

PUNJAB
BICYCLE MANUFACTURING POLICY 2026

Department of Industries and Commerce

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Message

from Hon'ble Chief Minister



S. Bhagwant Mann
Hon'ble Chief Minister of Punjab

It is a matter of immense pride and satisfaction for me that the state has launched Punjab Bicycle Manufacturing Sector Policy 2026, which reinforces our leadership in this industry and opens new avenues for growth, innovation, and global engagement.

Punjab has a proud and enduring legacy in Bicycle and Bicycle components manufacturing, with Ludhiana and surrounding clusters forming the backbone of this sector in India. Built on generations of skilled craftsmanship, entrepreneurship, and a strong MSME base, the sector has played a vital role in employment generation and exports from the state. The Government of Punjab recognises the bicycle sector not only as a source of employment and exports, but also as a strategic contributor to green growth and industrial resilience.

I am confident that policy will provide a clear and stable framework to support the sector's long-term development, encourage technology upgradation, improve product quality, and strengthen Punjab's position in national and global value chains.



Message from Hon'ble Minister



Shri Sanjeev Arora
Minister for Industries & Commerce,
Investment Promotion, Punjab

Punjab has long been known for its strong manufacturing base and entrepreneurial spirit. Among its most iconic industrial strengths is the bicycle industry, which has played a pivotal role in shaping the State's industrial identity and contributing significantly to India's manufacturing and export landscape.

The city of Ludhiana, often referred to as the bicycle capital of India, houses one of the largest bicycle manufacturing clusters in the country. With globally recognized manufacturers and a vast network of MSMEs producing frames, components, accessories, and complete bicycles, Punjab accounts for a substantial share of India's bicycle production. This vibrant ecosystem has not only generated large-scale employment but has also positioned Punjab as a key supplier to domestic and international markets.

The Punjab Industrial & Business Development Policy 2026 aims to further strengthen this legacy by supporting modernization, expansion, and technological advancement within the bicycle sector. The policy offers a comprehensive package of incentives including capital subsidy, SGST reimbursement, employment generation incentives, electricity duty exemption, and stamp duty concessions, enabling both established manufacturers and emerging enterprises to scale their operations.

Special focus has also been placed on encouraging the production of high-value bicycles, electric bicycles, advanced components, and export-oriented manufacturing, helping the industry adapt to evolving global mobility trends and sustainability goals.

Our vision is to transform Punjab's bicycle industry into a global hub for innovation, quality manufacturing, and exports while creating new opportunities for employment and economic growth.

I invite industry leaders and entrepreneurs to partner with Punjab as we accelerate the next phase of growth for this proud industry.





Sector Committe

The Department of Industries & Commerce, Government of Punjab, constituted 24 sectoral committees vide order number PIU/NIF/Notification/2025/1608 dated 05-08-2025, comprising of industry leaders and sectoral experts. Following extensive deliberations and stakeholder consultations, sector-specific recommendations were received for the Department's consideration.

The Department of Industries & Commerce, Government of Punjab has reviewed the recommendations submitted by the Bicycle Manufacturing Committee, chaired by eminent industry leaders:

Details of Bicycle Committee:

S.No	Name/Designation	Designation	Name of the units/ organisation
1	Onkar Pahwa	Chairman	Avon, Ludhiana
2	ADC (RD), Ludhiana	Member Secretary	Government of Punjab
3	Aditya Munjal	Member	Hero Lectro, Ludhiana
4	Amarjit Singh Swan	Member	Ludhiana Sewing Machine Industry Association
5	C P Sabharwal	Member	Ludhiana Electroplaters Association
6	Gaurav Munjal	Member	Hero Ecotech, Ludhiana
7	Gurmeet Kular	Member	Federation of Industrial & Commercial Organization, Ludhiana
8	Harsimerjit Singh	Member	UCPMA, Ludhiana
9	Rajinder Jindal	MemberJindal	Fine Industry, Leader Cycle, Ludhiana
10	Sanjeev Pahwa	Member	Ralson Tyre, Ludhiana
11	S S Bhogal	Member	DS Bhogal, Ludhiana
12	Varun Surekha	Member	Hartex Rubber, Ludhiana
13	Vineet Mahajan	Member	Mahajan Tyre Company, Jalandhar
14	GM DIC, Ludhiana	Member	Government of Punjab
15	Sector Head / Officer – Bicycle Industry (PBIP)	Member	Government of Punjab



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1. Overview

The bicycle manufacturing sector is strategically significant for both industrial growth and sustainable mobility, offering opportunities for employment generation, export expansion, and contribution to climate commitments. Globally, bicycles are increasingly recognized as a low-carbon, health-promoting mode of transport, and the market is undergoing rapid transformation with the emergence of sports cycles and premium bicycles. In India, the sector is the second largest globally, producing around 1.5 crore units annually, with Ludhiana in Punjab serving as the epicentre of production.

1.1. India Landscape

The Indian bicycle market was valued at approximately ₹27,936 crore (USD 3.08 billion) in 2025 and is projected to reach around ₹45,894 crore (USD 5.06 billion) by 2034, registering a compound annual growth rate (CAGR) of 5.65% between 2026 and 2034[1]. The market is witnessing steady expansion, supported by rising health awareness, increasing environmental consciousness, and growing urban traffic congestion that is encouraging the adoption of bicycles as a sustainable and cost-effective mode of transport. Government initiatives promoting non-motorised mobility and cycling infrastructure, along with the emergence of a strong fitness and recreational cycling culture among urban consumers, are further strengthening market demand and expanding adoption across diverse demographic segments.

In terms of product segmentation, road bicycles accounted for the largest share at 28.53% in 2025, driven by increasing use for daily commuting, fitness, and recreational purposes in urban and semi-urban areas. From a technology perspective, conventional bicycles continued to dominate with a 72.24% market share, reflecting their affordability, ease of maintenance, and widespread accessibility across urban and rural markets. Based on pricing, the mid-range segment led the market with a 71.91% share, supported by the growing middle-class consumer base seeking a balance between quality features and affordability.

The Indian bicycle industry has transitioned from being primarily a basic mobility solution to a diversified and evolving sector catering to commuting, fitness, recreation, and competitive sports applications. India remains one of the world's largest bicycle manufacturing hubs, supported by well-established production clusters that serve both domestic markets and export demand. The growing global confidence in India's manufacturing capabilities is reflected in international sourcing partnerships, including large retailers procuring India-made bicycles through collaborations with leading domestic manufacturers.

1.2. Punjab Landscape

Punjab holds a pre-eminent position in India's bicycle manufacturing landscape, anchored by the globally renowned Ludhiana cluster, widely recognized as the Bicycle Capital of India. The state accounts for nearly 75% of India's bicycle production and an estimated 92% of component and parts manufacturing, giving Punjab an unmatched advantage in scale, cost efficiency, and supply chain integration[Invest Punjab - Bicycle Sector Overview]. Leading manufacturers such as Hero Cycles, Avon Cycles, and Atlas Cycles operate alongside thousands of MSMEs engaged in frame manufacturing, welding, painting, assembly, and the production of components, spares, and accessories. This deeply integrated MSME ecosystem forms the backbone of Punjab's bicycle industry and enables rapid production cycles, flexibility, and competitive pricing.

1. IMARC Report – Investment profile: Bicycle sector

Punjab's strategic location further strengthens its position as a manufacturing and export hub. Proximity to large northern consumption markets, robust road and rail connectivity, and access to major ports through hinterland logistics corridors provide efficient domestic distribution and export capabilities. Complementary clusters in Haryana and Chennai enhance opportunities for co-investment, technology transfer, and skill sharing, while Ludhiana continues to serve as the nucleus of mass production and component manufacturing.

With a skilled workforce, strong ancillary industries, and an established industrial base, Punjab is well placed to evolve from a traditional manufacturing hub into a modern, innovation-driven centre for premium bicycles, advanced components, and emerging segments such as e-bikes. Targeted policy support can accelerate this transition by promoting industrial parks, plug-and-play manufacturing facilities, testing and certification infrastructure, and focused R&D and innovation ecosystems. Integrating skill development initiatives, vocational training, and industry-academia partnerships will be critical to building capabilities in precision manufacturing, design, and digital production.

Despite its dominance, the sector faces challenges including infrastructure gaps, fragmented skill development systems, limited high-end manufacturing, and the absence of dedicated incentives. Addressing these constraints through a comprehensive state-level bicycle manufacturing policy will help modernize the ecosystem, attract domestic and global OEMs, and strengthen export competitiveness. Aligning the growth of the bicycle sector with Punjab's industrial diversification, employment generation, export promotion, and climate action goals will reinforce the state's leadership in sustainable mobility and position Punjab as a globally competitive hub for bicycle manufacturing.

1.3.Need for a Policy

Punjab has historically been the backbone of India's bicycle manufacturing industry, accounting for a significant share of domestic production through its well-established Ludhiana cluster and a dense network of MSMEs engaged in frame manufacturing, components, and assembly. However, the sector is currently at an inflection point, facing challenges such as limited technological upgradation, dependence on low-value segments, fragmented supply chains, inadequate R&D and testing infrastructure, and rising competition from global manufacturing hubs. At the same time, emerging opportunities driven by global demand for sustainable mobility, growing domestic adoption of bicycles and e-bikes, supply-chain diversification away from single-country dependence, and national climate commitments remain underleveraged in the absence of a sector-specific policy framework. Existing industrial policies, while supportive in general terms, do not adequately address the unique requirements of bicycle and component manufacturing, including precision engineering, design innovation, export orientation, and skill specialization. A dedicated Bicycle Manufacturing Policy is therefore essential to bridge structural gaps, attract OEMs and high-value component manufacturers, modernize MSMEs, enhance export competitiveness, and generate large-scale employment, while aligning industrial growth with Punjab's sustainability, urban mobility, and climate objectives. Such a policy will enable Punjab to consolidate and expand its leadership role and reposition itself as a globally competitive bicycle manufacturing hub.



2.VISION AND POLICY OBJECTIVES

2. 1. Vision

To position Punjab as India's leading and globally competitive hub for bicycle manufacturing, driven by innovation, sustainability, skilled employment, and export excellence.

2. 2. Mission

To strengthen and modernize Punjab's bicycle manufacturing ecosystem by supporting MSMEs, attracting domestic and global OEMs, promoting technology upgradation and innovation, developing skilled manpower, and enabling sustainable and export-oriented growth, while contributing to low-carbon mobility and climate commitments.

2. 3. Objectives

The key objectives of the Bicycle Manufacturing Policy are to:

2.3.1 Strengthen Punjab's existing bicycle manufacturing clusters, particularly in Ludhiana, by enhancing infrastructure, common facilities, testing, and certification capabilities.

2.3.2 Promote investment in high-value segments, including premium bicycles, e-bikes, advanced components, and precision engineering, to move up the global value chain.

2.3.3 Encourage supply chain localization and integration by attracting component manufacturers, material suppliers, and ancillary industries to reduce import dependence.

2.3.4 Generate large-scale employment and skill development, particularly for youth, through specialized training programs aligned with modern manufacturing and assembly needs.



3. Scope of Policy

Policy Applicability

3.1.1 The Punjab Bicycle Manufacturing Policy 2026, shall come into force from the date of its notification by the Government of Punjab and shall remain valid until it is amended, modified, or withdrawn, either wholly or partially, by the Government based on implementation experience, sectoral requirements, prevailing economic conditions, or other considerations as deemed appropriate by the Government.

3.1.2 All new industrial units and existing manufacturing units, including those undertaking expansion with or without modernisation shall be eligible for incentives & concessions under this Policy other than those industrial units engaged in activities specified in the Negative List as defined in IBDP 2026.

3.1.3 After the notification of this policy, no new Common Application Form (CAF) shall be accepted under the Industrial and Business Development Policy, 2022 (IBDP-2022) or any other previous industrial policy of the State.

3.1.4 All units submitting their CAF on or after the date of notification of this policy shall be eligible for incentives under this policy, provided that commercial production commences within five (5) years from the date of acceptance of the CAF.

3.1.5 The Project where CAF has already been accepted under IBDP 2022, new Common Application Form (CAF)for same project shall not be accepted under IBDP 2026 and this policy.

3.1.6 Units that have submitted a CAF under IBDP-2022 and have not availed or been disbursed any post-production incentives as on the date of notification of this policy shall be eligible to migrate to this policy. The terms, conditions, and procedure for such migration shall be applicable as notified under the Operational Guidelines of this Policy.

3.1.7 Units opting for migration must submit their application through the Online Portal within 90 days from the date of notification of this Policy.

3.1.8 The State shall frame detailed schemes in line with the provisions of this Policy regarding various fiscal incentives and other support measures. Such detailed schemes shall, inter alia, lay down the eligibility criteria, terms and conditions, manner of processing applications, and disbursement of incentives, along with other relevant modalities for availing the incentives.

In order to ensure clarity and avoid ambiguity in the instructions, all concerned Departments shall consult the Department of Industries and Commerce before issuance of any notifications under this Policy.

3.2. Industry Categorization

The Government of Punjab, through its new industrial policy framework, seeks to strengthen the State's economic foundation by fostering an employment-driven and investment-oriented industrial growth model. The policy aims to promote an industrial structure that prioritizes employment-intensive enterprises while ensuring balanced regional development across General Districts, Border Districts, and Kandi Areas. By adopting an industry-centric categorization, the policy enables targeted incentive prioritization for MSMEs, empowering them to scale and compete effectively. Simultaneously, it facilitates capital-intensive investments by Large and Mega units, enhancing industrial competitiveness, improving investment responsiveness, and positioning Punjab as a future-ready hub for manufacturing and services.

3.2.1. MSME UNITS

The definition and classification of all manufacturing and service industry MSME units shall be as per the prevailing notifications issued by the Government of India under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), as amended from time to time.

For the purpose of availing incentives under this Policy, the status of an MSME unit shall be determined solely on the basis of eligible investment in Plant and Machinery, as on the date of commercial production.

3.2.2. LARGE UNITS

All eligible units that are not classified as MSME units shall be categorized as Large Units under this policy.

3.2.3. MEGA UNITS

All **Large Units** having a **Fixed Capital Investment (FCI) exceeding ₹ 500 crore** shall be classified as **Mega Units** under this policy.

3.3. Regional Classification

For the purpose of this policy, Punjab has been regionally classified into three distinct development zones to promote balanced and inclusive industrial growth across the State. This classification acknowledges the varied socio-economic conditions, levels of infrastructure readiness, and investment potential across regions, enabling targeted interventions and support measures that foster equitable economic opportunities and sustainable industrial development. These are categorized as follows:

3.3.1. Border Districts: Pathankot, Gurdaspur, Amritsar, Tarn Taran, Ferozepur, Fazilka

3.3.2. Kandi Areas: the areas notified by Government of Punjab vide letter no. 1462-SMAC-1(AC)- 73/33147 dated 31/10/1973 as amended from time to time.

3.3.3. General Districts: All remaining districts/areas of Punjab not included in Border Districts or Kandi Areas.





4. Fiscal Incentives

To boost the manufacturing and services sectors, accelerate industrial growth, and generate employment across Punjab, the Government has introduced a comprehensive package of fiscal incentives. These incentives are designed to strengthen the State's industrial competitiveness and ensure alignment with the diverse business needs of enterprises.

Under the Punjab Bicycle Policy, 2026, the State has adopted a com-petitive incentive framework that makes fiscal support more adaptive to the unique requirements of various industries. This forward-looking approach is expected to attract investment across multiple sectors, create jobs, enhance exports, and nurture a robust and competitive industrial ecosystem.

4.1. Incentives Structure and Disbursment

The Government of Punjab aims to provide an effective and transparent incentive framework that promotes sustained and inclusive growth across the State. In alignment with these objectives, the structure, eligibility, and disbursement of incentives under this Policy shall be governed by the following conditions:

4.1.1. OVERALL CEILING OF FISCAL INCENTIVE (AS PER GENERAL CATEGORIZATION)

The total fiscal incentives admissible to an eligible manufacturing unit shall be subject to an overall ceiling, determined based on the category and location of the unit, as specified below:



Category and Location of the Unit	Overall Ceiling
MSME Units	Up to 100% of the eligible Fixed Capital Investment, subject to the maximum cap of ₹ 500 crore.
Large Units	
Units falling in Border Districts & Kandi Areas	Up to 125% of the eligible Fixed Capital Investment subject to the maximum cap of ₹ 500 crore.

Note: For incentives to Existing MSMEs (as defined under clause 4.3) that are not linked to new investments/expansion under this policy, the Cumulative fiscal incentives shall be capped at 100% of Depreciated value of the Original Fixed Capital Investment (FCI), calculated as on date of filing of Common Application Form (CAF) under this policy.

4.1.2. ELIGIBILITY PERIOD OF INCENTIVES

The incentive disbursement period for all eligible units shall be 10 - 15 years. Each unit will have a one-time option to choose the eligibility period of incentives within this range i.e. 10/11/12/13/14/15 years.

This option shall be exercised at the time of filing the incentive – Common Application Form (ICAF) through the designated online portal. Once the I-CAF is approved the Eligibility Period shall be final and irrevocable and shall not be changed or modified.

4.1.3. ANNUAL CEILING OF FISCAL INCENTIVES

i. The total incentives admissible to a unit shall be subject to an annual ceiling (on Financial Year basis) to ensure uniform disbursal or exemption over the chosen incentive period.

Illustration:
In case a unit opts for a 10-year Incentive Eligibility Period, the maximum incentive that may be availed in any Financial Year shall not exceed 10% of the overall incentive ceiling specified under Clause 4.1.1.

The purpose of calculating the annual ceiling:

1. The amount of Pre-Production Incentive, if any, and
2. The amount of Stamp Duty Reimbursement, if any,

shall first be deducted from the overall incentive ceiling under Clause 4.1.1. The balance amount shall then be distributed proportionately over the selected Eligibility Period.

Provided that, if the Date of Commercial Production falls in any of the months of Financial Year, the Annual Ceiling for the first and last Financial Year of the Eligibility Period shall be calculated on a pro-rata basis, subject to the condition that the combined incentive availed in these two financial years shall not exceed the prescribed Annual Ceiling of a Financial Year

ii. Any unutilized portion of the Annual Ceiling in a financial year shall lapse and shall not be carried forward to any subsequent financial year.

iii. The aggregate incentive entitlement for an eligible unit shall not exceed the Overall Ceiling as defined in Clause 4.1.1 unless otherwise specified and shall in all cases be subject to an absolute upper limit of ₹ 500 crore.

Note: For the first and last financial year of the eligibility period, incentives shall be disbursed on a pro-rata basis, subject to the combined annual ceiling for these two financial years.

4.1.4. PROCESS FOR DISBURSEMENT OF INCENTIVES

The fiscal incentives to an Eligible Unit shall be disbursed in the following manner:

1. At the time of approval of I-CAF, the Sanction Letter for grant of Stamp Duty Reimbursement, if applicable, shall be issued. Thereafter, the Annual Ceiling shall be calculated in accordance with Clause 4.1.3 of this policy.
2. The Eligibility Certificate for the grant of Electricity Duty (ED) Exemption, as applicable, shall be issued specifying the ceiling amount for the respective financial year(s).
3. At the end of each Financial Year, the Eligibility Certificates for subsequent years in respect of Electricity Duty Exemption shall be reviewed annually by the District Scrutiny Committee (DSC).
4. The unit shall avail the sum total of incentives for a particular financial year within the Annual Ceiling as calculated as per clause 4.1.3 of this policy. If the sum total of incentives availed for a particular financial year exceeds the Annual Ceiling, the excess amount shall be liable for adjustment and/or recovery in accordance with the procedure prescribed under the DSOG.
5. At the end of each Financial Year, claims for all other incentives, including yearly capital subsidy (excluding Electricity Duty Exemption, Stamp Duty), shall be processed as per the procedure defined in the Operational Guidelines, subject to the availability of the Annual Ceiling after deducting the exemptions granted for that Financial Year.
6. Any unutilized portion of the Annual Ceiling for a Financial Year shall not be carried forward to the Annual Ceiling of the subsequent Financial Year.

7. For all incentives for a particular Financial Year, other than those granted by way of exemptions and Stamp Duty Reimbursement, the unit shall apply for its incentive claim before the close of the following Financial Year through the online portal, along with audited balance sheet, Annual Performance Review (APR), and other prescribed documents.

4.1.5 PROVISION FOR CONDONING THE DELAY

Applicants are required to adhere to the timeframes prescribed in the Industrial & Business Development Policy 2026, as well as the relevant sectoral policies and the Detailed Schemes & Operational Guidelines 2026. However, any delays arising from verifiable unprecedented circumstances justified by thewell-defined reasons shall be reviewed and may be condoned strictly as per the criteria laid out below:

i. A delay of up to 90 days from the cut-off date as prescribed, shall be considered for condonation by the Administrative Secretary, Department of Industries & Commerce, Punjab.

ii. A delay of more than 90 days and upto 180 days from the cut-off date as prescribed, shall be considered for condonation by the Hon'ble Minister of Industries & Commerce, Punjab.

iii. No application there upon shall be entertained, accepted, or considered in case the delay exceeds 180 days from the prescribed cut-off date, irrespective of the grounds for such delay.

4.1.6. SPECIAL CONDITION FOR MSMES FOR AVAILING ANY POST-PRODUCTION INCENTIVES

Micro, Small, and Medium Enterprises (MSMEs) shall be required to register under the ZEDScheme of the Government of India and achieve a minimum maturity level of Bronze at the time of I-CAF approval in order to be eligible for any post-production incentives under this Policy.

4.2. DETAILS OF FISCAL INCENTIVES

The State offers a competitive fiscal incentive framework that enables investors to select an incentive package best suited to their business requirements from the following incentives:

4.2.1 EXEMPTION / REIMBURSEMENT OF STAMP DUTY

(A). Quantum and Eligibility Period

i. All new units and existing units undertaking expansion shall be eligible for 100% exemption or reimbursement of stamp duty paid on the purchase or lease of land and/or buildings required for the establishment or expansion of the eligible unit.
ii. The unit shall submit the claim for Stamp Duty reimbursement, if applicable, along with the incentive application (ICAF) only.

4.2.2 CAPITAL SUBSIDY

(A). Quantum And Eligibility Period for Eligible New Units and Existing Units Undertaking Expansion

The quantum of capital subsidy and its disbursement tenure shall be as follows:

Quantum of Capital Subsidy	Disbursement Tenure
Capital subsidy up to 20% of the eligible Fixed Capital Investment (FCI), subject to a maximum incentive cap of ₹10 crore.	Disbursed in **annual eligible instalments** over the **eligibility period** as defined under Clause **4.1.2**

Note: For the first and last financial year of the eligibility period, incentives shall be disbursed on a pro-rata basis, subject to the combined annual ceiling for these two financial years

The Capital Subsidy incentive shall be disbursed only after adjustment of all other admissible incentives and shall be subject to the applicable Annual Ceiling and the Annualized Quantum of Capital Subsidy during the Eligibility Period.

$$\text{Annualized quantum} = \frac{\text{Quantum of capital subsidy as above}}{\text{Eligibility period as per clause 4.1.2}}$$

(B). Quantum and Eligibility Period for Existing Units undertaking Modernization:

1. Existing manufacturing units undertaking modernization, as defined under the relevant provisions of DSOG-2026, shall be eligible for Capital Subsidy@20% of the eligible investment in Plant and Machinery made towards such modernization, subject to a maximum incentive cap of ₹10 crore.
2. The subsidy shall be disbursed in ten (10) equal annual instalments, commencing from the Date of Commercial Production (DoCP) of the modernized unit. The financial year in which the DoCP falls shall be treated as the first instalment year.
3. This incentive may be availed only once by an eligible unit once every five years after the notification of this policy.

Note: Units undertaking expansion along with modernization shall be covered under Clause 4.2.2(A) only and Units undertaking only Modernization shall be covered under Clause 4.2.2(B).

4.2.3 EXEMPTION OF ELECTRICITY DUTY

(A). Quantum and Eligibility Period

2. All eligible new units and existing units undertaking expansion shall be granted 100% exemption from electricity duty for the eligibility period as defined under Clause 4.1.2.

3. In the case of existing units undertaking expansion, electricity duty exemption shall be available only on the incremental increase in power consumption over:
a. the average power consumption of the preceding three (3) years, or
b. the average power consumption of the preceding twelve (12) months

from the date of start of expansion for the eligible product or activity, whichever is higher, as certified by the concerned officer of PSPCL.

4. The Electricity Duty Exemption Incentive shall be subject to an annual ceiling as per Clause 4.1.3.

(B). Other Conditions

1. Electricity duty exemption shall be applicable from the Date of Commercial Production (DoCP) in the case of new units and expansion units.

2. The exemption shall apply only to electricity duty. Other charges such as Infrastructure Development Fee (IDF), Social Security Fund, or any other levies, fees, duties, or cess shall not be exempted.

3. The first year for annual sanction or exemption shall be the financial year in which the Date of Commercial Production (DoCP) occurs. For the first and last financial year of the eligibility period, the exemption shall be allowed on a pro-rata basis, subject to the combined annual ceiling applicable for these two financial years.

4.2.4 INVESTMENT SUBSIDY BY WAY OF REIMBURSEMENT OF NET SGST

(A). Quantum and Eligibility Period

1. All eligible new units and existing units undertaking expansion seeking benefits under this Policy shall be eligible for Investment Subsidy by way of Reimbursement of 75% of Net SGST for the eligibility period subject to the overall annual ceiling of incentives for the eligibility period as defined under Clause 4.1.2, starting from the date of commercial production.

2. In the case of existing units undertaking expansion, the Investment Subsidy shall be calculated on a pro-rata basis, in proportion to the Net Sale attributable to the incremental increase in Net Sales of eligible product(s), over and above:

a. the average sale of goods produced in the preceding three (3) years, or
b. the average sale of goods produced in the preceding twelve (12) months

from the date of start of expansion for the eligible product or activity, whichever is higher, as certified by the concerned Assistant Commissioner of State Tax (ACST).

(B). Other Conditions

1. In case the Net SGST is reduced for any reason, the Investment Subsidy shall be reduced on account of reduction of Net SGST and the incentive issued already, if any, shall be recovered from the unit.

2. In case a notice is issued by the department on grounds of collusion, fraud, misrepresentation and other similar grounds mentioned in the GST law requiring penal action, the Investment Subsidy shall not apply to such a unit and the incentive, if any, issued already shall be recovered along with interest @18% and such unit shall not be eligible for any incentive.

3. The methodology for determining the attributable Net SGST shall be notified separately.

4.2.5 EMPLOYMENT GENERATION SUBSIDY (EGS)

(A). Eligibility

All eligible new units and existing units undertaking expansion shall achieve a minimum eligible FCI of ₹25 crore and creates minimum 50 direct jobs for resident of Punjab to qualify for the Employment Generation Subsidy (EGS).

(B). Quantum and Eligibility Period

Employment Generation Subsidy (EGS) shall be available for 5 years from the Date of Commercial Production (DoCP), at the following rates:

Category of Employee	Employment Generation Subsidy Rate
Male	₹3,000 per employee per month
Female / SC / OBC / BC / PwD	₹4,000 per employee per month

***Note: The financial year for which the incentive claim is filed shall be treated as the relevant year for the purpose of annual capping of incentives.*

(C). Other Conditions

i. Employment Generation Subsidy (EGS) shall be admissible to actual number of eligible employees who are residents of Punjab (as defined in prevalent notification of Department of Revenue, Rehabilitation and Disaster Management) and engaged on the direct payroll of the Eligible Unit and having unique identification number where PF is being subscribed/ESIC number where ESI Contribution is being paid, as the case maybe.

ii. The EGS rates prescribed under respective Sectoral Policies shall prevail and shall be applicable to the respective sectors.

iii. In the case of existing units undertaking expansion, EGS incentive shall be available only on the additional eligible employees directly employed by the unit over and above the base number of employees.

iv. The average number of direct employees during last 3 years prior to start of expansion shall be considered as base number of employees.

v. The EGS Incentive shall be subject to an annual ceiling as per Clause 4.1.3.

vi. EGS shall be given to only those industries that follow minimum wages as per relevant government acts and rules.

4.2.6 MARKETING ASSISTANCE

Quantum and Extent of Assistance to New Units and Existing Manufacturing Units including those undertaking Expansion

1. **Punjab Pavilion at Major Industrial Events**

To promote products and enhance market visibility of Punjab-based industries, Punjab Small Industries and Export Corporation Ltd. (PSIEC) shall actively participate in major industrial events and exhibitions by setting up a dedicated Punjab Pavilion. Industrial units from the State shall be encouraged to showcase their products at such mega events. PSIEC shall provide exhibition stalls to participating units at subsidized rates within the Government of Punjab Pavilion, ensuring greater exposure and enhanced networking opportunities for local industries.

2. **Assistance for Participation in National and International Trade Events**

MSMEs and ODOP units (within their respective districts) in the manufacturing sector, shall be eligible for financial assistance to participate in national and international trade fairs and exhibitions for showcasing their products, subject to the following conditions:

a. Assistance shall be admissible once for each event for International/National per financial year for eligible unit.
b. Assistance shall be limited to stall/space rental charges only.

Category of Unit	International Trade Fairs (Abroad)	National Trade Fairs / Exhibitions
MSME Units	50% of stall rent, subject to a maximum of **₹5 lakh**	50% of stall rent, subject to a maximum of **₹3 lakh**
ODOP Units	75% of stall rent, subject to a maximum of **₹7.5 lakh**	75% of stall rent, subject to a maximum of **₹5 lakh**

4.2.7 FREIGHT SUBSIDY

(A). Quantum and Extent of Assistance

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**
The exporting unit shall be provided fiscal assistance in the form of a freight subsidy amounting to 1% of the FOB value, subject to a maximum of ₹30 lakh per annum for a period of five (5) years.

4.2.8 SUPPORT FOR ESTABLISHMENT OF R&D FACILITIES AND ADOPTION OF ENVIRONMENT-FRIENDLY TECHNOLOGIES

(A). Quantum and Extent of Assistance for Setting up R&D / Testing Facilities

1. **New Units/Existing Units Undertaking Expansion in manufacturing sector**
In the case of eligible units in manufacturing sector, the cost of setting up an R&D or Testing Facility shall be considered as an eligible component of Fixed Capital Investment (FCI) under this policy.

2. **Industrial Clusters**
In the case of existing Industrial Clusters, financial assistance shall be provided for establishing a Common R&D / Testing Facility, subject to the following conditions:

a. Assistance shall be provided at 50% of the actual project cost, subject to a maximum cap of ₹2.5 crore per facility.
b. This support shall be limited to the first ten (10) eligible Industrial Clusters and shall be sanctioned on a first-come-first-served basis.
c. The assistance shall be released in two equal annual instalments, after successful commissioning of the R&D / Testing Facility, as per the operational guidelines.

(B). Quantum and Extent of Assistance for Setting up of CETP/ ZLD

1. **Standalone New/Expansion Units**
For standalone eligible new units and existing manufacturing units undertaking expansion, the expenditure incurred towards setting up a Zero Liquid Discharge (ZLD) system shall be treated as an eligible component of Fixed Capital Investment (FCI).

2. **Standalone Existing Units**
Eligible Existing Units installing a Zero Liquid Discharge (ZLD) system shall be eligible for a capital subsidy under the following terms:

a. Subsidy shall be provided at up to 20% of the total project cost.
b. The subsidy shall be subject to a maximum cap of ₹10 crore per unit.
c. The sanctioned assistance shall be disbursed in ten (10) equal annual instalments, as per operational guidelines.

3. **Industrial Clusters – New Shared ZLD**
In the case of an Industrial Cluster, financial assistance shall be provided for establishing a new shared ZLD facility, subject to the following conditions:

a. Assistance shall be provided at 20% of the actual project cost.
b. The assistance shall be subject to a maximum cap of ₹10crore per project.
c. The sanctioned assistance shall be disbursed in ten (10) equal annual instalments, as per operational guidelines

4. **Industrial Clusters – Upgradation of Existing CETP to ZLD**
For an Industrial Cluster or Industrial Association with a minimum of five (5) industrial units, undertaking upgradation of an existing Common Effluent Treatment Plant (CETP) into a shared ZLD facility, financial assistance shall be provided as follows:

a. Assistance shall be provided at 20% of the actual cost incurred for upgradation.
b. The assistance shall be subject to a maximum cap of ₹10 crore per project.
c. The sanctioned assistance shall be disbursed in ten (10) equal annual instalments, as per operational guidelines.

5. **Overall Limitation**
The assistance shall be provided to the first ten (10) Industrial Clusters on a first-come first-served basis, for each of (ii) and (iii) above.

6. **Stamp Duty Exemption**
Units as per 4.2.8 (i), (ii), (iii) and (iv) above shall also be eligible for 100% exemption or reimbursement from stamp duty on the purchase or lease of land and buildings used exclusively for upgradation/set up of ZLD.

Note: EDC collected from the industries setup under this clause shall be utilized 100% for development of the infrastructure like roads, power lines/transformers, water, sewerage etc for that unit or cluster, as the case may be.

4.2.9 INCENTIVE FOR INSTALLATION OF PADDY STRAW–BASED BOILERS

1. **New Units and Units Undertaking Expansion**
For eligible new units and units undertaking expansion, the cost of setting up a Paddy Straw Fuel-Based Boiler shall be considered an eligible component of Fixed Capital Investment (FCI) in accordance with Clause 6.2 of this Policy.

a. Capital Subsidy shall be provided @ 50% of the total cost incurred on boiler or ₹1 crore per 8 TPH, whichever is lower, subject to a maximum ceiling of ₹ 5 crore.
b. The incentive shall be released in three (3) equal annual instalments and this shall be over and above the ceiling prescribed under clause 4.1.1 and 4.1.3

2. **Existing Industries Switching to Paddy Straw Boilers**
Existing industrial units switching over to Paddy Straw Fuel-Based Boilers shall be eligible for:

a. Capital Subsidy shall be provided @ 50% of the total cost incurred on boiler or ₹ 1.5 crore per 8 TPH, whichever is lower, subject to a maximum ceiling of ₹7.5 crore.
b. The sanctioned incentive shall be released in three (3) equal annual instalments.

3. **Existing Industries Upgrading Existing Boilers**
Existing units upgrading their boilers to Paddy Straw Fuel-Based Boilers shall be eligible for:

a. Capital Subsidy shall be provided @ 50% of the total cost incurred, or ₹ 0.75 crore per 8 TPH, whichever is lower, subject to a maximum ceiling of ₹ 2.5 crore.
b. The sanctioned incentive shall be released in three (3) equal annual instalments.

Note: For 4.2.9 (ii) and (iii) above, the incentive shall be admissible to only those units who commissions the Paddy Straw Fuel Based Boilers within 3 years from the date of notification of this policy

4. **Stamp Duty Exemption**

a. Units shall be eligible for 100% exemption or reimbursement from stamp duty on the purchase or lease of land and buildings used exclusively for storage of paddy straw.

Note: EDC collected from the industries setup under this clause shall be utilized 100% for development of the infrastructure like roads, power lines/transformers, water, sewerage etc.

4.2.10 ADDITIONAL STATE SUPPORT – REIMBURSEMENT OF CGTMSE GUARANTEE FEE FOR MSE

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**

Micro and Small Enterprises (MSEs) availing credit under the Collateral Free Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) Scheme shall be eligible for reimbursement of the guarantee fee charged under the scheme, subject to the following conditions:

a. 100% of the CGTMSE guarantee fee shall be reimbursed.
b. The reimbursement shall be subject to a maximum cap of ₹3 lakh per unit per year.
c. The incentive shall be available for a period of seven (7) years from the Date of Commercial Production (DoCP).
d. Reimbursement shall be processed as per the prescribed operational guidelines.

4.2.11 FINANCIAL ASSISTANCE TO MSMES FOR NSE–EMERGE PLATFORM

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**

To support MSMEs in accessing capital markets and registering on the 'EMERGE' exchange platform of the National Stock Exchange (NSE) shall be eligible for financial assistance as follows:

a. Assistance equivalent to 25% of the public issue expenses.
b. Subject to a maximum cap of ₹10 lakh per unit.
c. The assistance shall be admissible once during the validity period of this Policy.

4.2.12. ADDITIONAL STATE SUPPORT UNDER THE ZED SCHEME OF GOVERNMENT OF INDIA

To encourage quality enhancement and sustainable manufacturing practices, the State shall provide one-time incentive to Eligible Units achieving higher certification levels under the Zero Defect Zero Effect (ZED) Scheme of the Government of India, subject to the following conditions:

a. A one-time incentive of ₹5 lakh shall be provided to the first one hundred (100) Eligible Units achieving Silver Level ZED Certification during the validity period of this Policy.
b. A one-time incentive of ₹10 lakh shall be provided to the first fifty (50) Eligible Units achieving Gold Level ZED Certification during the validity period of this Policy.
c. An Eligible Unit that has already availed the incentive for Silver Level Certification and subsequently upgrades to Gold Level Certification shall be eligible for an additional incentive of ₹5 lakh only, such that the total incentive does not exceed ₹10 lakh per unit under this clause.

4.2.13. REIMBURSEMENT OF AUDIT EXPENSES FOR ENERGY AUDIT/WATER AUDIT/ENVIRONMENT AUDIT/STEAM AUDIT/SAFETY AUDIT

New Units and Existing Manufacturing Units including those undertaking Expansion

i. Eligible Industrial Units shall be entitled to reimbursement of expenses incurred on statutory and voluntary audits aimed at improving efficiency, safety, and environmental compliance, subject to the following conditions:

a. Reimbursement shall be provided at 75% of the actual cost incurred.
b. The reimbursement shall be subject to a maximum cap of ₹3 lakh per audit for each of the following Energy Audit/Water Audit/Environment Audit/Steam Audit/Safety Audit.
c. Each category of audit shall be eligible for reimbursement once during the validity period of this Policy.
d. Reimbursement shall be processed in accordance with the prescribed operational guidelines.

4.2.14. REIMBURSEMENT OF EXPENSES FOR PATENT REGISTRATION

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**

Eligible Industrial Units shall be entitled to reimbursement of expenses incurred towards patent registration, subject to the following conditions:

a. Reimbursement shall be provided at 75% of the actual expenses incurred.
b. b.The reimbursement shall be subject to the following maximum caps:
    1. Up to ₹10 lakh for domestic patent registration.
    2. Up to ₹20 lakh for international patent registration.
c. Each category (domestic and international) shall be eligible for reimbursement once during the validity period of this Policy.
d. Reimbursement shall be processed in accordance with the prescribed operational guidelines.

4.2.15. REIMBURSEMENT OF EXPENSES FOR QUALITY, MANAGEMENT SYSTEM, AND ENVIRONMENT CERTIFICATIONS

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**

Eligible Industrial Units shall be entitled to reimbursement of expenses incurred towards obtaining quality, management system, and environmental certifications, subject to the following conditions:

a. Reimbursement shall be provided at 100% of the actual cost incurred.
b. The reimbursement shall be subject to a maximum cap of ₹20 lakh per unit.
c. The reimbursement may be availed for one or more eligible certifications, taken together, within the above overall cap.
d. The incentive shall be admissible once during the validity period of this Policy.
e. Reimbursement shall be processed as per the prescribed operational guidelines.

4.2.16. DIGITAL MARKETING SUPPORT

1. **New Units and Existing Manufacturing Units including those undertaking Expansion**

Eligible industrial units shall be reimbursed for 50% of the cost of onboarding on e-commerce platforms, including cataloguing and related expenses, on platforms developed by NSIC, ONDC, or other recognized similar platforms.

a. Maximum reimbursement per unit: ₹50,000
b. Maximum reimbursement for ODOP manufacturing units: ₹75,000

Support shall be provided to the first 1,000 units during the validity period of the Policy.

4.2.17. VENDOR DEVELOPMENT PROGRAMME

The State shall provide financial assistance of up to ₹5 crore to MSME Punjab for supporting and organizing Vendor Development Programmes, including Buyer–Seller Meets and Reverse Buyer–Seller Meets, with the objective of strengthening market linkages, promoting local sourcing, and enhancing the competitiveness of MSMEs. The assistance shall be utilized in accordance with the approved operational guidelines in consultation with Industrial Associations.

4.2.18. ANNUAL STATE AWARDS

Annual State Awards for MSMEs with SC entrepreneurs, Women entrepreneurs, Export Oriented Units, and ODOP units to recognize excellence in productivity, quality improvement, and export performance. Under this initiative, an award amount of ₹2 lakh per unit shall be granted in each eligible category. In the case of ODOP manufacturing units, the award amount shall be ₹3 lakh per unit. The awards shall be conferred once every year during the validity period of the Policy, based on the criteria and selection process notified separately by the State Government.

4.2.19. EXEMPTION FOR THE CANAL WATER USAGE CHARGES

The New Units and Existing Manufacturing Units including those undertaking Expansion and making the initial investment for connectivity from the canals to its unit, shall be eligible for exemption of the canal water usage charges, for the period till such verified investment is offset against the applicable canal water charges or 10 years whichever is lower. Such investment shall not be part of the eligible FCI for other incentives under IBDP-2026. The investment under this exemption shall be certified by the Punjab Water Regulation and Development Authority (PWRDA) and submitted to DSC for further processing as per policy.

4.3. FISCAL SUPPORT FOR EXISTING INDUSTRY

Existing industrial units shall be eligible for the following fiscal incentives under this Industrial Policy: as per clause 4.2.2 (B), 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.18, and 4.2.19.

4.4. CUSTOMIZED PACKAGE

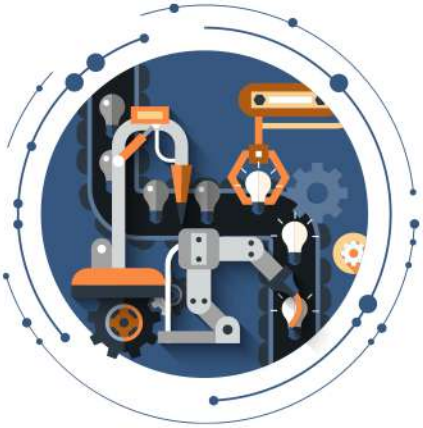
For Mega Units as per clause 3.2.3, the Government may consider a customized package of fiscal incentives on a case-by-case basis. Such packages shall be subject to approval by the Council of Ministers, based on the recommendations of the Committee for Approval of Customized Package (CACP), in accordance with the relevant clauses of DSOG 2026.

Composition of Committee:

1.	Finance Minister, Govt of Punjab	Chairperson
2.	Industry & Commerce Minister, Govt of Punjab	Co-chairperson
3.	Chief Secretary, Govt of Punjab	Member
4.	Administrative Secretary Finance, Govt of Punjab	Member
5.	Administrative Secretary Industries & Commerce, Govt of Punjab	Member
6.	Administrative Secretaries of concerned Departments, Govt of Punjab	Special Invitee
7.	Chief Executive Officer, PBIP, Govt of Punjab	Member
8.	Director, Department of Industries & Commerce, Punjab	Member Convenor

4.5. DEDICATED POLICY FRAMEWORK FOR PRIVATE INDUSTRIAL ESTATE

With the objective of increasing the availability of affordable industrial land and supporting the development of industrial estate, the State Government has formulated a dedicated Private Industrial Estate Policy to provide structured incentives to developers establishing private industrial parks in the State and industrial units setting up in those industrial estate.







5. Non-Fiscal Incentives

5.1FastTrack Approval Mechanism

Punjab has consistently led the way in adopting and implementing Ease of Doing Business (EoDB) reforms. These initiatives have been instrumental in attracting industries by fostering a business-friendly environment that minimizes operational challenges and enhances efficiency. Streamlined regulatory processes, expedited approvals, and transparent governance have strengthened investor confidence, positioning Punjab as a preferred destination for industrial growth. The department's consistent efforts have delivered tangible results, with Punjab recognized as a Top Achiever in five business-centric reform areas under the Business Reform Action Plan (BRAP) 2024 and subsequently recognized as a Top Achiever in the Ease of Doing Business rankings for 2022.

By reducing compliance burdens, upgrad-ing infrastructure, and introducing digital solutions for clearances, EoDB reforms have significantly lowered the cost and time required to establish and operate businesses in the State. This proactive approach not only supports domestic enterprises but also attracts national and global investors, driving economic growth, creating employment opportunities, and positioning the State as a competitive industrial hub. The following business-centric reforms have been implemented by the State.

5.1.1. **Right to Business Framework, Statutory Enablement for Fast-Track Approvals**: Punjab's EoDB framework also incorporates the Right to Business Act (RTBA) 2020 & Right to Business Amendment Act 2025, enabling self-declaration-based In-Principle Approvals in 5 days, deemed clearances under strict timelines, and district-level facilitation committees now expanded to cover more project categories and investment thresholds through system upgrades on the Fast Track portal.

5.1.2. **Time-Bound Clearances and Deemed Approvals**: The Government of Punjab has institutionalized a robust time-bound clearance framework, under which all statutory approvals required for the establishment or operation of a business are mandatorily issued within a period of 5 to 45 working days, as applicable. In the event of departmental inaction within the stipulated timeline, approvals are automatically deemed granted on the 46th day, providing regulatory certainty, efficiency, and predictability to investors.

5.1.3. **FastTrack Punjab, Unified Single Window System**: Punjab's EoDB reforms are anchored in the FastTrack Punjab Portal, a fully integrated single-entry, single-exit digital platform for business approvals and services. The portal enables investors to apply for, track, and receive approvals from multiple departments through a unified interface, eliminating the need for physical interactions or parallel applications. The portal integrates over 47 regulatory/statutory clearances and more than 140 Government-to-Business (G2B) services, with approval timelines capped at 45 working days. Key features include auto-deemed approvals, escalation mechanisms up to Deputy Commissioners and Administrative Secretaries, real-time application tracking, online fee payments, downloadable approvals, secure digital document vaults, and integrated workflows for fiscal and non-fiscal incentives. The portal has also been integrated with the National Single Window System (NSWS) of the Government of India, ensuring seamless coordination with central approvals.

5.1.4. **Statutory Single-Window Authority with Concurrent Powers**: Invest Punjab operates as a statutory investment facilitation office under the Punjab Bureau of Investment Promotion Act, 2016, vested with concurrent powers across key departments to grant end-to-end state-level approvals—covering land, construction, labour, environment, power, and utilities—through a unified, single-window mechanism spanning site selection to pre-commissioning.

5.1.5. **Inclusive Labour Reforms for a Modern 24×7 Business Environment**: Punjab is proactively promoting workforce participation, with a strong emphasis on increasing women's employment through progressive labour reforms and facilitation measures. Key initiatives include permitting women to work night shifts, supported by comprehensive safety, welfare, and regulatory compliance frameworks. Together, these measures aim to create a flexible, inclusive, and 24/7 business environment that aligns with modern industry requirements.

5.1.6. **Future-Focused Regulatory Simplification and Service Delivery Reforms**: Punjab plans to further streamline its regulatory framework by expanding the scope of third-party certification through broader coverage and duly notified expert panels. The State will rationalize and integrate No Objection Certificates (NOCs) across authorities by simplifying document requirements and incorporating clearances from highway, road, irrigation, and forest departments into the FastTrack Punjab Portal. In parallel, Punjab will pursue the simplification and integration of select central clearances wherever required. To strengthen accountability and ensure timely service delivery, the State also intends to notify remaining industry-facing services under the Punjab Transparency & Accountability in Delivery of Public Services Act, 2018, while rationalizing approval timelines and workflows.

5.1.7 **Leasehold-to-Freehold Conversion Policy**: Industrial plot allottees are now permitted to convert lease-hold to freehold through a simplified and transparent procedure. This enhances tenure security, improves asset bankability, and strengthens long-term investment confidence.

5.1.8 Building plans and layout alterations submitted through the Fast-Track Punjab Portal may be certified by empanelled architects and civil engineers. This reform reduces processing time and promotes a more efficient, compliance-driven approv-al system.

5.2. Labour Reforms

Punjab has recognised labour as a critical enabler of industrial growth. The adoption and implementation of the labour codes (The Code on Wage 2019, The Industrial Relations Code 2020, and The Code on Social Security 2020) marks a significant step in this direction by strengthening social security, occupational safety, health, wage protection, and industrial relations across the state. By rationalising compliance requirements, introducing flexibility in working arrangements, enabling digitised and risk-based regulation, and strengthening mechanisms for industrial stability, the reforms aim to improve ease of doing business while maintaining statutory safeguards for workers. Collectively, these measures provide greater predictability in labour administration, reduce procedural and cost-related burdens on employers, and support industrial growth, competitiveness, and investment across sectors. The key reforms are as follows:

5.2.1. **Flexibility in Working Hours**: To enhance operational flexibility for industries, the government has allowed daily working hours from 8 to 12 hours including rest intervals not exceeding one hour. However, any work beyond 8 hours will be treated as overtime. The total hours of overtime in quarter have been increased to 144 hours. Industries are also allowed to operate round-the-clock (24x7) in three shifts.

5.2.2. **Women Working in Night Shift**: The labour department has permitted women employees to work in night shifts subject to the employer providing the necessary security and other requisite arrangements for its women employees.

5.2.3. **Simplified Regulatory Framework:** To reduce the compliance burden on industry, the state has simplified registration and licensing framework by introducing single registration, single license, single return filing, digital submissions, self-certification and risk-based inspections under the new labour codes.

5.2.4. **Third Party Inspections:** To promote investor-friendly clearances, the state has introduced third-party/self-certification for factory building plan approvals, allowing registered architects to approve plans in line with bylaws, streamlining the process and reducing delays by replacing the existing approvals related to labour compliances.

5.2.5. **Welfare Board:** To promote inclusivity, the employer representatives are included on welfare boards and sub-committees which ensures that industry views are considered while designing and implementing schemes.

5.2.6. **Robust Mechanism for Industrial Resolution:** To address workplace issues and industrial disputes, labour reforms notified by the State includes Works Committees, Grievance Redressal Committees, recognised trade unions for collective representation, conciliation machinery, and arbitration followed by Industrial tribunals.

5.2.7. **Constitution and Administration of the Punjab Social Security Fund:** To centralise financing of welfare schemes for unorganised workers, the state is in the process of establishing the Punjab Social Security Fund. This will provide a mechanism for welfare schemes for unorganised workers.

5.2.8. **Balanced Industrial Tribunals:** The state has introduced time-bound adjudication of disputes to ensure expeditious disposal of cases. Industrial tribunals will now have 2 members (judicial and administrative member). This mechanism widens the experience of members, creates a uniform, faster, and efficient system for resolving industrial conflicts.

5.2.9. **Defined Allocation of Liability in Contract Labour Engagement:** To mitigate cascading liability risks in contract labour engagement, the policy clearly delineates responsibilities between contractors and principal employers.

5.2.10. **Gratuity Reforms:** To ensure financial security for all eligible workers, gratuity under Punjab's labour reforms covers employees, fixed-term workers with one year of service, nominees, and legal heirs.

5.2.11. **Transparent Vacancy Reporting for Public and Private Sector Jobs:** To create a single interface for vacancy reporting, reduces regulatory uncertainty around recruitment practices, and ad-hoc recruitment scrutiny. The State has introduced mandatory reporting of vacancies to Career Centres standardises hiring disclosures across public and notified private establishments.

5.3. Fire Related Reforms

5.3.1 Online Self Certifications for Fire NOC: Industries can now obtain fire NOCs for durations of 1, 3, or 5 years based on their risk classification. Additionally, fire safety drawings prepared by empanelled architects are accepted by the department, replacing the earlier burdensome 53-point checklist and streamlining the approval process.

5.4. Pollution Reforms

In order to curb pollution while ensuring facilitative ecosystem for business the Punjab Pollution Control Board under Ease of Doing Business framework have played a crucial role by streamlining environmental clearance processes, introducing online consent management systems, and reducing procedural delays, decriminalization of minor compliances, eliminating redundancy, the state has ensured faster approvals while maintaining strict compliance with environmental norms. The use of digital platforms for submitting applications, online status tracking, and issuing No Objection Certificates (NOCs) has significantly reduced physical interactions and improved transparency.

To further streamline regulatory compliance and NOCs, the Punjab Pollution Control Board (PPCB) has implemented the following reforms in the state:

5.4.1. A comprehensive list of NOCs required by PPCB from other departments have been published in public domain to facilitate regulatory approvals under environmental laws.

5.4.2. To promote Ease of Doing Business and simplify the issuance of regulatory clearances, PPCB now provides deemed approvals for Consent to Establish (CTE), Consent to Operate (CTO), and authorizations through online portal.

5.4.3. PPCB now allows self-certification for low-risk inspections and third-party certification for medium-risk inspections across all sectors.

5.4.4. The details of all necessary components for availing the service such as comprehensive list of document require, applicable fee, SOPs with stage wise and time for disposal of application is listed on PPCBs website.

5.4.5. Delegation of power at Circle Revenue Officer or Tehsildar for site suitability reports which was previously required from the Deputy Commissioner, Addition-al Deputy Commissioner, or Sub-Divisional Magistrate.

5.4.6. Continuous upgradation is being undertaken for the Online Consent Man-agement & Monitoring System (OCMMS) to simplify and streamline the process re-lated to regulatory clearances under vari-ous environmental laws.

5.4.7. An online dashboard on PPCB's website provides real-time updates on the number of applications received and ap-proved, along with the corresponding ap-proval timelines.

5.4.8. To establish a structured and transparent mechanism for engaging certified third-party professionals / agencies, the Punjab Government has introduced a policy in August, 2025 for empanelment of certified professional (Empanelled Environmental Engineers) to facilitate White and Green category industries and projects including Orange Category (if located in industrial estate only) of industries for approval/ regulatory clearances.

5.5. Building and Construction Reforms

Punjab's industrial landscape is undergoing a strategic transformation to align with emerging economic priorities. For Punjab to position itself as a competitive destination for investment and enterprise, the built environment must reciprocate to these changes. There is need to facilitate industrial growth through rationalized development controls, enhanced ease of doing business, and integrated land use planning.

The regulatory shift is required to enable the transition from rigid, use-based zoning to a flexible zoning. By enabling higher FAR, mixed-use corridors, and sector-specific parks, Punjab envisions to create a conducive ecosystem for both traditional manufacturing and sunrise sectors.

5.5.1. **Industrial Zoning**: Punjab is encouraging mixed use development, integrated into notified Master Plans especially along key urban and transit corridors. The State has also adopted a flexible land use approach, permitting all activities except those explicitly prohibited. This enables industrial units to operate more freely across zones, with hazardous industries still restricted in residential areas. To support vertical industrial growth, the state has introduced adaptable norms, including revised thresholds for ground coverage, setbacks, and FAR.

5.5.2. Flexibility in Building Plan Verification and Structural Stability Certification: To facilitate timely establishment and expansion of industrial units, the process for verification of building plans and certification of structural stability of factory buildings under the Factories Act, 1948 has been simplified.

5.5.3 Higher FAR and Relaxed Setbacks: To drive industrial expansion and encourage mixed-use development, Punjab has introduced enabling reforms such as:

a. Unlimited FAR shall be allowed on roads with a Right of Way (ROW) of 45 meters and above for all categories of land use, particularly along major transit and industrial corridors.

b. Setback norms have been rationalized to maintain necessary safety buffers while supporting efficient land use. Industries may exceed standard bye-law limits with due approvals, provided enhanced safety requirements are met.

c. Parking and operational space provisions have been clearly defined, including minimum parking ratios and dedicated loading/unloading bays, ensuring functional efficiency and smooth circulation within industrial areas

5.5.4. **Risk-Based Inspection and Compliance**: Green category industries shall be exempted from routine No Objection Certificate (NOC) renewals and encouraged to adopt self-certification. The state will implement a centralized and risk-based inspection system to ensure targeted inspections based on risk profiling, minimum physical interface, and reduced delays

5.5.5. **Exemption from PAPRA Act**: All Industrial Parks including Textile, Food, IT, Electronics etc. approved by the State or Central Government exempted under the IBDP 2017 shall continue to be exempted from the provisions of Punjab Apartment and Property Regulation Act (PAPRA) 1995, in accordance with the powers vested with the State Government under Section 44 of the Act, subject to the condition that section 36 to section 39 shall remain applicable.

5.5.6. **Land Use Classification Framework**: Permissible and non-permissible uses are clearly specified in the Zoning Regulations and Development Control documents which allows land use unless specifically restricted.

5.5.7. **GIS-based Master Planning**: Punjab is implementing key reforms to promote ease of doing business and regulatory transparency. Interventions like GIS based master plans are under being implemented across the state to enable accurate mapping of industrial parks and identification of vacant land parcels which reducing regulatory burden and delays.

5.6 Infrastructure and Land-Related Facilitations

To reduce upfront costs and accelerate industrial setup, the following measures will be implemented:

5.6.1. **Plug-and-Play infrastructure:** To support MSMEs and Start-ups, the State will develop/ strengthen the ready-to-use industrial sheds and flatted factory complexes on rental or lease basis. These facilities will provide plug-and-play infrastructure, reduce upfront capital investment and enable faster operationalization of businesses. By offering shared utilities, modern amenities, and flexible leasing options, it will lower the entry barriers for small enterprises, promote entrepreneurship, and accelerate industrial growth across sectors.

5.6.2. **Common Facilities:** Industrial parks both brownfield and greenfield projects shall be promoted to equipped with enhanced common infrastructure such as power, water, drainage, sewerage systems, Common Effluent Treatment Plant (CETPs), truck parking's, and logistics facilities including warehouses.

5.6.3. **Fast-Track Land Allotment:** Transparent e-auction mechanism for allotment of industrial plots, ensuring speed and fairness through Invest Punjab platform.

5.6.4. **Upgraded Focal Points:** The Department of Industries & Commerce is committed to bridging infrastructure gaps across all 52 focal points, including power, water, roads, drainage, and digital connectivity. The department also envisions to modernize these industrial parks by providing world-class infrastructure, well-connected road networks, and essential utilities to support sustainable industrial growth.

5.6.5. **New Park Development in PPP Mode:** Private sector participation will be actively promoted to develop integrated industrial parks equipped with shared infrastructure and common facilities. This initiative is expected to unlock significant investment potential, driving multi-fold growth and fostering a robust industrial ecosystem in the State.

5.6.6. **Plot Sub-Division Policy:** New policy allows easy sub-division of industrial plots for families, co-developers, and joint ventures. This enables flexible land use for redevelopment or monetization, boosting brownfield investments. Under the policy clear timelines, eligibility is outlined to ensure transparency.

5.6.7. **Leasehold to Freehold Conversion:** Punjab has introduced a transparent and structured framework for converting leasehold properties into freehold ownership. This strengthens investors property rights, enhances asset marketability, and improves access to financing. By granting businesses full legal ownership, it eliminates the need for repeated approvals, simplifies expansion and transfer processes, and ensures greater flexibility for future development.

5.6.8. **Logistics Connectivity:** State Government stands committed to creating new avenues for industrial growth by strengthening connectivity between industrial clusters and logistics nodes. This includes developing integrated logistics parks, enhancing last-mile connectivity, and upgrading ICDs and CFS facilities to reduce logistics costs and improve supply chain efficiency. The State ranked 3rd in Ease of Logistics in India, supported by 8 Container Freight Stations, 5 Inland Container Depots, 3 Multi-Modal Logistics Parks, 1 Airport Cargo Terminal, and dedicated Eastern and Western Freight Corridor.

5.7 Power

Power is a critical input for industrial operations, constituting one of the major recurring costs for enterprises. Reliable and affordable electricity is essential for operating machinery, ensuring production continuity, maintaining quality standards, and enabling modern automation and digital systems. Uninterrupted power supply enhances industrial competitiveness, reduces production losses, and creates a conducive environment for attracting new investments.

Punjab State Power Corporation Limited (PSPCL) operates a robust power ecosystem designed to ensure uninterrupted, reliable, and affordable electricity supply. The State's total installed capacity stands at approximately 14,747 MW, sourced from State-owned generation, central sector allocations, independent power producers, and renewable energy assets. The power mix is well diversified, with nearly 33% derived from renewable and hydro sources, a central sector share of around 28% contributing to grid stability, and a balanced portfolio of State-owned and private thermal capacity ensuring dependable base-load availability.

This generation base is supported by a robust transmission and distribution network, including a 400 kV ring main system, enabling reliable grid operations and efficient power evacuation. Electricity demand is projected to grow at an average rate of around 5.7% annually over the next 5 to 10 years, informing forward-looking capacity and network planning, while T&D losses remain at approximately 12.11%. Industrial consumers account for nearly 46.7% of total metered consumption, underscoring their central role in Punjab's demand profile.

Further, despite being an energy-surplus State, Punjab has acquired 540 MW private thermal power plant to meet future demand reliably. Alongside cost competitiveness, ongoing reforms focus on ease of doing business, accessibility, and equitable access to power. Some of the progressive reforms undertaken by PSPCL are outlined below:

5.7.1. **Annual Review of Average Advance Consumption Deposit (AACD)**: PSPCL shall conduct an annual review of the Average Advance Consumption Deposit (AACD) and enable timely refund of the excess deposits or corrective adjustments.

5.7.2 **Time-bound Electricity Duty Approvals**: Chief Electricity Inspector shall process the Electricity Duty approvals within 7 days through standardized application template.

5.7.3 **Enhancement of Contract Load for Small Power**: As part of the power sector reforms implemented by PSPCL, the sanctioned load limit for small power connections for industrial units has been enhanced from 20KW to 50 KW. This enhancement enables industrial unit to meet higher operational power requirements without upgrading to higher-category connections, thereby reducing the compliance cost, shortening approval timelines, and supporting capacity expansion and Ease of Doing Business in the State.

5.7.4 **Dedicated Feeders and Refund of Service Line Charges for Continuous Process Industries (CPI)**: Continuous Process Industries shall be provided with independent 11 kV feeder lines to ensure reliable power supply. Further, proportionate service line charge shall be applicable charged if it is used by multiple consumers having similar continuous processes.

5.7.5 **Test Report Exemption**: PSPCL has exempted the requirement for submitting test reports for electricity connections with a sanctioned load of up to 50 kW and 100 kW and above, ensuring faster and hassle-free approvals for small and medium consumers. For connections exceeding 50 kW and up to 100 kW, submission of a test report remains mandatory; however, no physical inspection or verification by PSPCL officials is required.

5.7.6 **Application and Agreement (A&A) Form Simplification**: PSPCL has streamlined the Application and Agreement (A&A) process by transforming the previously lengthy and procedural form into a simplified single-page document.

5.7.7 Decentralization and Streamlining of Feasibility Clearances: PSPCL has streamlined the feasibility process by simplifying approvals for low-risk connections up to 2 MVA and delegating cases between 2–5 MVA to field-level officers with technical concurrence. This threshold-based approach significantly reduces timelines and reduces administrative burden, thereby improving ease of doing business.

5.7.8 Enhanced Renewable Energy Limit: Punjab shall enhance the permissible renewable energy capacity by allowing installation of systems up to 125% of the approved PSPCL load, increased from the current limit of 100%.

5.7.9 Progressive Clean Energy Transition and Power Sector Reforms: Renewable Purchase Obligation (RPO) targets are set to increase from 33% to 43.33% over a five-year period, supported by a series of progressive reforms undertaken by PSPCL to strengthen reliability, flexibility, and ease of doing business.

5.7.10 Power Tariff Rationalisation: To enhance industrial competitiveness and provide long-term cost predictability to investors, the State has introduce a balanced Time-of-Day (ToD) tariff reform featuring a ₹2 per unit peak-season surcharge offset by an equivalent ₹2 per unit rebate during the non-peak season. This structured framework ensures tariff predictability while maintaining grid stability. By incentivizing off-peak industrial operations, the reform enhances cost efficiency, improves capacity utilization, and strengthens Punjab's competitiveness as an industry-friendly power destination.

Note: All power-related reforms shall be implemented subject to approval by the Punjab State Electricity Regulatory Commission (PSERC).

5.8. Water

Water is a critical driver of industrial activity, and the Bicycle sector requires an adequate and reli-able supply for its production processes. The State Ground Water Authority, Gov-ernment of Punjab, will formulate appro-priate and sustainable policies for water usage, ensuring the availability of quality water for industrial applications, while easing norms for groundwater extraction to support industrial development.

5.9. Skilling and Capacity Building

The State acknowledges that human capital isvital for industrial competitiveness, and therapid advancement of technology and industry requires a skilled workforce aligned withemerging market needs. To achieve this, theState shall identify multiple areas of collaboration for skill development through partnerships with the Government of India andvia the Public-Private Partnership (PPP) model.

The State is committed to strengthening its skill development ecosystem to ensure that itsdemographic dividend is effectively harnessed for productive workforce.
The Punjab Skill Development Mission (PSDM) has introduced a progressive series of reforms and adopted a well-structured strategy to enhance the employability of local youth.
Through this comprehensive approach, the PSDM aims to attract and retain skilled talent, strengthen the industrial workforce, and promote sustainable economic growth across the state.

5.9.1 The District Bureau of Employment and Enterprises have been established in all districts to modernise the department and equip it with the state-of-the-art technology to facilitate industry requirement.

5.9.2 In the Financial Year 2025-26, the Department has provided job facilitation to 48,912 candidates through 959 placement camps/job fairs. The department has facilitated placement of 3,44,770 applicants since April 2022 through District Bureau of Employment and Enterprises.

5.9.3 Over the years, Punjab Skill Development Mission has strengthened its presence in the State. PSDM currently has 198 rural skill centres, 5 Multi skill development centres and 3 Health Skill Development Centres.

5.9.4 PSDM has empanelled 133 training partners and possesses a state-wide training delivery capability across Punjab. More than 2 lakh youth have been trained till date and facilitated employment to more than 1.10 lakh youth.

5.9.5 In addition, PSDM shall prioritize advancing skill development initiatives and promoting innovation by integrating multiple skill training schemes to achieve greater scale, efficiency, and synergy.

5.9.6 Enhance Industry-Academia Linkages: The State would strengthen industry institute interaction to enhance the employability of manpower and ensuring the supply of skilled manpower to the industry

5.9.7 Priority Access to State Skilling Programs: Industries will have preferential access to programs under Punjab Skill Development Mission, ITIs, and polytechnics.

5.9.8 Customized Training Programs: Industry-aligned training modules will be designed to meet sector-specific requirements, including advanced manufacturing, technical textiles, and digital technologies. Special impetus will be given to low skill labour, re-skilling or up-skilling of existing workforce to make them industry ready for the new requirements.

5.9.9 Focus on Innovation and Research: The State will promote collaboration with leading academic and research institutions to drive innovation and entrepreneurship. It will also focus on establishing cluster-specific skill centres for various manufacturing sectors to ensure a steady supply of skilled workforce for industry.

5.10. Research & Development

Punjab recognizes the importance of a strong research and innovation ecosystem to drive technological advancement and position the State as a leader in this sector. The State is committed to fostering industrial research, supporting innovation-led enterprises, and strengthening collaboration between academia, industry, and start-ups to enable continuous improvement in the processes for the sector. Incentives will be provided for setting up in-house R&D units and specialized research facilities focused on developing sustainable production technologies.

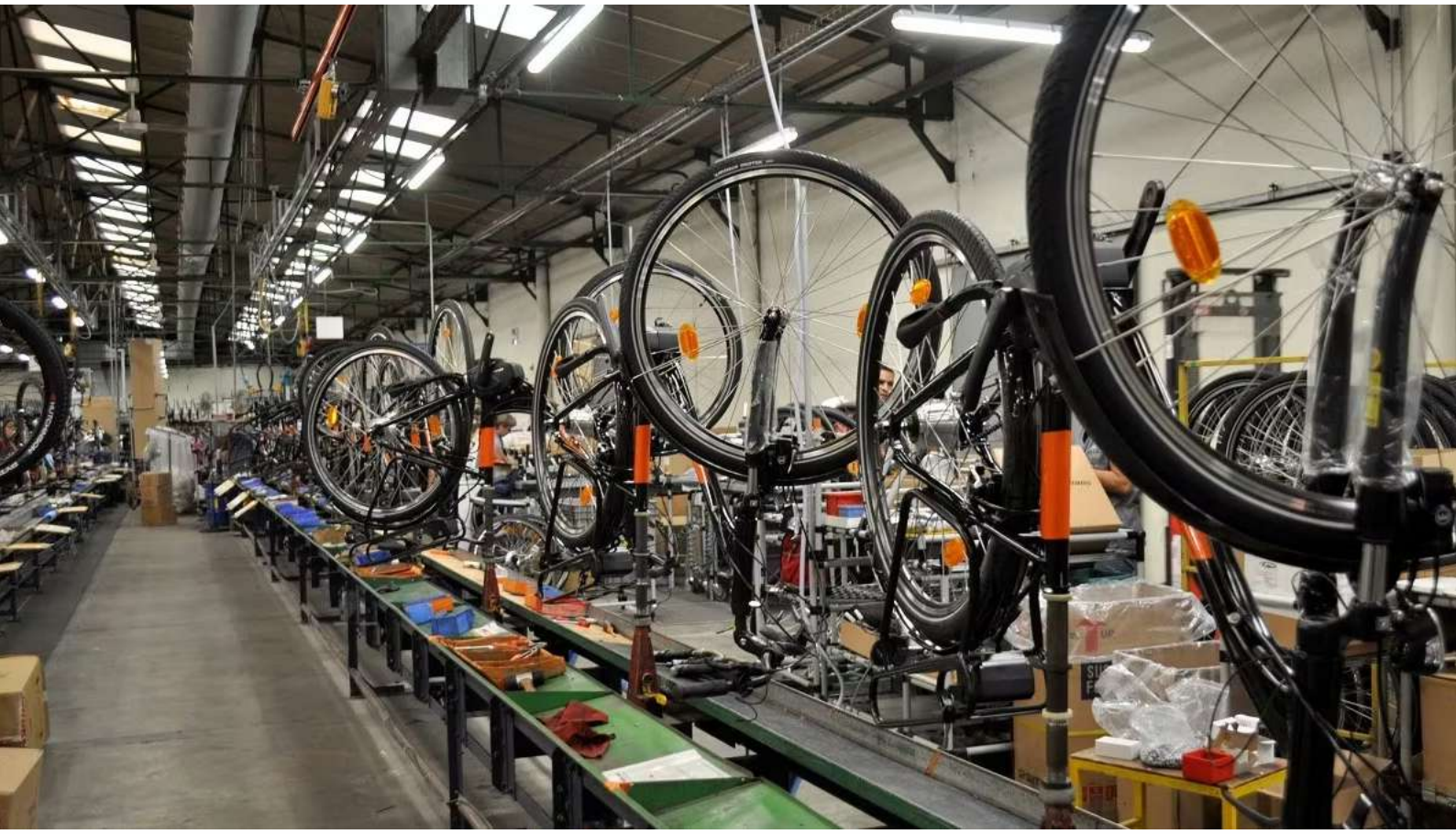
The State also seeks to enhance awareness of intellectual property rights (IPR) and GI tagging among MSMEs and grassroots innovators. These initiatives collectively aim to create a future-ready ecosystem that is sustainable, technology-driven, and globally competitive.

5.11 Sustainability

Punjab recognizes that sustainability is central to the long-term competitiveness of its industry, ensuring environmental protection, resource efficiency, and inclusive growth. In line with Punjab Vision 2030, national climate commitments, and the Sustainable Development Goals (SDGs), the State is committed to embedding sustainable practices across, water management, energy use, and waste reduction.

The sustainability framework aims to promote cleaner production, adoption of eco-friendly technologies, and circular economy principles while enhancing climate resilience and global competitiveness.

The State will promote waste-t o-resource solutions, recycling, and sustainable packaging to minimize environmental impact. These initiatives, combined with strong policy support and industry collaboration, position Punjab as a future-ready hub committed to green growth and global standards.






STEM
PEDAL
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6. Definitions

6.1. General Definitions

6.1.1 All Manufacturing products classified under Section C of National Industrial Classification (NIC) 2025 are eligible under the Policy except those specified in the negative list in the Policy. In addition, certain sector specific definitions will be followed for the Policy as outlined in the policy and guidelines.

6.1.2 Approved Industrial Park: Approved Industrial Park means an Industrial area, Focal Point, Industrial Estate, Mixed-use Industrial Park, SEZ, Textile Park, Biotech Park, IT Park, Industrial Township, Growth Centre, Food-Processing Park, Logistic Park or any other similar project approved by the Competent Authority of the State Government or the Central Government as the case may be.

6.1.3 Approved Project Cost: Approved Project Cost means the cost of the project, other than working capital, as approved by the term loan/secured loan lending institution or in case of joint financing by the lead term loan/secured loan lending institution. In respect of self-financed projects, the Approved Project Cost will be as appraised and approved by the Scheduled Commercial Bank/SIDBI/any other institution approved by Public Sector Banks.

6.1.4 Date of Commercial Production (DoCP): The date on which commercial production has started, as indicated in the Udyam Registration in respect of Micro, Small & Medium Enterprises or IEM Part B/ Industrial License (IL) in case of Large Industries, as the case may be.

DoCP will be determined based on the documentary evidence i.e. first sale invoice of eligible manufactured/service item, to be provided by the investor. Other documents including VAT/SGST returns, power bills, bills of purchase of machinery etc. may be considered, if required by the Scrutiny Committee.
In case of Phased production/Expansion/-Modernization, the date of production, as declared by the promoter after capitalization of complete investment in the books of accounts for relevant phase/ Expansion/ Modernization shall be reckoned as date of commercial production of case of Phased production/ Expansion/ Modernization.

In case of any dispute on DoCP between the Unit and the Department, State Level Committee (SLC) will review, and its decision shall be final.

6.1.5 **Department**: Department in the policy means the Department of Industries & Commerce, Government of Punjab.

6.1.6 **District Level Committee**: District Level Committee (DLC) means the Committee under the chairpersonship of Deputy Commissioner of the concerned district setup under this Policy for sanction of incentives.

6.1.7 **DPR**: Detailed Project Report means a document, depicting physical financial and non-financial projections relating to the unit, duly appraised/ approved by a financial institution or a Scheduled Commercial Bank at the time of sanctioning term loan and/or secured loan, before the date of commercial production. In case of Self-Financed Units, DPR shall be appraised and approved by Scheduled Commercial Bank/SIDBI/any other institution approved by Public Sector Banks, before the date of commercial production.

6.1.8 **Effective Date**: The Policy shall come into force from the date of its notification by the Government.

6.1.9 **Electricity Duty**: Electricity Duty shall mean the duty levied and paid to the State Government on electricity supplied by PSPCL or any licensee or electricity trader or generating company to a consumer, as the State Government may notify from time to time, with the provision that any contributions made out of the Electricity Duty levied, including deposited in the Social Security Fund etc., shall not be exempted.
Additionally, any other levies, fees, duties, and cesses, such as the Infrastructure Development Fee (IDF), etc. shall not be exempted.

6.1.10 **Existing Unit:** The unit which is in commercial production and is not covered as New Unit or Existing Unit undertaking Expansion as defined under this policy.

6.1.11 **Expansion:** A unit could be considered under expansion with or without diversification, if it invests at least 25% of the Original FCI during expansion and it leads to min 25% increase in unit's existing installed capacity. The investment made by the unit on building and plant & machinery 6 months prior to acceptance of CAF shall not be included in the eligible FCI for expansion.

The start of expansion shall not be earlier than 5 years from the DoCP of the unit under IBDP-2026 or date of I-CAF approval for migrated units, as the case may be, under this policy.

6.1.12 **Exporting Unit:** Exporting Unit, means an eligible industrial unit exporting at least 25% of its Eligible manufactured Products in markets outside India, with minimum value addition of 33% having a valid Importer Exporter Code (IEC), against direct receipt of foreign exchange.

6.1.13 **GST:** Goods and Service Tax

6.1.14 **Industrial R&D labs, Industrial Testing Labs:** It shall mean Industrial R&D and testing labs with a minimum investment of Rs. 50 lakhs in machinery, equipment & service-related specialized software. The facility should be for self-consumption.

6.1.15 **Installed Capacity:** Installed Capacity refers to the maximum production capability of an industrial unit recorded in the Industrial License/ IEM/CTO.

6.1.16 **Modernization:** Modernization refers to those existing units, upgrading their technology and investing on eligible plants and machinery, only related to production for the existing same product(s). The unit should be in commercial production for at least 7 years for the existing/same product(s), prior to the date of Commercial production after modernization. The eligible Plant & Machinery under modernization shall be considered from the date of notification of this policy.

6.1.17 **Net Sales:** It refers to the total value of basic sales from eligible manufactured goods/ services during a financial year, excluding trading, scrap, taxes, income from non-operating sources viz. interest, grants, subsidies, trading activities, or resale of goods.

6.1.18 **New Unit:** A New Unit will ordinarily be set up at a new site and may or may not have separate VAT/GST registration. i. An existing enterprise which sets up a New Unit in the same premises shall be considered for incentives provided the New Unit is located in a distinct building/ structure, provided the unit has separate VAT/SGST Registration number from the existing enterprise.

ii. If any existing Industrial Enterprise sets up a new unit for the same product/new product at different location in the same name it will be treated as New Unit for the purpose of sanction of various incentives, provided the new established unit has separate VAT/SGST Registration number from the existing enterprise. However, if the unit hasn't obtained separate VAT/SGST Registration number, the unit shall mandatorily maintain separate books of account in respect of the project, clearly reflecting capital investment, purchases, taxable outward supplies, input tax credit utilization and net SGST payment attributable to such expansion. The unit shall also maintain a separate fixed asset register and install a separate electricity meter or other verifiable production records to establish independent operational capacity of the unit and any other account/documents as prescribed by the Commissioner of State Tax (Excise and Taxation Department, Punjab). Further, the unit shall execute an Indemnity Bond in favor of the Taxation Department, undertaking that the

incentive claimed pertains strictly to eligible expansion activity and that any incentive found to have been claimed on ineligible Net Sales, unverifiable records, or mis-classified transactions shall be liable to re-covery along with applicable interest, without prejudice to any other action under law.

Failure to maintain verifiable segregated records or to furnish the prescribed Indemnity Bond shall render the unit ineligible for incentive.

The methodology for determining the attributable Net SGST shall be notified separately.

iii. A unit shall obtain separate GST registration, wherever applicable, before the start of the investment (on Building and Plant &Machinery) in the state.

iv. If an existing unit undertake expansion at the same/adjacent location or in land separated by a canal/ Road, then it shall be treated as expansion case, provided it has same GST number and manufacturing process at both the location is interlinked. In case of any other specific case the matter shall be decided by committee under the chairpersonship of Director of Industries and Commerce, Punjab.

v. Shifting and Relocation: Shifting or relocation of an existing manufacturing unit, which has not yet availed any incentive under any policy (i.e. shifting of Plant & Machinery) from owned/rented/leased premises to a subsequently newly owned land and building shall be considered as a New Unit, provided the unit commences operations at the new premises. Only plant and machinery which has been purchased after the purchase of the land would be considered as the part of eligible FCI in addition to eligible investment in Land & Building. The date of first sale invoice of eligible manufactured items from the new premises, post notification of this policy, shall be treated as the date of commencement of production.

6.1.19 **Person with Disability (PwD):** A person with Disability shall be defined in accordance with the Right of Persons with Disability Act, 2016, as amended time to time. For the purpose of this policy, a person shall be considered as having disability if he or she possesses a benchmark disability of not less than forty percent (40%), as duly certified by authorized competent authority.

6.1.20 **Policy:** Policy shall mean Punjab Bicycle policy 2026 , as amended from time to time

6.1.21 **Post-Production Incentives:** Post Production Incentives are the incentives (other than Pre-Production Incentives) that are available to an Eligible Unit after the date of commencement of Commercial Production.

6.1.22 **Pre-Production Incentives:** Pre-production incentives refer to benefits i.e. exemption from stamp duty and exemption of CLU/EDC charges.

6.1.23 **Property Tax:** Property tax is the local tax as levied by urban/rural local self-government/authority of the area.

6.1.24 **Self-Financed Unit:** The Unit set up with own funds/ unsecured loans without any direct involvement from Commercial Banks / Financial Institutions etc. is treated as Self-Financed Unit.

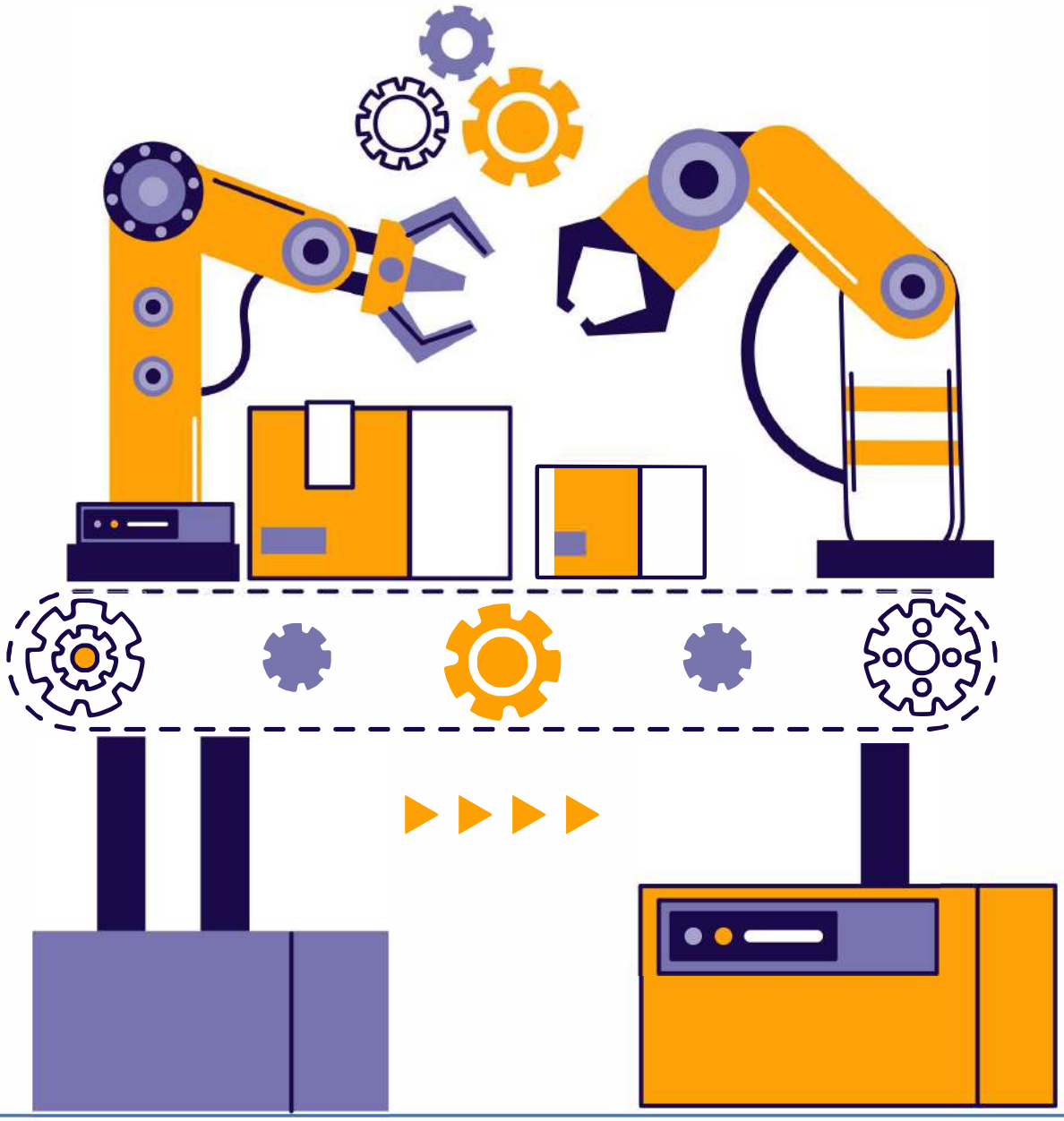
6.1.25 **Stamp Duty:** Stamp Duty is duty payable as levied in schedule 1-A of Indian Stamp Acton transfer of property. It shall not account any other charges including registration fee, infrastructure development cess, social security fee/ cess etc. Levied under Schedule1-B and Schedule 1-C of the Act.

6.2. FCI DEFINTION

6.2.1 FIXED CAPITAL INVESTMENT

For the purpose of availing fiscal incentive under this policy, FCI refers to the investment incurred on the following components as per the Approved Project Cost:

1. Land as prescribed under clause 3.3 of DSOG.
2. Building as prescribed under clause 3.4 of DSOG.
3. Plant, Machinery & Equipment as prescribed under clause 3.5 of DSOG.



7. Abbreviations

Sr No	Abbreviations	
1.	APR	Annual Performance Report
2.	CAF	Common Application Form
3.	CACP	Committee for Approval of Customized Package
4.	CAGR	Compound Annual Growth Rate
5.	CETP	Common Effluent Treatment Plant
6.	CFC	Common Facility Centre
7.	CLU	Change of Land Use
8.	DFIA	Duty Free Import Authorisation
9.	DoCP	Date of Commercial Production
10.	DPR	Detailed Project Report
11.	DSOG	Detailed Schemes and Operational Guidelines
12.	ED	Electricity Duty
13.	EGS	Employment Generation Subsidy
14.	EODB	Ease of Doing Business
15.	EPFO	Employees' Provident Fund Organisation
16.	ESIC	Employees' State Insurance Corporation
17.	FCI	Fixed Capital Investment
18.	FDI	Foreign Direct Investment
19.	FOB	Free On Board
20.	GIS	Geographic Information System
21.	GMDIC	GM District Industry Centre
22.	GoI	Government of India
23.	IBDP	Industrial and Business Development Policy
24.	I-CAF	Incentive Common Application Form
25.	ICD	Inland Container Depot
26.	IEC	Importer Exporter Code
27.	IEM	Industrial Entrepreneur Memorandum
28.	IPBFP	Invest Punjab Business First Portal
29.	IPR	Intellectual Property Rights
30.	ITIs	Industrial Training Institute
31.	KVA	Kilovolt Ampere
32.	KVAH	Kilovolt-Ampere-Hour

33.	LLP	Limited Liability Partnership
34.	MSE-CDP	MSME Cluster Development Programme
35.	MSME	Micro, Small and Medium Enterprise
36.	MW	Mega Watt
37.	NIC	National Industrial Classification
38.	NOC	No Objection Certificate
39.	NRI	Non-Resident Indian
40.	NSE	National Stock Exchange
41.	ODOP	One District One Product
42.	OEM	Original Equipment Manufacturer
43.	PAPRA	Punjab Apartment and Property Regulation Act
44.	PF	Provident Fund
45.	PLI	Production Linked Incentive
46.	PPCB	Punjab Pollution Control Board
47.	PPP	Public-Private Partnership
48.	PSIEC	Punjab Small Industries & Export Corporation
49.	PSIDC	Punjab State Industrial Development Corporation
50.	PSPCL	Punjab State Power Corporation Ltd
51.	PwD	Persons with Disabilities
52.	R&D	Research and Development
53.	RoDETP	Remission of Duties and Taxes on Exported Products
54.	SGST	State Goods and Service Tax
55.	SIDBI	Small Industries Development Bank of India
56.	SLC	State Level Committee
57.	TPH	Tonnes Per Hour
58.	VAT	Value Added Tax
59.	ZED	Zero Defect Zero Effect
60.	ZLD	Zero Liquid Discharge

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