

Sustainable Industry Incentive Scheme 2023

Annexure K

Scheme 14

IR 4.0 Initiatives in Manufacturing

Sustainable Industry Incentive Scheme 2023

Scheme 14

IR 4.0 Initiatives in Manufacturing

A. The Scheme

Industrial Revolution (IR) 4.0 transforms traditional manufacturing and production methods. These initiatives bring enhanced efficiency, increased productivity, and improved competitiveness. By adopting automation, robotics, and artificial intelligence, companies streamline processes, reduce errors, and optimize resource allocation. Real-time data analysis enables data-driven decision-making and predictive maintenance. IR 4.0 fosters innovation, allowing businesses to introduce new products and services that meet evolving market demands. It also promotes flexibility and adaptability, empowering industries to respond swiftly to changing market dynamics. Moreover, IR 4.0 initiatives contribute to sustainability by promoting resource optimization and green manufacturing practices. Embracing these advancements is crucial for industries to thrive in the digital age.

The Incentive Scheme for Industry 4.0 Initiatives in Manufacturing aims to support enterprises involved in manufacturing activities within the State. It provides a reimbursement of 20% of the cost incurred for software (big data analytic tools), machinery and other related expenses for IR 4.0 implementation. The maximum reimbursement limit is set at Rs. 25 Lakh per applicant unit during the policy period for manufacturing enterprises in any of the priority sectors as outlined in the Kerala Industrial Policy 2023.

B. Definition and explanation

The definitions for the terms mentioned in this guideline shall be used only for the purpose of this program and need not be made applicable elsewhere. The itemized definitions and explanations to this effect are as below:

- i. Applicant: Enterprises of any constitution viz., Proprietary, Partnership, Limited Liability, Private Limited, Public Limited, Society, Trust, etc. having operational head office in Kerala. It shall be an independent legal entity
- ii. MSME Units: All Micro Small & Medium Enterprises (MSME's), as defined in the MSMED act 2006.
- iii. Large Enterprise: Investment in plant & machinery above INR 50.00 Cr and not exceeding INR 300.00 Cr

Sustainable Industry Incentive Scheme 2023

- iv. Mega Enterprise: Investment in plant & machinery above INR 300.00 crore.
- v. Negative List: List of Industries declared by State Government from time to time, which are not to be encouraged by giving any Government financial assistance, Government controlled industries, public sector undertakings.
- vi. IR 4.0 initiatives: IR 4.0 initiatives encompass a range of strategies and actions aimed at embracing the concepts of the Fourth Industrial Revolution. These initiatives involve integrating advanced digital technologies like automation, robotics, IoT, big data analytics, AI, 3D printing, AR/VR, and cybersecurity into industrial processes. The goal is to drive efficiency, productivity, and innovation in manufacturing. By implementing automation and robotics, businesses can achieve increased accuracy and cost-effectiveness. IoT enables real-time data collection and analysis for better monitoring and optimization. AI and machine learning support predictive maintenance and process automation. Additive manufacturing revolutionizes production with customized products and reduced costs. AR/VR enhances training and collaboration, while robust cybersecurity safeguards critical systems. Overall, these initiatives empower industries to transform and stay competitive in the digital era.
- vii. Big Data analytic tools : Big data analytic tools are software applications that process and analyze large and complex datasets, known as big data. They extract insights from structured and unstructured data, employing techniques like machine learning and statistical analysis. These tools support data collection, integration, storage, analysis, and visualization. Their use enables businesses to uncover valuable insights, optimize operations, and make informed decisions. Big data analytic tools are essential in leveraging the potential of big data for business intelligence and gaining a competitive edge. Examples are Apache Hadoop, Apache Spark, Elasticsearch, Tableau, Splunk, SAS, IBM Watson Analytics, Microsoft Power BI, Google BigQuery, RapidMiner, Apache Cassandra, Apache Flink, Apache Kafka, Apache Hive, MongoDB, Oracle Big Data Appliance, Teradata, QlikView, KNIME, Alteryx, Talend, Cloudera, Hortonworks Data Platform (HDP), MicroStrategy, and Pentaho. This is not an exhaustive list, and there are many other big data analysis software available in the market. The choice of software depends on specific requirements, budget, and the organization's data analytics needs.
- viii. Agreement : An agreement refers to a legally binding document

Sustainable Industry Incentive Scheme 2023

signed in stamp paper (Value as defined by the Sanctioning Authority) in the prescribed format between the Sanctioning Authority and applicant detailing the rights, obligations, and responsibilities of both the parties involved with regards to compliance to the rules and regulations, reporting requirements, repayment/recovery terms (if default), monitoring and evaluation processes, and any other specific conditions set forth by the Sanctioning Authority.

C. Eligibility of applicants

- All New/Existing MSME, Large, Mega Enterprises in any of the priority sectors as outlined in the Kerala Industrial Policy 2023 engaged in manufacturing activities are eligible for assistance, towards the expenses incurred on or after 01.04.2023 for incorporating IR 4.0 initiatives.
- The applicant enterprise must have a valid Udyam/IEM Registration (if available), PAN Number and GST Number.
- The industries included in the Negative list and notified as such from time to time shall not be eligible for assistance

D. Entitlement of a successful applicant

- i. The financial assistance provided under the scheme per unit shall consist of a 20% reimbursement on the cost of software (big data analytic tools) and machinery that conforms with IR 4.0.
- ii. The maximum reimbursement limit is set at Rs. 25.00 lakhs per applicant unit for enterprises operating in any of the priority sectors as outlined in the Kerala Industrial Policy 2023.
- iii. This assistance will be provided only during the policy period.
- iv. Assistance to any unit that has previously received subsidies or grants from other state/central government agencies for the same set of assets will be limited to the remaining eligible assistance payable under the Incentive Scheme for IR 4.0 initiatives in manufacturing.
- v. Industries listed in the Negative List and notified as such periodically, government-controlled industries, public sector undertakings, and units initiated by government-controlled agencies are not eligible for any assistance under these rules.

Sustainable Industry Incentive Scheme 2023

E. Recommending Authority

The Recommending Authority for the applications shall be the concerned Assistant District Industries Officer. The duties of the Recommending Authority are to;

- Verify the documents submitted by the applicant via online
- Conduct inspection if required,
- Ascertain the eligibility, and recommend eligible amount to the Sanctioning authority.
- Provide additional details if any called for by the Sanctioning Authority.
- Hand hold smooth implementation of the scheme in close co-ordination with the applicant and Sanctioning Authority.

F. Sanctioning authority

The Sanctioning Authority for this scheme shall be the District Level 'Incentive Implementation Committee (IIC)' chaired by General Manager DIC. The constitution of the committee, the broad responsibilities of the Sanctioning Authority and the key responsibilities of the General Manager DIC for the successful conduct of the District Level IIC meetings are as outlined in the **General Scheme Guidelines** in **Annexure A**

G. Application Form, Processing Fee and its mode of Application

Eligible applicant shall apply through online mode, with all relevant supporting documents and remit the applicable processing fee. The processing fee shall be 0.5% + GST of the claim submitted, subjected to minimum of Rs.1000/- +GST per application.

H. Mode of Release of Eligible Incentive

The following procedures will be adopted for the release of assistance sanctioned to a unit under this Scheme;

- i. Upon approval from the sanctioning authority, a sanction letter will be issued to the applicant.
- ii. The applicant is required to take prompt action within 30 days of receiving the sanction letter, by either signing an agreement with the Sanctioning Authority to facilitate the disbursement of assistance or filing an appeal in the prescribed format mentioned in the "Appeal" section, if they have any grievances.

Sustainable Industry Incentive Scheme 2023

- iii. In case of applicant filing an appeal, the disbursement of assistance will be kept on hold, until the disposal of the same.
- iv. If the applicant is unable to sign the agreement within the stipulated time due to genuine reasons, they should inform in writing, the reasons thereof to the sanctioning authority within this 30 days itself. The sanctioning authority will review the situation, and if deemed satisfactory, may grant an extension on a case-by-case basis.
- v. If the applicant fails to sign the agreement or file an appeal within the specified 30-day timeframe, the sanction will stand cancelled automatically, without prior notice.
- vi. In case the applicant wishes to avail the assistance, a fresh application has to be submitted remitting the applicable processing fee, again. In such cases, the application will be considered as a new application.
- vii. In the case of units, which has successfully executed the agreement, Sanctioning Authority shall forward such cases to MD-KSIDC.

If the documents submitted by the Sanctioning Authority are in order, MD-KSIDC will initiate further steps for the disbursement of the eligible amount directly to the bank account of the Beneficiary depending up on the availability of the fund.

I. Obligations of the applicant entrepreneurs and other General Guidelines

- The unit has to submit the application through web portal within a period of one year after implementing IR 4.0 initiatives. However, the sanctioning authority can condone delay up to further 6 months. The application submitted beyond the condonement period shall not be entertained..
- The applicant shall provide all required details and declare such information as to be true.
- The applicant shall provide the Bank Account details of the MSME unit at the time of submission of application.
- The applicant shall provide clarifications or further details sought by the Recommending/ Sanctioning Authority.
- The applicant, if so required by the Recommending/ Sanctioning Authority, shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets, by the Recommending/Sanctioning Authority or a

Sustainable Industry Incentive Scheme 2023

Third Party authorised by the Recommending/Sanctioning Authority.

- The applicant shall produce originals of any important documents if so required by the Recommending/ Sanctioning authority for verification.
- The applicant shall execute requisite legal agreement
- The applicant shall operate the unit for a period of 5 years after the date of implementation IR 4.0 initiatives as claimed in the application.
- The applicant unit/assets claimed under the scheme shall not be transferred, sold, subleased, or sublet for a period of 5 years from the date of implementing IR 4.0 initiatives without the consent of the sanctioning authority.

J. Appeal & Dispute Resolution Mechanism

There is also provision for the applicant to appeal against the award of the sanctioning authority. The appellate authority for applicants in such circumstances will be MD-KSIDC for the District Level IIC. The Appeal Form affixing court fee stamp for Rs.10.00/- in Annexure is to be submitted within 30 days of issue of the order of the sanctioning authority.

The assistance proposed in this scheme is envisaged as a fiscal incentive for the investment made in Kerala and to attract more investors. Any dispute arises, which cannot be resolved at the level of Appellate Authority can only be questioned at courts having its jurisdiction at Thiruvananthapuram

K. Recoveries & Penalties

Any assistance provided under this scheme to a unit is subject to refund by the unit in full with an annual interest rate of 14% from the date of receipt upon the issuance of a registered demand notice to the unit by the Recommending/Sanctioning authority on the following grounds.

- a) In cases of obtaining assistance through misrepresentation, forgery, deception etc.
- b) violating any of the conditions in the agreement executed
- c) Unauthorized subletting, subleasing, transfer, or sale of the unit, change of activity without the consent of Sanctioning Authority

The applicant is required to operate the unit for the specified period

Sustainable Industry Incentive Scheme 2023

mentioned in the guidelines/agreement. Failure to comply with this condition will result in the resumption of assistance on a prorated basis, considering the period of the company's operation, along with an annual interest rate of 14%.

In case of default, any amounts owed to the Government under the provisions stated above shall be recoverable as if they are arrears of land revenue. The recovery process will be carried out in accordance with the provisions of the Kerala Revenue Recovery Act, 1968, and other relevant laws applicable to the Government. However, the company will have to be provided with three opportunities to showcase in writing before such recovery measures are initiated.

L. General Guidelines

- i. The claims under this scheme will be entertained only during the currency of this Scheme and Budgetary allocations. The decision of the GoK to modify, amend and if required completely withdraw the Scheme, any point of time in part or in full, is final.
- ii. The processing fee collected from applicant shall be used for the meeting the incidental expenses for processing including TA/DA, other administrative overheads, consultancy expenses, if any, incurred for the proper processing of the claims etc.
- iii. An amount of 2% of the budget allocation under the scheme shall be earmarked and made available for disposal with the Director of Industries & Commerce for allotting to the District/State Level Committees towards administrative expenses and advertisement and publicity costs. The expenses can be met for the purpose of canvassing applicants, hiring of vehicles, associated telephone charges, printing and publishing publicity materials, light refreshments for investor meets. The Director of Industries & Commerce will determine the limits under which such expenses are to be footed.

M. Forms and Clarifications.

MD-KSIDC shall have the full authority to prepare the application forms, form of agreement and any other formats required for the proper implementation of the Scheme and to issue clarifications sub-rules, modify the check-list etc, if required.
