarakhand.
5. Infrastructure Development Commissioner, Government of Uttarakhand.
6. Principal Secretary Finance, Government of Uttarakhand.
7. Principal Secretary Planning, Government of Uttarakhand.
8. Commissioner Garhwal/Kumaon Division, Uttarakhand.
9. All Head of the Department/Head of the Office, Uttarakhand.
10. All DMs, Uttarakhand.
11. DG Information & Public relation, Uttarakhand.
12. Director General/ Commissioner Industries, Directorate of Industries, Dehradun.
13. MD, SIIDCUL, Dehradun.
14. CEO, SIDA, Dehradun.
15. To the Additional Director, Government Press, Roorkee-Haridwar with the request to publish 200 copies of the said Government Office Memorandum in the upcoming Government Gazette.
16. Guard File.

By Order,

(Shiv Shanker Mishra)
Deputy Secretary

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1. Preamble

According to the State Economic Survey Report 2023-24, the contribution of the secondary (Manufacturing) sector in GSDP is about 47 percent and the contribution of the tertiary (service) sector is about 43 percent. To encourage capital investment in the service sector, the State Government has issued a separate Uttarakhand Service Sector Policy-2024 by Government Order No. 138/One (05)/2024/XXVI/2024, dated March 15, 2024. Along with this, 'Uttarakhand Micro, Small and Medium Enterprises Policy-2023' has been issued to promote micro, small and medium scale enterprises in the manufacturing sector. In view of the current scenario and future prospects, Uttarakhand Mega Industrial and Investment Policy-2025 is being made by the State Government to make capital investment in large enterprises in the state more attractive and competitive.

2. Short Title

This policy may be called Mega Policy, 2025.

3. Objective

i. To establish Uttarakhand as a competitive and attractive destination for capital investment in large category manufacturing enterprises.

ii. To sustainably increase the contribution of the manufacturing sector to the state's economy.

iii. To ensure balanced, sustainable and inclusive economic development.

iv. To promote entrepreneurship, innovation and research & development.

v. To create a favorable environment for capital investment.

vi. To generate more employment in the manufacturing sector.

vii. To make maximum utilization of the production capacity of the industrial units.

4. Strategy

To achieve the objectives of this policy, the State Government will work according to the following strategy-

i. Creation of land bank to ensure availability of land for setting up industrial units.
ii. Promotion of establishment of industrial estates under Policy for Establishment of Private Industrial Estates/Areas-2023 (as amended) to ensure availability of land for setting up industrial units in the private sector.
iii. To make maximum utilization of the logistics policy and other related policies of the Government of India and the State Government for the development of excellent infrastructure for setting up enterprises.
iv. To simplify the process of obtaining necessary approvals/permissions/License for setting up enterprises.
v. Promotion of Ease of Doing Business (EoDB) to facilitate ease for capital investment and conducive industrial environment.
vi. To resolve the problems faced by the enterprises promptly.
vii. To provide competitive and attractive financial incentives to encourage establishment of enterprises in the State.
viii. To encourage more and more employment generation at the local level.
ix. In view of the geographical disparities of the State, to make provision for additional financial incentive in the form of Hill Incentive to encourage the establishment of manufacturing units in the hilly areas.

x. To encourage innovation under the start-up policy of the State.
xi. To encourage research & development and quality testing in enterprises, provide capital subsidy assistance to the equipment used in this by considering it as a part of the productive plant and machinery of the enterprise.
xii. Encouraging the establishment of new enterprises as well as the expansion of existing enterprises.
xiii. Convergence with the schemes of the State Government for maximum utilization of the schemes and resources of the Government of India.

5. Validity period

i. This policy will be effective from the date of issue and will remain in force for the next 05 years unless it is amended or superseded.
ii. During the validity period of the policy, the units that express their intention to avail the benefits under this policy by making CAF application on the single window portal, will be given the benefit of financial incentives as per the permissible large capital investment category, till the stipulated payment period.

6. Definitions

i. **"State"** means the State of Uttarakhand;
ii. **"Policy"** means Uttarakhand Mega Industrial and Investment Policy, 2025.
iii. **"Unit** means large scale manufacturing unit;
iv. **"Large enterprise"** means such an enterprise in which capital investment in plant and machinery is more than Rs 50 crore;
v. **"Manufacturing/Producing Enterprise"** Manufacturing/Producing Enterprise means an enterprise engaged in the manufacturing or production of goods or final products relating to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, which has a distinct name or characteristic or use and which uses plant and machinery for value addition to the final product;
vi. **"Start of commercial production"** means starting of production on commercial scale through operation of the installed plant & machinery after trial production and commissioning of plant & machinery / equipment in the unit;
vii. **"New Industrial Unit"** means an industrial unit which has received in-principal approval for setting up a unit by making a CAF application under the single window after the date of issue of this policy;
viii. **"Substantial expansion of an existing enterprise"** means an industrial unit which has applied for CAF under single window or has come into commercial production before the date of issue of this policy and after the issue of this policy, the unit has made a minimum increase of 25 percent in the existing fixed capital investment (building, plant, machinery and equipment) for the purpose of expansion/diversification in its production capacity and this results in a minimum increase of 25 percent in the capacity of the unit;
ix. **"Fixed Capital Investment"** Fixed capital investment under this policy means investment made by large enterprises in building, plant, machinery and other equipment used in production and such other assets as are required for the manufacture of the end product prior to commercial production, which will be taken into account for determining fixed capital investment as under: -

a. **Workshop Building**: Workshop Building means a new workshop building constructed for the project which includes buildings for storage facilities, in-house research and development, in-house testing facilities and manufacturing process.

b. **Plant and Machinery:** Plant and machinery means new plant and machinery, dies and molds and other such equipment which are directly used for manufacturing/operating the product. The project cost will also include

expenditure incurred on setting up the plant and machinery, internal power lines, switch boards, MCB boxes etc. for operating the plant and machinery, transportation cost of plant and machinery and insurance expenses. If an electric sub-station or transformer is installed for operating the plant and machinery, then their cost will also be included under electrification. The following expenditure can also be included in plant and machinery -

- Plants for non-conventional energy generation.
- Captive power plant for power generation. Plants for non-conventional energy generation, captive power plants will be counted as plant and machinery for profit only if the power generated from them is used by the unit for its own use.
- Testing Equipment
- Water purification plant installed by a manufacturing unit for use in the production process.
- Plants for pollution control measures, including facilities for collection, treatment, discharge or disposal of solid/gaseous hazardous wastes. ETP Plant.
- Boiler.

x. **"Permanent employment"** means workers/laborers employed on regular payroll by the employer in management/skilled/unskilled labor category in the concerned enterprise, who are paid salary/wages directly by the employer. Employment provided through contractors will not be included in the category of permanent employment, but if temporary employment is provided by an enterprise through a registered contractor, then every 4 temporary employments will be considered equivalent to 3 permanent employments for threshold permanent employment assessment;

xi. **"Temporary employment"** means employment provided by the employer through a registered contractor in the relevant area;

xii. **"Threshold capital investment"** means the minimum threshold fixed capital investment in workshop building and plant & machinery for various categories of large-scale investment in Column-4 of the Table in Para-8 of this Policy;

xiii. **"Threshold employment"** means the minimum threshold permanent employment for various categories of large-scale investment in Column-5 of the Table in Para-8 of this Policy;

xiv. **"Standard Investment Period"** means the maximum prescribed time period from the date of submission of CAF application on Single Window Portal for various categories of large investment category as mentioned in Column-6 of the Table at Para-8 of this Policy, within which the enterprise should start commercial production after making minimum threshold fixed capital investment as mentioned in Column-4 and providing minimum threshold permanent employment as mentioned in Column-5 of the Table at Para-8;

xv. **"Payment Period"** means the period mentioned in Column-4 of the Table in Para-10.2 of the Policy during which capital subsidy/financial incentives are payable on annual basis to the large enterprise of the respective investment category. This period shall be calculated from the date of issue of "Letter of Satisfaction" by the unit as evidence of admissibility of financial incentives under the Policy, which is referred to as **cutoff date** herein;

xvi. **"Eligible Fixed Capital Investment"** means fixed capital investment as defined under this Policy in the relevant large sector enterprise from the date of application for CAF under Single Window to the date of issue of satisfaction letter (cutoff date);

xvii. **"Letter of Satisfaction"** means a letter issued as proof of admissibility of financial incentive after the in-principal approval of the **'State Empowered Committee'** on

the basis of the application made by the unit for examining the admissibility of financial incentive under the policy;

xviii. **"Capital subsidy rate"** means the percentage rate mentioned in Column-2 of the Table in Para-10.2 of the Policy, payable on fulfilling the eligibility conditions prescribed for the respective large scale investment category;

xix. **"Repo rate"** means the rate prevailing at the time, at which loans are given by the Reserve Bank of India to the commercial banks/financial institutions of the country;

xx. **"Enterprises in the Prohibited List"** means the enterprises mentioned in Annexure-1 to Para-8 of the Policy;

xxi. **"Act" means Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012;**

xxii. **"CAF"** means the Common Application Form available on the Uttarakhand Single Window Portal for grant of licenses/permissions to enterprises under the Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012 (as amended) and the rules issued from time to time in this regard;

xxiii. **"State Empowered Committee"** means the Empowered Committee constituted at the State level under Section 3 (1) of the Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012 (as amended) ;

xxiv. **"High level Empowered committee"** means the committee constituted under the chairmanship of the Principal Secretary/Secretary, Industrial Development Department, Government of Uttarakhand under this policy;

xxv. **"Stamp duty"** means the stamp duty applicable under the Indian Stamp Act, 1899 (as in force in the State of Uttarakhand).

7. Institutional Facilities

i. **Land Bank-** Land is one of the major requirements for setting up an enterprise. In view of the limited land in government industrial establishments, a land bank of barren and unused land will be prepared in the State for setting up industries. Along with this, efforts will be made to maintain the availability of land for industry by encouraging the establishment of industrial establishments in the private sector under the "Policy for Establishment of Private Industrial Establishments/Areas -2023" (as amended).

ii. **Infrastructure Facility -** It is essential to have a capable and strong infrastructure facility for setting up an enterprise. This reduces business costs as well as increases efficiency. A developed infrastructure is already available for setting up enterprises in the State. Infrastructure facilities will be further modernized and strengthened under various schemes of the Government of India and "Uttarakhand Logistics Policy-2023".

iii. **Single Window Clearance System (SWCS) -** For timely and easy receipt of mandatory permissions/permissions/licenses to enterprises, a single window clearance system is in operation in the State under the Act. Through this, the services of various departments for capital investment in the State are available through a single application form, CAF. It will be made more effective by simplifying and making it timely.

iv. **Ease of Doing Business (EoDB) -** The State Government has done excellent work in the ease of doing business in the past years, as a result, the State has been classified as 'Top Achievers State' in the ranking released by the Government of India for the year 2022 in relation to the Business Reform Action Plan (BRAP). Under this, the process of various services being provided by the State Government has been digitized with the aim of making them timely and transparent. The government processes have been restructured and made more rational. The system of self-certification has been implemented in various approvals. Unused rules/Acts have been amended/ repealed. Various rules/laws have been decriminalized by the State Government. Under EoDB, continuous work will be done to create a business-ready environment.

v. **Investment Promotion and Facilitation Centre (IPFC)-** A dedicated **'Investment Promotion and Facilitation Centre'** is already functioning at the level of Directorate of Industries and District Industries Centre, which is working as a centralized one-stop-center for investors and

providing coordinated and systematic hand-holding support. To make the Investment Promotion and Facilitation Centers more effective, **'Investment Mitra'** will be appointed as per the requirement at each district and state level to provide hand-holding support to the investors.

vi. **Udyog Mitra-** A three-tier Udyog Mitra has been constituted for quick resolution of the problems of entrepreneurs. "State Level Udyog Mitra Committee" under the chairmanship of Hon'ble Chief Minister, Uttarakhand Government, "Empowered Committee of State Level Udyog Mitra Committee" under the chairmanship of Chief Secretary, Uttarakhand Government and "District Level Udyog Mitra Committee" under the chairmanship of District Magistrate at the district level have been constituted, which are responsible for quick resolution of the problems of entrepreneurs. The structure of Udyog Mitra will be made more effective. Online tracking will be arranged on a single window portal for resolving various problems raised in the meetings of Udyog Mitra, so that it can become more timely, transparent and effective for resolving problems.

vii. **Research and Development (R & D) -** To encourage research and development, research and development equipment installed in-house by enterprises will be accepted as productive plant and machinery for inputs. Coordination between industry and universities and technical education institutions will be encouraged, so that research and development can be encouraged as per the enterprises. Enterprises will be encouraged to adopt new technology.

8. Eligible enterprises and conditions for financial incentives

i. Units expressing their intent to avail benefits under the policy by applying for CAF on Single Window Portal during the validity period of this policy, and those units which have obtained in-principal approval on CAF before the date of commencement of commercial production and fulfil other eligibility conditions under the policy, will be eligible for the permissible benefits.

ii. Under the policy, new and substantially expanding manufacturing enterprises of large category (having fixed capital investment of more than Rs. 50 crores in plant and machinery) to be established within the geographical boundary of the state, excluding the enterprises mentioned in the prohibited list (Annexure-1), will be eligible for financial incentives.

iii. For determining the admissibility of financial incentives provided under the policy, large enterprises have been classified on the basis of fixed capital investment in workshop building and plant and machinery (excluding land and other capital investment) as follows-

Large Enterprise Investment Category	Fixed Capital Investment (Rs. crore)		Minimum Threshold		Standard Investment Period
	Minimum	Maximum	Capital Investment (Rs. crore)	Permanent Employment	
1	2	3	4	5	6
Large	More than Rs. 50 crores	Rs. 200 crores	50	50	3 Years
Ultra Large	More than Rs. 200 crores	Rs. 500 crores	200	150	4 Years
Mega	More than Rs. 500 crores	Rs. 1000 crore	500	300	5 Years
Ultra-Mega	More than Rs. 1000 crores	-	1000	500	7 Years

iv. For the large enterprise to be eligible for financial incentives, it will be mandatory for the unit to establish the minimum fixed capital investment (workshop building and plant & machinery) as per column-4 of the above table for the respective large enterprise investment category and to provide minimum permanent employment as per column-5 and to come into commercial production within the standard investment period as per column-6.

v. The benefit of financial incentives as permissible under the policy will be payable after the date of commencement of commercial production of the unit by establishing the minimum threshold capital investment as per the respective large enterprise investment category and providing minimum threshold permanent employment and by submitting the claim as per the prescribed procedure.

vi. To be eligible under the policy, the enterprise must maintain permanent employment at the threshold level prescribed for the respective large enterprise investment category, continuously till the payment period prescribed for the respective category.

vii. Only fixed capital investment made within the standard investment period and permanent employment generated will be taken into account for determining the large enterprise investment category.

viii. Under this policy, any unit can avail the benefit only once.

9. Classification of district/area for Hill Incentive

Under the policy, the district/area has been classified as follows for providing hill incentive-

Category	Included/Covered area
Category-A	Entire area of Pithoragarh, Uttarkashi, Chamoli, Champawat, Rudraprayag and Bageshwar districts.
Category-B	Entire area of Almora and Pauri Garhwal districts.
	Mountainous area of Tehri Garhwal district (excluding Dhalwala, Muni ki Reti and its adjoining plain areas).
	Nainital district (Bhimtal, Dhari, Betalghat, Ramgarh, Okhalkanda development blocks) and Dehradun district (Chakrata development block).

10. Financial Incentives

The following financial incentives may be provided by the State Government to new and those with substantial expansion of large sector manufacturing enterprises to be set up in the State, subject to certain terms and conditions, as per the availability of budget in the respective head-

10.1 **Stamp Duty Reimbursement** - Reimbursement of 50% (Maximum Rs. 50 lakhs, per unit) of the stamp duty payable on execution of land purchase deed/lease deed (not payable on building) for setting up of new large scale manufacturing enterprises or substantial expansion of existing manufacturing enterprises, may be made after the unit comes into commercial production and on fulfilling the eligibility conditions.

10.2 **Capital Subsidy** - Capital Subsidy to large category new and substantially expanding manufacturing enterprises shall be payable as per the eligibility of large enterprise category in respect of total eligible new fixed capital investment in plant, machinery and workshop building, in annual instalments, within the payment period mentioned in column-4, subject to the maximum limit in column-3 of the following table-

Large Enterprise Investment Category	Capital Subsidy Rate (Percentage of total eligible fixed capital investment in plant, machinery and workshop building)	Total Maximum Capital Subsidy	Payment Period
1	2	3	4
Large	10 Percent	Rs. 20 Crore	8 Years
Ultra Large	12 Percent	Rs. 60 Crore	10 Years
Mega	15 Percent	Rs. 150 Crore	12 Years

Ultra-Mega	20 Percent	Rs. 400 Crore	15 Years

i. The liability of capital subsidy to the enterprise eligible for financial incentives under the policy will be calculated on the basis of total eligible actual fixed capital investment made from the date of applying for CAF under single window to the date of issue of satisfaction letter in favour of the unit (cut-off date), after achieving the minimum threshold (fixed capital investment and permanent employment) limit prescribed for the respective large enterprise investment category, after the date of starting commercial production.

ii. The calculation of annual instalment of capital subsidy will be done as follows-

$$\text{Annual Capital Subsidy} = \frac{\text{Total Eligible Fixed Capital Investment X Capital Subsidy \% Rate}}{\text{Payment Period}}$$

iii. For calculation of annual instalment of capital subsidy payable to the unit in a year, the total eligible fixed capital investment in the unit till the cut-off date of the respective year shall be taken into account, but capital investment made after the standard investment period prescribed for that large enterprise investment category shall not be taken into account.

iv. The date of issue of satisfaction letter in favour of the enterprise under this policy shall be considered as the cut-off date. The fixed capital investment made by the unit under single window from the date of application of CAF till the cut-off date shall be considered as eligible fixed capital investment for calculation of first annual instalment of capital subsidy/hill incentive.

v. For calculation of subsequent annual instalments of capital subsidy/hill incentive, additional eligible fixed capital investment till the respective anniversary of the cut-off date shall also be taken into account.

10.3 **Hill Incentive -** In order to encourage the establishment of new large scale manufacturing enterprises in the hilly areas of the State, the new enterprises to be established in the districts/areas of category-A and B mentioned in Para-9 of this policy, on fulfilling the eligibility conditions under this policy, as a percentage of the total eligible new fixed capital investment in plant, machinery and workshop building, will be payable in annual instalments in the payment period determined as per Para-10.2-

District/Region Category	**Additional Capital Subsidy (Percentage of Fixed Capital Investment)**	**Total Maximum Subsidy Amount**			
		Large	**Ultra Large**	**Mega**	**Ultra-Mega**
Category-A	2 Percent	4 Crore	10 Crore	20 Crore	40 Crore
Category-B	1 Percent	2 Crore	5 Crore	10 Crore	20 Crore

11. Guidance Principles

i. This policy will be operated by the Industrial Development Department, Uttarakhand Government through the Directorate of Industries, Uttarakhand.

ii. For all the financial incentives provided under this policy, online application will be arranged through a single window portal.

iii. A budgetary outlay of Rs. 1000 crore will be made to provide permissible financial benefits under the policy. Financial benefits will be allowed to eligible units based on the 'first-come-first-serve' basis within the prescribed budget limit. If after the completion of the budget expenditure limit of Rs. 1000 crore for providing permissible financial benefits, the partial liability of any unit remains, a decision in this regard will be taken by the committee constituted as follows, under the chairmanship of Chief Secretary, Uttarakhand Government -

a. Chief Secretary, Uttarakhand Government - Chairman.

b. Additional Chief Secretary/ Principal Secretary /Secretary, Finance Department, Uttarakhand Government - Member.

c. Principal Secretary/Secretary, Department of Industrial Development, Uttarakhand Government- Member.

d. D.G. /Commissioner Industries, Uttarakhand - Convener Member.

iv. Under this policy, phase wise investment will be allowed. If a large enterprise enters from lower investment category to higher investment category (large to ultra large, ultra large to mega or mega to ultra-mega) under the maximum standard investment period (ultra large - 4 years / mega - 5 years / ultra-mega - 7 years) prescribed for the respective investment category through phased investment, then the calculation of annual capital subsidy / hilly incentive payable to it will be done according to the category whose conditions it fulfills in the respective period.

v. If a unit receiving capital subsidy/hill incentive in lower category enters higher investment category by making additional capital investment and generating employment, then it will be payable annual installments of capital subsidy/hill incentive in higher investment category by reducing the number of installments received in lower investment category.

vi. If a large enterprise enters from higher to lower large enterprise investment category due to a smaller number of permanent employments, then the calculation of annual installments in the year of entering lower investment category and other subsequent years will be done as per the respective lower investment category.

vii. For eligibility test for financial incentives under the policy, it will be mandatory to apply on the concerned online portal within a maximum of 6 months from the date of the unit coming into commercial production or the date of minimum threshold capital investment and minimum threshold permanent employment, whichever is later.

viii. It will be mandatory for the unit of the concerned category to come into commercial production within the standard investment period prescribed for the large enterprise investment category.

ix. The units which are unable to apply for eligibility test within the stipulated period can be given additional 01-year relaxation for applying for eligibility test, by reducing the allowable capital subsidy rate by 05% per month. This reduction will be applicable on all the annual installments.

x. Scrutiny of eligibility and subsidy claims received under the policy will be done at the level of General Manager, District Industries Center and Directorate of Industries, Uttarakhand.

xi. The **State Empowered Committee** constituted under the Act can grant in-principal approval on the application related to the eligibility test of the unit, thereafter the enterprises receiving in-principal approval will be issued a **Letter of Satisfaction** as proof of approval for financial incentives under the policy.

xii. The unit receiving the Letter of Satisfaction will apply online through the Single Window Portal for the admissible subsidy claims under the policy within 6 months from the date of issue of the satisfaction letter (cut-off date). For other upcoming installments of capital subsidy/hill incentive, application will be made on annual basis considering the anniversary of the cut-off date as the cut-off date for the respective year.

xiii. Financial incentive assistance can be approved by a High-Level Empowered committee constituted as follows-

a- Principal Secretary/Secretary, Industrial Development Department, Uttarakhand Government. - Chairman

b- Head of Department, State Tax/Labor/Electricity Department or an officer nominated by them who is not below the rank of Additional Head of Department - Member

c- Finance Controller, Directorate of Industries, Uttarakhand - Member

d- Director General/Commissioner Industries, Uttarakhand - Convenor Member

Principal Secretary/Secretary, Industrial Development Department, Uttarakhand Government may also invite other specialist departments to the committee meeting as per the requirement.

xiv. The party dissatisfied with the decision of the high-level Empowered committee may appeal before the 'State Empowered Committee' constituted under Act. The decision of the State Empowered Committee will be final.

xv. Out of the various policies applicable for large enterprises in the state, the benefit of only one policy can be availed, but till the date of issuance of this policy, those enterprises applying under the policy related to 'Customized package/concession' to enterprises of a particular category of the state, whose date of application for CAF under the single window is before the issuance of this policy, will also be eligible for the subsidy under this policy, provided they have not received any financial incentive under the Customized package.

xvi. If any new policy is issued by the Government of India for the enterprises to be set up in the State, then the financial incentives/subsidies permissible in the said policy will be adjusted with the financial incentives payable in the Uttarakhand Mega Industrial and Investment Policy, 2025.

xvii. In case of change in ownership or management of any unit through Merger/Demerger/Amalgamation/Change in Constitution or any other such means, it will be necessary for the unit to obtain its prior approval from the Directorate of Industries, Uttarakhand, so that in case of change in ownership or management of the unit, the existing unit continues to receive the benefits of incentives for the remaining permissible period. The units making the above changes without obtaining prior approval will not be entitled to the next installments of capital subsidy/mountain incentive. Under no circumstances, the eligibility period and the amount/limit of financial incentive will be increased.

xviii. Under the policy, the unit receiving benefit cannot change its location without obtaining prior permission from the Directorate of Industries, Dehradun for 5 years from the date of receiving the last installment of Capital subsidy/Hill incentive. If the benefit receiving unit transfers within the geographical boundary of the state after obtaining prior permission from the Directorate of Industries, Dehradun, then it will be entitled to benefits as permissible under this policy after the date of transfer, but if the unit shifts its location outside the area of category-A and B, then the previously received mountain incentive will be adjusted with the Capital subsidy. If the benefit receiving unit transfers outside the geographical boundary of the state, then considering the unit in the category of closed, necessary action can be taken for recovery accordingly.

xix. It will be mandatory for the unit receiving benefit under the policy to remain in continuous operation for 5 years from the date of receiving the last installment of Capital subsidy/Hill incentive. If the unit remains closed for a maximum of 3 months due to natural disaster, it will not be considered as closed. If the unit receiving benefit under the policy is found closed before the stipulated period as above, then recovery of all financial incentives provided under the policy can be made from the unit at the simple interest rate prevailing at that time (Repo Rate + 1 percent), similar to the recovery of land revenue. Taking into account the disaster or other unavoidable circumstances, the decision of recovery can be taken by the State Empowered Committee constituted under the Act.

xx. Division or reorganization of an existing enterprise or transfer of plant and machinery previously used for some other purpose to a new unit or unit displaced from elsewhere will not be eligible to receive financial incentives under the policy.

xxi. Industries in the prohibited/restricted list will not be eligible for any incentive under this policy.

xxii. Units established in PPP mode and by PSUs will not be eligible for any incentive under the policy.

xxiii. For the admissibility of financial incentives under this policy, it will be necessary for the eligible enterprise to provide at least 70 percent permanent employment to the permanent residents of the state in its enterprise.

xxiv. The billing address of the unit must be located in Uttarakhand for capital expenditure and operational purposes.

xxv. Under the policy, fixed capital investment made in the form of invoices issued by unregistered suppliers and cash payments will not be taken into account for calculation of subsidy.

xxvi. The right to make any change in this policy will be vested in the Uttarakhand Government. In case of change in the policy, the units which are already getting benefits under the policy will continue to get the said benefits.

xxvii. The Industrial Development Department, Government of Uttarakhand will have the authority to issue clarification/guidance on the points of the policy or answer frequently asked questions (FAQs) as per Annexure-2.

xxviii. To implement the policy, Industrial Development Department, Uttarakhand Government may issue guidelines (SOP).

Prohibited List

i. All goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) relating to tobacco and manufactured tobacco products.

ii. Pan masala falling under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).

iii. Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), produced by petroleum or gas refineries.

iv. Single use plastic products, polythene of less than 120-micron thickness, plastic waste processing prohibited from 01 July, 2022 by the notification number 84/XXXVIII-1-20-13(11)/2001 dated 16.02.2021 of the Environment Protection and Climate Change Section, Uttarakhand Government and notification dated 12 August, 2021 of the Ministry of Environment, Forest and Climate Change, Government of India.

v. Brick making units, construction works.

vi. Mining and stone crusher units (except soap stone, silica processing and its by-products).

vii. Units not complying with environmental standards or not obtaining requisite consent to establish and operate from the Ministry of Forest, Environment and Climate Change, Government of India or State Environmental Impact Assessment Authority (SEIAA) or the concerned Central Pollution Control Board / State Pollution Control Board.

viii. Low value addition activities such as preservation, cleaning, handling, packing, re-packing or re-labelling, sorting, change in retail selling price etc. during storage and wholesale and retail trade.

ix. All service sector activities including tourism.

x. Agricultural, horticultural and service activities having industry status in the State.

xi. All products included in the list of prohibited categories by the Central / State Government from time to time.

Frequently Asked Questions (FAQs) by Investors and Illustrations

Question 1	**Which category of enterprises will be eligible for financial incentives under this policy?**
Answer	Manufacturing enterprises in the large category (fixed capital investment in plant & machinery more than Rs. 50 crore) which are not in the prohibited list under the Policy will be eligible for financial incentives subject to fulfilling other eligibility conditions.
Question 2	**If the total fixed capital investment in plant and machinery of an enterprise is less than Rs.50 crores but the total fixed capital investment in plant and machinery and workshop building is more than Rs.50 crores, then will the unit be eligible for financial incentives under this policy or not?**
Answer	No. Since the total fixed capital investment in plant and machinery of the unit is less than Rs. 50 crores, this unit does not fall under the category of large enterprise but it is in the category of micro, small and medium enterprise, hence the unit will not be eligible for financial incentives under this policy.
Question 3	**What capital investment will be taken into account for determining 'large enterprise' and 'large enterprise investment category'?**
Answer	For determining the category of enterprise i.e., **large enterprise,** the total fixed capital investment in plant and machinery shall be taken into account, whereas for determining the category of **large enterprise investment (large, ultra large, mega and ultra-mega)** as described in the policy, the total fixed capital investment in workshop building and plant & machinery (excluding land and other capital investments) of the concerned large enterprise shall be taken into account.
Question 4	**What type of capital investment will be taken into consideration for calculation of permissible capital subsidy/hill incentives under the policy?**
Answer	For calculation of capital subsidy/hill incentive, the eligible total fixed capital investment in plant, machinery and workshop building will be taken into account.
Question 5	**Under this policy, from which date to which date the fixed capital investment will be taken into account for determination of large enterprise/large enterprise investment category (large, ultra large, mega and ultra-mega)/assessment of the inputs?**
Answer	i. For determining **large enterprise,** the total fixed capital investment in plant and machinery from the date of CAF application on single window portal till the date of issue of Letter of Satisfaction will be taken into consideration. In case of substantial expansion of existing enterprise, the existing fixed capital investment in plant and machinery of the unit will also be taken into consideration for this purpose. ii. For determining **large enterprise investment category (large, ultra large, mega and ultra-mega),** the total fixed capital investment in workshop building and plant and machinery (excluding land and other capital investment) from the date of CAF application on single window portal to the date of issue of Letter of Satisfaction (cut-off date) will be taken into consideration. In case of **Phase wise Investment,** the total fixed capital investment made in workshop building and plant & machinery (excluding land and other capital investment) from the date of CAF application to the respective anniversary of the date of issue of Letter of

	Satisfaction/cut-off date will be taken into account for determining the large enterprise investment category in the respective year, but there will be no change in the investment category of the unit on the basis of investment made after the standard investment period prescribed for any investment category. It will be mandatory for the unit to fulfil both the conditions of minimum capital investment mentioned in column-4 of the table of para-8 of the policy and minimum permanent employment mentioned in column-5 for the large enterprise investment category. iii. For calculation of **capital subsidy/hill incentives,** the total eligible fixed capital investment in workshop building and plant and machinery (excluding land and other capital investments) from the date of CAF application on single window portal to the date of issue of Letter of Satisfaction (cut-off date) will be taken into consideration. In case of **phase wise investment,** the total eligible fixed capital investment made in workshop building and plant and machinery (excluding land and other capital investments) from the date of CAF application to the respective anniversary of the date of issue of Letter of Satisfaction/cut-off date will be taken into consideration for calculation of capital subsidy/hill incentives for the respective year, but any investment made after the standard investment period prescribed for any investment category will not be taken into consideration for this purpose.
Question 6	**If a pre-existing micro, small or medium enterprise enters the large enterprise investment category through substantial expansion, will it be entitled to the financial incentives allowed under this policy or not?**
Answer	If a pre-existing micro, small or medium enterprise enters the large enterprise investment category through substantial expansion and it fulfils other eligibility conditions prescribed under this policy, then it will be entitled to the benefit of financial incentives allowed under the policy.
Question 7	**Under this policy, if a large enterprise comes into commercial production after the standard investment period prescribed for the respective investment category, then will it be eligible for financial incentives under the policy or not?**
Answer	If a large enterprise comes into commercial production after the standard investment period prescribed for the respective investment category, then it will not be eligible for financial incentives under the policy.
Question 8	**If a large enterprise fulfils the minimum fixed capital investment prescribed for the higher investment category and the minimum permanent employment prescribed for the lower investment category, then which category of benefit will it be entitled to?**
Answer	A large enterprise will be entitled to the benefit of that investment category for which it fulfils both the minimum threshold limits (minimum permanent employment and minimum fixed capital investment).

Illustrations

I. Capital Subsidy

Large Enterprise Investment Category	Eligible Fixed Capital Investment in Workshop Building, Plant and Machinery (for example)	Capital Subsidy Rate	Payment Period	Total Capital Subsidy	Annual Capital Subsidy
Large	Rs. 51 Crore	10 Percent	8 Years	Rs. 5.10 Crore	Rs. **0.64** Crore
	Rs. 200 Crore			Rs. 20.00 Crore	Rs. **2.50** Crore
Ultra Large	Rs. 201 Crore	12 Percent	10 Years	Rs. 24.12 Crore	Rs. **2.41** Crore
	Rs. 500 Crore			Rs. 60.00 Crore	Rs. **6.00** Crore
Mega	Rs. 501 Crore	15 Percent	12 Years	Rs. 75.15 Crore	Rs. **6.26** Crore
	Rs. 1000 Crore			Rs. 150.00 Crore	Rs. **12.50** Crore
Ultra-Mega	Rs. 1001 Crore	20 Percent	15 Years	Rs. 200.20 Crore	Rs. **13.35** Crore
	Rs. 2000 Crore			Rs. 400.00 Crore (Maximum)	Rs. **26.67** Crore

II. Hill Incentive (Enterprises established in Category-A District)

Large Enterprise Investment Category	Eligible Fixed Capital Investment in Workshop Building, Plant and Machinery (for example)	Hill Incentive Rate	Payment Period	Total Hill Incentive	Annual Hill Incentive
Large	Rs. 51 Crore	2 Percent	8 Years	Rs. 1.02 Crore	Rs. 12.75 Lakh
	Rs. 200 Crore			Rs. 4.00 Crore	Rs. 50.00 Lakh
Ultra Large	Rs. 201 Crore	2 Percent	10 Years	Rs. 4.02 Crore	Rs. 40.20 Lakh
	Rs. 500 Crore			Rs. 10.00 Crore	Rs. 1.00 Crore
Mega	Rs.501 Crore	2 Percent	12 Years	Rs. 10.02 Crore	Rs. 83.50 Lakh
	Rs. 1000 Crore			Rs. 20.00 Crore	Rs. 1.67 Crore
Ultra-Mega	Rs. 1001 Crore	2 Percent	15 Years	Rs. 20.02 Crore	Rs. 1.33 Crore
	Rs. 2000 Crore			Rs. 40.00 Crore (Maximum)	Rs. 2.67 Crore

III. Hill Incentive (Enterprises established in Category-B District)

Large Enterprise Investment Category	Eligible Fixed Capital Investment in Workshop Building, Plant and Machinery (for example)	Hill Incentive Rate	Payment Period	Total Hill Incentive	Annual Hill Incentive
Large	Rs. **51** Crore	1 Percent	8 Years	Rs. **0.51** Crore	Rs. **6.38** Lakh
	Rs. **200** Crore			Rs. **2.00** Crore	Rs. **25.00** Lakh
Ultra Large	Rs. **201** Crore	1 Percent	10 Years	Rs. **2.01** Crore	Rs. **20.10** Lakh
	Rs. **500** Crore			Rs. **5.00** Crore	Rs. **50.00** Lakh
Mega	Rs. **501** Crore	1 Percent	12 Years	Rs. **5.01** Crore	Rs. **41.75** Lakh
	Rs. **1000** Crore			Rs. **10.00** Crore	Rs. **83.33** Lakh
Ultra-Mega	Rs. **1001** Crore	1 Percent	15 Years	Rs. **10.01** Crore	Rs. **66.73** Lakh
	Rs. **2000** Crore			Rs. **20.00** Crore (Maximum)	Rs. **1.33** Crore

IV. Phase wise Investment

- Unit X registers its CAF on 01 April 2025 during the policy period and expresses its intention to receive subsidy under the Mega Policy. After one year, on 31 March 2026, the unit establishes a fixed capital investment of ₹ 100 crore and starts commercial production, providing permanent employment to a total of 60 people. The unit applies for eligibility test to avail benefits under the policy, on which the State Empowered Committee grants in-principal approval and a Satisfaction letter is issued in favor of the unit on 01 May 2026. The unit has established a total capital investment of ₹ 120 crore till the date of issue of satisfaction letter i.e., 01 May 2026. Therefore, Unit X is eligible for 10 percent capital subsidy on the basis of being included in the large investment category under the policy on 01 May 2026, the date of issue of satisfaction letter. The annual capital contribution payable to the unit in the **first year** will be calculated as follows-

Annual Capital Subsidy (First Installment)	=	₹ 120 Crore x 10 / 8 x 100	=	₹ 1.50 Crore

- Again, additional eligible fixed capital investment of ₹ 20 crore was made by Unit X till 01 May, 2027. In this situation, the total eligible fixed capital investment till the first anniversary of the date of issue of satisfaction letter (cutoff date) i.e., 01 May, 2027 is ₹ 140 crore, hence the annual capital contribution payable to the unit in the **second year** will be calculated as follows-

Annual Capital Subsidy (Second Installment)	=	₹ 140 Crore x 10 / 8 x 100	=	₹ 1.75 Crore

- No additional capital investment was made by Unit X from 01 May, 2027 to 31 March, 2028. Again, the unit made an additional capital investment of ₹ 10 crore from 01 April, 2028 to 01 May, 2028. The said ₹ 10 crore will not be included as eligible fixed capital investment in the calculation of annual capital contribution payable to the unit in the third year, because the unit has made this capital investment after the standard investment period (03 years) prescribed for the large category, which is getting completed on 31 March, 2028. Therefore, the annual capital contribution payable in the **third year** will be calculated as follows-

Annual Capital Subsidy (Third Installment)	=	₹ 140 Crore x 10 / 8 x 100	=	₹ 1.75 Crore

- Again, Unit X made additional eligible fixed capital investment of ₹ 60 crore and created 100 additional permanent jobs from 02 May, 2028 to 01 May, 2029. If the unit had not made the said additional fixed capital investment and created additional employment during this period, then the fourth installment of capital contribution of ₹ 1.75 crore would have been payable to it as before, but on the basis of additional eligible fixed capital investment and additional employment generation, Unit X has been converted from lower investment category (large) to higher investment category (ultra large), hence the **fourth installment** of capital contribution payable to it will be calculated as follows-

Annual Capital Subsidy (Fourth Installment)	=	₹ 210 Crore x 12 / 10 x 100	=	₹ 2.52 Crore

- If the unit does not make any additional capital investment, then ₹ 2.52 crore will be payable on annual basis from installment number 5 to installment number 10.
- However, if the unit again makes additional fixed capital investment and creates additional employment, which changes the investment category of the unit, then the calculation of the next instalment payable to it will be done taking into account the total eligible fixed capital investment on the respective annuity of the cut-off date, the permissible capital subsidy rate as per the investment category of the unit and the prescribed payment period. In this, reducing the number of instalments received by the unit in the previous investment category, the remaining instalments will be payable to the unit on an annual basis.
- If the unit is established in category-A or category-B district/area of the State, then the hill incentive payable to it will also be calculated like capital subsidy.

Note- In case of any mismatch between Hindi and English version of the said policy, the Hindi version will be taken into consideration.

(Vinay Shankar Pandey)
Secretary

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