

Sustainable Industry Incentive Scheme 2023

Annexure L

Scheme 15

R & D Incentive

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R & D Incentive

A. The Scheme

The 'R&D Incentive scheme intends to provide assistance of 20% of R&D cost to manufacturing enterprises in any of the priority sectors as outlined in the Kerala Industrial Policy 2023, engaged in R&D activities with universities, state / Research Institutes set up by GoI/GoK in the state, subject to a maximum up to Rs.100.00 Lakh per unit.

- The span of Research and Development activities shall be within a period of 5 years from the date of execution agreement with University/Research Institute.
- The eligible assistance shall be 20% of the cost of R&D activities subject to a maximum of Rs.100.00 Lakh.

B. Eligibility of applicants

- The Scheme is applicable to industrial units within the State Kerala in categories such as MSME, Large & Mega.
- The incentive shall be only for those units executed agreement /MOU with the university / Research Institutes set up by GoI/GoK in the state.
- The agreement/ MOU executed shall be on or after 01.04.2023
- All the expenses met towards the R&D activities shall be on or after 01.04.2023.
- The Scheme is applicable to manufacturing/service sector (excluding trade activities)
- The industrial unit shall be an independent legal entity.
- The unit shall be functioning while receiving assistance under this scheme.
- MSMEs shall have valid Udyam registration.
- Large and Mega industries should have valid DPIIT registration (if applicable)
- A company set up anywhere in India, will be eligible for the subsidy if the company has one or more manufacturing/service unit/units within the state of Kerala and the unit shall

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be in any of the Priority sectors as notified in the Industrial Policy of GoK, and the R&D activity shall be for the units located in Kerala.

- The industrial unit shall be in any of the priority sectors mentioned in the Kerala Industrial Policy 2023
- Government controlled industries, public sector undertakings; and any activities banned by GoK/GOI from time to time are not eligible for assistance.

C. Definitions & Explanations

The definitions for the terms mentioned in this Manual shall be only applicable for this Scheme.

- **MSME units: All Micro Small & Medium Enterprises (MSME's)**, as defined in the MSMED Act 2006.
- **Large Enterprise:** A company with Investment in plant & machinery / equipment above INR 50.00Cr and not exceeding INR 300.00Cr or Turnover above Rs.250.00 Cr, or defined by GoK/GoI from time to time.
- **Mega Enterprise:** : A company with Investment in plant & machinery /Equipment above the definition of Large Enterprises, or defined by GoK/GoI from time to time.

D. Entitlement of a successful applicant

A successful applicant is eligible for 20% of R&D cost with universities, state / central accredited research institutes within the state, subject to a maximum up to Rs.100.00 Lakh. The assistance shall be reimbursed to the unit as follows;

Eligible assistance shall be reimbursed to the unit in proportion to the amount paid to the university/Research institution by the applicant as per the agreement /MOU executed with the University/Research Institution.

If the provision in the agreement/MOU executed with the university/Research Institute is to make the payment in instalments over a period of time, the assistance shall be released to the eligible units in proportion to provisions in the agreement /MoU with the Uty/R&D Institutions. (Number of instalments and the percentage)

E. Components eligible for the assistance

The Fee levied/ expenses incurred by the University / Research Institution towards the research activity shall be eligible for assistance. The expenses may include feasibility study of the proposed R&D project, information acquisition and field visit, solution integration and testing, man power, purchase of equipments/material/ software, prototype development ,in-

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house and on site testing and evaluation of the technology/prototype developed, training, documentation, other incidental expenses etc. Which are essential for the R&D activities and duly certified by the University / Research Institute.

F. Mode of Application & Processing Fee

Eligible applicant shall apply online, with all relevant supporting documents and remit the applicable processing fee. The processing fee shall be Rs.5000/- +GST per claim.

G. Recommending Authority

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

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

H. 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**.

I. Mode of Release of Eligible Incentive

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.

J. General Guidelines

1. The assistance under this scheme shall be released to the eligible applicant in one go or in multiple tranche, depending on the eligibility of claims.

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2. 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.
3. The processing fee collected from applicant shall be used for meeting the incidental expenses including TA/DA, other administrative overheads, consultancy expenses, if any, incurred for the proper processing of the claims etc.
4. The proposed R & D shall have relevance/application to the industry.
5. There shall have a final product/solution/technology and that shall be properly documented

K. Obligations of the applicant entrepreneurs

1. The applicant shall submit the application, online through the web portal along with supporting documents.
2. The applicant shall pay the requisite application fee through the online portal.
3. The applicant shall provide all required details and declare such information as to be true.
4. The applicant shall provide the Bank Account details of the MSME unit at the time of submission of application.
5. The applicant shall provide clarifications or further details sought by the Recommending Authority/ Sanctioning Authority/ Appellate authority.
6. The applicant shall not change name, activity, constitution of the unit and the address of the applicant or any substantial contraction within the period of 5 years without the prior approval of MD, KSIDC.
7. The applicant, if so required by the Recommending Authority/ Sanctioning Authority/ Appellate 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 third party authorised by the recommending/sanctioning authority.
8. The applicant shall produce originals of any documents if so required by the recommending/sanctioning/appellate authority for verification.
9. Industrial unit which receives the assistance will be under obligation to remain working continuously for 5 years from the date of execution of agreement before the sanctioning authority.

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10. The applicant shall execute requisite legal agreement with the University/Research Institute as part of conducting the R&D activities.
11. The applicant shall execute requisite legal agreement with the University/Research Institute.
12. The applicant shall operate the unit as stipulated in the agreement in which the quantum of support received, failing which the assistance shall be resumed by restoring the provisions of Kerala Revenue Recovery Act.
13. The applicant shall operate the unit for a period of 5 years from the date of execution of agreement before the sanctioning authority. Any assistance under this Incentive to an industrial unit is liable to be refunded by the unit in case it closes down before the completion of 5 years, pro rata to the period remaining for the completion of 5 years, with interest at the rate of 14% per annum from the date of closing down of the unit, on issue of registered demand notice to the unit by the Recommending/Sanctioning authority.
14. The applicant unit after availing the assistance shall furnish copies of balance sheets, valid license from local body, electricity bills, performance particulars in the prescribed proforma etc every year till the period stipulated in the agreement, before the 31st December of the next financial year, as proof of their functioning through the online portal
15. The enterprise shall apply for the assistance within one year from the date of remittance of the payment with the University/Research institute.
16. The applicant shall submit completion certificate/status report certified by the University/Research Institute within 3 months of completion of the R&D activities or 5 years from the date of execution agreement with University/Research Institute to the sanctioning authority whichever is earlier, via online portal.
17. The period stipulated for R&D activities shall not exceed 5 years .If required so shall obtain approval of the sanctioning authority before expiry of the 5 year period.
18. The applicant shall submit the Agreement/ MOU executed with the University/Research Institute, proposal which includes the description of the R&D activity certified by the University/Research Institute, tentative estimate certified and recommended by the University/Research Institute

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19. Invoice/receipt of the fee remitted to the University/Research Institute certified by the University/Research Institute.

L. Appeal & Dispute Resolution Mechanism

There is a provision for the applicant to appeal against the award of the Sanctioning Authority, if needed. The appellate authority for applicants in such circumstances shall be MD-KSIDC. The Appeal Form affixing court fee stamp for Rs.10.00/- in the prescribed format, to be submitted within 30 days from date of sanction of the Proceedings. The Appellate Authority in such cases shall convene a meeting with the Sanctioning Authority and aggrieved applicant to resolve the matter. The decision of Appellate Authority will be final on such cases.

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

M. Recoveries and Penalties.

Any assistance under this Incentive to an industrial unit is liable to be refunded by the unit, on violation of any of the conditions in the agreement executed with the sanctioning authority or on grounds of obtaining assistance by misrepresentation, forgery or deception, with interest at the rate of 14% per annum from the date of receipt of the same, on issue of registered demand notice to the unit by the Recommending/Sanctioning authority . But in cases where the industrial unit closes down before the period stipulated in the agreement executed with the sanctioning authority the unit is only liable refund the assistance sanctioned pro rata to the period remaining for the completion of 5 years, with interest at the rate of 14% per annum from the date of closing down of the unit, on issue of registered demand notice to the unit by the Recommending/Sanctioning authority

All amounts due to Government under this provision shall, in case of default, be recoverable as if they are arrears of land revenue under the provisions of the Kerala Revenue Recovery Act, 1968 or in such other manner as Government may deem fit. Sufficient opportunity to show cause in writing shall however be granted to the units before a demand is raised against it.

N. Forms and Clarifications.

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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.
