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GOVERNMENT OF PUNJAB

DEPARTMENT OF INDUSTRIES & COMMERCE

NOTIFICATION

The 8th March, 2026

No. PIU/Industrial & Business Development Policy-2026/898.- In pursuance of the approval of the Council of Ministers, Government of Punjab granted in its meeting held on 07/03/2026, the Governor of Punjab is pleased to notify **'Industrial and Business Development Policy, 2026'** as per Annexure –A.

GURKIRAT KIRPAL SINGH, IAS

Administrative Secretary to Government of Punjab

Department of Industries & Commerce

Chandigarh

The 8th March, 2026

INDUSTRIAL AND BUSINESS DEVELOPMENT POLICY, 2026

Department of Industries & Commerce, Government of Punjab

SECTOR COMMITTEES

The Department of Industries & Commerce, Government of Punjab, constituted 24 sectoral committees vide order number PIU/NIF/Notification/2025/1353 dated 01-08-2025. These committees comprise industry leaders and sectoral experts. Following extensive deliberations and stakeholder consultations, sector-specific recommendations were received for the Department's consideration.

The Punjab IBDP-2026 integrates strategic recommendations aimed at further strengthening the contribution of both the manufacturing and services sectors to the State's economic growth. To provide targeted impetus to key focus sectors, the department envisions developing sector-specific policies to catalyse growth and augment their share in the State's GSVA.

List of sectoral committees formed is as follows:

S. No	Sectoral Committee	Sectoral Committee Chairperson	Company
1	Auto & Auto Components	Paritosh Garg	Happy Forgings, Ludhiana
2	Bicycle Industry	Onkar Singh Pahwa	Avon Cycles, Ludhiana
3	Electric Vehicles	Inderveer Singh	Evage Motors, Mohali
4	ESDM – Electronic Systems Design & Manufacturing	Dr.Kamlajeet Singh	Semiconductor Laboratory (SCL), SAS Nagar (Mohali)
5	Film Media	Dinesh Auluck	Speed Records, Jalandhar
6	Food Processing & Dairy	Ashok Arora	LT Foods (Daawat Rice)
7	Furniture & Ply Industry	NareshTiwari	Virgo Panels / Plywood Manufacturing Industries Association, Hoshiarpur
8	Heavy Machinery	A. S. Mittal	International Tractors Ltd, Hoshiarpur
9	Hospitals & Health Care	Dr.Bishav Mohan	DMC Ludhiana, Ludhiana
10	IT Sector	Pratap Aggarwal	IDS Infotech, Mohali
11	Logistics & Warehousing	Capt. Ashwani Nayar	Hind Terminals, Ludhiana
12	Machine Tools	Ashwani Kumar	Victor Forgings (also President, FIEO India), Jalandhar
13	Pharmaceuticals/ Biotechnology	Varinder Gupta	IOL Chemicals & Pharmaceuticals, Barnala
14	Plastic & Chemical Products	Abhi Bansal	ASSOCHAM & MD Sarswati Agro Chemicals, SAS Nagar

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15	Renewable Energy	Ashish Kumar	Verbio, Sangrur
16	Retail	Umang Jindal	Homeland Group, Tricity (Chandigarh–Mohali region)
17	Sports/ Leather Goods	Rajesh Kharbanda	Nivia Sports / Sports Goods Mfg. & Exporters Association, Jalandhar
18	Startups	Mamta Bhardwaj	Neuron (Punjab Startup Hub at STPI), Mohali
19	Steel & Rolling Mills	Sachit Jain	Vardhman Steel, Ludhiana
20	Textile – Apparels	Sandeep Jain	Monte Carlo Fashions Ltd, Ludhiana
21	Textile – Dyeing & Finishing	Rajnish Gupta	BalaJi Dyeing, Ludhiana
22	Textile – Spinning & Weaving	S. P. Oswal	Vardhman Textiles, Ludhiana
23	Tourism & Hospitality	Gurjinder Singh	Western Hotels
24	Universities / Coaching Institutions	Dr.Jaspal Singh Sandhu	Lovely Professional University, Jalandhar

1. OVERVIEW

Punjab has long embodied a strong entrepreneurial spirit, with its people continually adapting to an evolving business landscape. From agricultural pioneers to modern-day startup unicorns, Punjabis have led successive waves of business transformation. The State Government has played a crucial role in this journey by formulating policies that support the growth of industrial ecosystem. Consequently, to keep pace with emerging technologies and evolving industry needs, the Government has recognised the need for forward-looking, future-ready policies.

Punjab spans over an area of 50,362 sq. km and is home to over 3.0 crore people (estimates 2025). Its strong connectivity backbone includes 1,47,862 km of road network, 2,265 km of rail network, two (2) international airports (Amritsar and Mohali) and four (4) domestic airports (Jalandhar, Ludhiana, Bathinda, Pathankot)[1] supported by a robust logistics ecosystem comprising two (2) Air Cargo Terminals, five (5) Inland Container Depots, eight (8) Container Freight Stations, 78 Railway Goods Sheds, and three (3) Multimodal Logistics Parks. A cold storage capacity of 2.35 MMT, warehouse capacity of 5.5 MMT[2] and (3) Integrated Check Posts further make Punjab a logistics-friendly investment destination.

The State's economy, historically anchored in agriculture, evolved into a strong industrial base with 52 focal points, three (3) operational Special Economic Zones (SEZ), and 1,974.53 hectares of available industrial land. Punjab's reliable power infrastructure, with an installed capacity of approximately 14,747 MW[3] as on 2023-24, ensures uninterrupted industrial supply, making it an energy surplus state.

With a Gross State Domestic Product (GSDP) of USD 89.33 billion in 2023-24, contributing 2.5% to India's GDP, the State has steadily pursued reforms to make it easier and more attractive to do business. These efforts span rationalised power tariffs, a strong Single Window system for approvals, progressive labour reforms to name a few. The consistent approach has translated into tangible outcomes, with Punjab being adjudged a Top Achiever in five business-centric reform areas under Business Reform Action Plan (BRAP) 2024, followed by its recognition as a Top Achiever in the Ease of Doing Business 2022. The State has also earned the Digital India Silver Award for the Invest Punjab Business First Portal, ranked 3rd in logistics ease, been classified as a Fast Mover under LEADS 2024 among landlocked states, and placed in the Top Performer category in the Start-up Ranking Framework 2024. Together, these recognitions reflect Punjab's sustained reform journey and its commitment to offering investors a predictable, transparent, and business-friendly environment.

Punjab holds a strategic advantage owing to its extensive infrastructure, skilled workforce, and robust telecommunication network, with one of the highest road and rail densities and tele-density in India. The Industrial Policy of Punjab builds upon these inherent and acquired strengths to drive industrial growth, promote entrepreneurship, enhance export

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[1] Invest Punjab

[2] Punjab State Warehousing Corporation

3https://www.pspcl.in/Statistics

competitiveness, and position the State as one of India's most attractive and efficient destinations for domestic as well as global investors.

2. POLICY VISION

2.1. VISION

To establish Punjab as India's leading destination for manufacturing and services - powered by innovation, advanced technologies, and sustainable practices - the Government aims to attract global investments, create high-value employment opportunities, and nurture a future-ready workforce equipped with world-class skills to thrive in an evolving industrial landscape.

2.2. MISSION

- To position Punjab as a major destination for attracting industrial and service sector investments.
- To transform Punjab into a major Digital and Knowledge-based Services industry hub creating high-skill employment opportunities helping build a future-ready workforce.
- Strengthen sectoral and regional value chains to drive resilient industrial growth, balanced regional development, and a self-reliant Punjab integrated with global markets.
- Maximize human capital through targeted skilling, industry-linked training, and inclusive livelihood opportunities for youth, women, and marginalized communities in all districts.
- Drive systematic regulatory and institutional reforms to simplify procedures, enhance predictability, and make Punjab one of the top states in India on Ease of Doing Business.
- Foster innovation and build a vibrant startup and MSME ecosystem that nurtures entrepreneurship in every district, with special focus on border, rural, and backward areas.

2.3. OBJECTIVES

Punjab's industrial policy prioritizes creating a dynamic and sustainable industrial ecosystem that drives equitable economic growth and employment across the state. The key objectives guiding Punjab's industrial development strategy are:

- To attract investment across the sectors and create new employment opportunities by positioning Punjab as preferred investment destination by 2030.
- Increase secondary sector's share in Punjab's Gross State Value Added (GSVA) from 27% to 32% by 2030.
- To accelerate employment generation by enhancing youth employability through targeted, industry-aligned skilling programs and by creating job opportunities across emerging sectors.
- To develop world-class industrial infrastructure that fosters a comprehensive industrial ecosystem for investors and ancillary units under a self-governance model. Additionally, to establish 10 new industrial parks to further strengthen the State's industrial base and accelerate economic growth.

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- To ensure that manufacturing and service sector activities are equitably distributed and effectively reach every district of the State.
- To build a robust startup ecosystem by incubating over 1,000 innovative ventures, establishing 10 state-of-the-art incubation centres, and forging strong linkages with leading institutions including IIT Ropar, IIM Amritsar and other leading institutions across Punjab.
- To enhance the economic potential of the Kandi area and increase its contribution to the State's Gross State Value Added (GSVA).
- Build world-class logistics and warehousing infrastructure, cold storage infrastructure, logistics parks and multi-modal hubs, to reduce logistics costs and boost supply chain efficiency.
- To nurture future-ready MSMEs by aligning state priorities with Government of India initiatives, creating avenues for MSMEs expansion, fostering linkages with large enterprises, and promoting exports to ensure inclusive and sustained growth.

3. ADVANTAGE PUNJAB

Punjab has been an integral part of India's growth story, the state has contributed immensely to India's industrial, agricultural and economic growth, the state with 1.5% of India's land area and a population of over 3 crore contributes 2.5% to India's GDP.

The State's industrial and business ecosystem is characterised by strong entrepreneurial spirit, sectoral concentration, diversified manufacturing base, export-focused and is supported by robust infrastructure, progressive regulatory reforms and skilled manpower.

3.1. EASE OF DOING BUSINESS

Ease of Doing Business (EoDB) is a cornerstone of Punjab's industrial growth. Punjab is one of the leading States in the country in providing Ease of Doing Business and has undertaken wide-ranging institutional, procedural, and digital reforms to create a transparent, predictable, and investor-friendly regulatory environment. These reforms are aimed at reducing compliance burdens, ensuring time-bound approvalsand providing end-to-end facilitation across the project lifecycle.

Punjab has received national recognition for its strong Ease of Doing Business (EoDB) framework, securing the status of a Top Achiever in the DPIIT Ease of Doing Business Rankings (November 2025). The State demonstrated outstanding performance across five key reform areas—Business Entry, Construction Permit Enablers, Investment Facilitation, Healthcare Sector Reforms, and Services Sector Reforms. This recognition reflects the depth, effectiveness, and sustained commitment of Punjab's reform agenda in creating a predictable, transparent, and investor-friendly business environment, while supporting long-term and sustainable economic growth.

Some of the key reforms implemented by Punjab include:

- Time-bound digital single-window approvals within 45 working days
- Digital Revenue Feasibility Certificate issued within 15 working days
- Auto-deemed approvals and self-certification for MSME units
- In-Principal approval based on self-declaration in 5 working days under the Punjab Right to Business Act, applicable to units with an investment of Up to INR 125 crore.
- Single platform for more than 120+ regulatory clearances from 20+ departments.
- Accelerated incentive disbursement through Digital Incentive Disbursal System for faster and transparent release of incentives.

3.2. INDUSTRIAL INFRASTRUCTURE

Punjab has a well-developed industrial land bank created by Punjab Small Industries and Export Corporation (PSIEC), which has developed 52 Industrial Focal Points across the state. Punjab is home to major industrial hubs like Ludhiana, Jalandhar, Amritsar, Mohali, ShriFatehgarh Sahib Rajpura, others which are very well connected through Industrial Corridors, National Highways, Dedicated Freight Corridors(DFCs) and Inland Container Depots (ICDs). The State Government intends to notify Operations & Maintenance Act to increase participation of industry in maintenance of industrial focal points and offer best services to industry.

State government is committed to develop state-of-the-art industrial and sector specific infrastructure. Mohali in Punjab is emerging as a major IT,Knowledge, ESDM and Semiconductor hub; Government is developing Integrated Manufacturing Cluster in Rajpura which is a 1,000 acre project; State is also developing sector specific parks like Hi-Tech Cycle valley, IT City in Mohali and Medicityin New Chandigarh. The Government is further committed to promote participation of private sector to develop infrastructure and has a Private Industrial Estate Policy.

3.3. INDUSTRIAL ECOSYSTEM

The State's industrial ecosystem comprises the following integrated components that support manufacturing, logistics, and technology-led growth:

i. **Light Engineering and Industrial Manufacturing**: Punjab boasts a robust light engineering and industrial manufacturing ecosystem, anchored by the world's largest tractor manufacturing facility - underscoring the State's strong engineering competence. This sector is supported by a dense network of MSMEs and leading enterprises, including Swaraj Mahindra, Eastman, Happy Forgings, International Tractors Limited, John Deere, CLAAS, and Federal-Mogul, to name a few.

ii. **Mobility, Auto Components and Bicycle Manufacturing:** Punjab is India's leading bicycle manufacturing hub, accounting for nearly 75% of the country's bicycle production and 92% of bicycle component manufacturing. The State is home to prominent companies including Hero Lectro, Avon Cycles, TI Tubes, Ralson Tyres, JCBL, Hella India Lighting, Continental Device India Ltd, Hero EcoTech, ISUZU, among others, underscoring its dominance in the sector.

iii. **Textiles, Apparel and Technical Textiles**: Punjab holds a leading position in India's textile industry, contributing 65% of the country's hosiery output and 95% of woollen manufacturing. Backed by a skilled workforce and well-established clusters, the sector is evolving from volume-driven production to high-value segments such as technical textiles, premium garments, home furnishings, non-leather footwear, and fashion accessories - aligned with global market trends and value-chain upgrades. Key players include Monte Carlo, Octave, Duke, KG Exports, BalaJi Dyeing, Oriental Textiles, Vardhman Textiles, Trident Ltd, Nahar Spinning Mills, Shingora, Sanathan Textiles, and Shiva Texfabs Limited, others.

iv. **Sports Goods and Fitness Equipment Manufacturing:** Punjab has a strong foundation in sports goods manufacturing and is now transitioning toward high-value segments such as advanced sports equipment, fitness machinery, and precision-engineered products. The sector blends traditional craftsmanship with modern design, global quality standards, and an export-oriented approach, driving employment-intensive industrial growth. Key players include Tynor, Nivia, among others.

3.4. POWER

Punjab offers an abundant, reliable, and cost-competitive power ecosystem to industrial units across the State. With an installed power capacity of approximately 14,747 MW as on 2023-24, of which 33% is derived from renewable and hydro sources, and with a central sector contribution of around 28%, the State ensures long-term energy security and sustainable power availability. Punjab offers power at one of the lowest industrial tariffs, making it a preferred destination for many industries in comparison to any neighbouring states.

Punjab aims to provide unparalleled power related infrastructure, thereby making it nationally competitive. The state has excellent distribution network which includes 66 KVA sub-stations at every 10 km. It has the country's first ever 400 KVA ring main system covering the entire state[4]. Additionally, transmission and distribution losses are limited to about 14%, significantly below the national average of nearly 20%, enhancing power efficiency and operational reliability. Together, these factors strengthen the cost competitiveness and uninterrupted operations of industrial enterprises in Punjab.

Punjab offers electricity to industrial consumers at competitive and lower tariffs compared to other states. The State's balanced power mix, availability of surplus capacity, and efficient power procurement mechanisms enable the provision of reliable and cost-effective electricity to industry. This competitive tariff structure supports enhanced industrial productivity, operational efficiency for industrial operations.

3.5. INDUSTRIAL RELATIONS

Punjab's industrial ecosystem is supported by a strong, competitive, and readily available labour force, with nearly 70% of the population in the working-age group (15 - 59 years). A flexible labour regime allows 24×7 industrial operations and a stable industrial relations environment marked by no strikes or lockouts. This labour advantage, combined with a robust MSME ecosystem across engineering, textiles, food processing, and manufacturing services, enables entrepreneurship, employment generation, and resilient industrial supply chains.

3.6. TRANSPORT AND CONNECTIVTY

Punjab offers state-of-the-art connectivity infrastructure across road, rail and air transport. Punjab is recognized as a top-performing state in the Logistics Ease Across Different States (LEADS) ranking, frequently ranking in the 'Achiever' or 'Top Achiever' categories for its high-quality infrastructure, cargo safety, and regulatory environment.

The State's logistics infrastructure includes 5 upcoming and operational airports in Mohali, Amritsar, Ludhiana, Pathankot and Bathinda, 5 Inland Container Depots, 3 Multi-Modal Logistics Parks, 2 Air Cargo Complexes, 2 Private Freight Terminals, and 8 Container Freight Stations (CFSs). State has the amongst the highest rail density in the country, all major towns are

[4] https://pbindustries.gov.in/webportal/uploads/pdffiles/a3c3f4cdf2becbd13442973e23ec4c0f.pdf

connected with 4/6 lane highways and Amritsar Kolkata Industrial Corridor (AKIC) cuts across the state.

3.7. TECHNOLOGY & INNOVATION ECOSYSTEM

Mohali in Punjab is emerging as a major Technology, Knowledge, Innovation and Electronics Manufacturing hub. The State is committed to develop technology-enabled industrial infrastructure supporting IT services, electronics manufacturing, engineering design, R&D labs, data centres, and Global Capability Centres (GCCs). The presence of premier institutions including IIT Ropar, IISER Mohali, ISB Mohali, Semiconductor Laboratory (SCL), IMTECH, and the Institute of Nano Science & Technology (INST), Mohali strengthens industry-academia linkages and innovation-led manufacturing. The State intends to promote development of incubation centre that lead to creation of startups focusing on Advanced Technologies in core sectors like AgriTech, EduTech, CleanTech& Sustainability, AI, Robotics, Semiconductors, Electric Mobility.

3.8. SOCIAL INFRASTRUCTURE

Punjab offers one of the finest social infrastructures in India, combining rich cultural heritage with modern amenities. Known as the land of five rivers, the State boasts of fertile land and a vibrant, welcoming culture. It is home to premier educational institutions such as IIT Ropar, IIM Amritsar, Lovely Professional University, Chitkara University, Amity University, other prominent educational institutions including Punjab Engineering College, and Panjab University in proximity, ensuring world-class academic opportunities. Punjab also has leading multi-specialty and super-specialty hospitals, including AIIMS, Bathinda, DMC Ludhiana, Neom Healthcare, Para Hospital, Fortis Hospital, Mohali and Max Healthcare, Mohali, other prominent healthcare institutions like PGI in its vicinity providing advanced healthcare services. Located in proximity to the Shivalik hills and the Himalayas, the State offers pristine natural landscapes, conducive climate making it an attractive destination for Living, Learning, Earning and Leisure.

4. SCOPE OF THE POLICY

4.1. POLICY APPLICABILITY

4.1.1 This Policy shall come into force from the date of its notification by the Government of Punjab and may be amended, modified, or cease to exist, either wholly or partially, as notified by the Government from time to time based on implementation experience, sectoral requirements, prevailing economic conditions, or other considerations as deemed appropriate by the Government.

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

4.1.3 In the service sector, only the New Unit shall be entitled to fiscal incentives under this policy; however, IT/ITeS units and GCC's (as defined under sectoral policy) undertaking expansion shall be eligible for incentives under the respective sectoral policy.

4.1.4 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.

4.1.5 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.

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

4.1.7 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.

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

4.1.9 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.

4.2. 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 prioritises employment-intensive enterprises while ensuring balanced regional development across the State. By adopting an industry-centric categorisation, the policy enables targeted incentive prioritisation 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.

4.2.1 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.

4.2.2 LARGE UNITS

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

4.2.3 MEGA UNITS

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

However, IT/ITeS Units with FCI exceeding INR 250 crore, and the first three (3) Global Capability Centres (GCCs) creating direct employment of more than 1,000 persons, shall be classified as Mega Units under this Policy.

4.3. 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:

4.3.1 Border Districts: Pathankot, Gurdaspur, Amritsar, Tarn Taran, Ferozepur and Fazilka

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

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

4.4. PRIORITY SECTORS

The following sectors have been identified as Priority Sectors under this policy: -

i. Electric Vehicle Manufacturing

ii. Agri& Food Processing Industries

iii. IT/ITeS/ GCC

iv. ESDM & Semiconductors

v. Defence & Aerospace

vi. Processing of Agro-waste (Biomass excluding mandi waste) into Energy, Bio-Energy, manure or any other usable form

vii. Textiles covered under Division No. 13 of NIC 2025 including Apparel and Made-ups, Technical Textiles, However, Dyeing and finishing unit using ZLD technology shall only be treated as Priority Sector.

viii. Auto & Auto Components

ix. Sports Goods

5. 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 Industrial and Business Development Policy, 2026, the State has adopted a flexible 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.

The policy offers industries the flexibility to select from a wide range of incentives and durations. Through these targeted interventions, Punjab aims to rationalise incentive disbursement and promote sustainable and inclusive industrial development.

The concerned department will issue their relevant notification for grant of fiscal incentives within 30 days from the date of notification of this policy.

5.1. INCENTIVE STRUCTURE AND DISBURSEMENT

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:

5.1.1 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 Incentive Ceiling
MSME Units	Up to **100% of the eligible Fixed Capital Investment,** subject to a maximum cap of **INR 500 crore**
Large Units	
Units falling in Border Districts & Kandi Areas	Up to **125% of the eligible Fixed Capital Investment**, subject to a maximum cap of **INR 500 crore**
Units falling in Priority Sectors as per clause 4.4	

However, the overall ceilings prescribed under Sectoral Policies shall prevail and be applicable to the respective sectors. Moreover, all the incentives/additional incentives prescribed under various Sectoral Policies shall be included as part of the overall ceiling of Fiscal Incentives.

Note: *For incentives to Existing MSMEs (as defined under clause 5.3) 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.*

5.1.2 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.

5.1.3 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 5.1.1.

For the purpose of calculating the annual ceiling:

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

shall first be deducted from the overall incentive ceiling under Clause 5.1.1. 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 a 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 5.1.1, unless otherwise specified and shall in all cases be subject to an absolute upper limit of INR 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.*

5.1.4 PROCESS FOR DISBURSEMENT OF INCENTIVES

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

(i) 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 5.1.3 of IBDP-2026.

(ii) The Eligibility Certificate for the grant of Electricity Duty (ED) Exemption, as well as exemption from Market Fee, Rural Development Fee, other State taxes, or Property Tax, as applicable, shall be issued specifying the ceiling amount for the respective financial year(s). The ceiling for Market Fee, Rural Development Fee, and other State taxes for each respective financial year shall be determined on the basis of the self-assessment submitted by the concerned unit for that year.

(iii) At the end of each Financial Year, the Eligibility Certificates for subsequent years in respect of Electricity Duty Exemption, Market Fee, Rural Development Fee, other State Tax Exemptions, and Property Tax Exemption shall be reviewed annually by the District Scrutiny Committee (DSC).

(iv) The unit shall avail the sum total of incentives for a particular financial year within the Annual Ceiling as calculated as per clause 5.1.3 of IBDP-2026. 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.

(v) At the end of each Financial Year, claims for all other incentives, including yearly capital subsidy *(excluding Electricity Duty Exemption, Stamp Duty/CLU/EDC, and Market Fee),* 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.

(vi) 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.

(vii) 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, APR, and other prescribed documents.

5.1.5 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 the well defined reasons shall be reviewed and may be condoned strictly as per the criteria laid out below:

1. 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.
2. 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.
3. 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.

5.1.6 SPECIAL CONDITION FOR MSMES FOR AVAILING ANY POST-PRODUCTION INCENTIVES

Micro, Small, and Medium Enterprises (MSMEs) shall be required to register under the ZED Scheme 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.

5.2. FISCAL INCENTIVES

The State offers a fiscal incentive framework that addresses investors all business requirements of investors which will help them in grounding their investments:

5.2.1 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 Common Application Form (I-CAF) only.

5.2.2 CAPITAL SUBSIDY

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

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

Quantum of Capital Subsidy	Disbursement Tenure

Capital subsidy of up to 20% of the eligible Fixed Capital Investment (FCI), subject to a maximum incentive cap of INR 10 crore.	Disbursed in annual eligible instalments over the eligibility period as defined under Clause 5.1.2.

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.

$$\textbf{Annualized Quantum} = \frac{\textbf{Quantum of capital subsidy as above}}{\textbf{Eligibility period as per clause 5.1.2}}$$

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

(i) Existing manufacturing units undertaking modernization, as defined under the relevant provisions of DSOG-2026, shall be eligible for Capital Subsidy at 20% of the eligible investment in Plant and Machinery made towards such modernization, subject to a maximum incentive cap of INR 10 crore.

(ii) 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.

(iii) 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 5.2.2(A) only and Units undertaking only Modernization shall be covered under Clause 5.2.2(B).*

5.2.3 EXEMPTION OF ELECTRICITY DUTY

A. Quantum and Eligibility Period

i. 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 5.1.2.

ii. In the case of existing units undertaking expansion, electricity duty exemption shall be available only on the incremental increase in power consumption over:

1. the average power consumption of the preceding three (3) years, or
2. 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.

iii. The Electricity Duty Exemption Incentive shall be subject to an annual ceiling as per Clause 5.1.3.

B. Other Conditions

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

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

iii. 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.

5.2.4 INVESTMENT SUBSIDY BY WAY OF REIMBURSEMENT OF NET SGST

A. Quantum and Eligibility Period

i. 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 5.1.2, starting from the date of commercial production.

ii. 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:

1. the average sale of goods produced in the preceding three (3) years, or
2. 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

i. 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.

ii. 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.

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

5.2.5 EMPLOYMENT GENERATION SUBSIDY (EGS)

A. Eligibility

All eligible new units and existing units undertaking expansion shall achieve a minimum eligible FCI of INR 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.

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

iv. 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. 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 5.1.3.

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

5.2.6 MARKETING ASSISTANCE

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

Industrial and Business Development Policy 2026

i. 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.

ii. 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:

1. Assistance shall be admissible once for each event for International/National per financial year for eligible unit.
2. 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

5.2.7 FREIGHT SUBSIDY

A. Quantum and Extent of Assistance

i. 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 INR 30 lakh per annum for a period of five (5) years.

5.2.8 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

i. 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.

ii. 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:

1. Assistance shall be provided at 50% of the actual project cost, subject to a maximum cap of ₹2.5 crore per facility.
2. This support shall be limited to the first ten (10) eligible Industrial Clusters, and shall be sanctioned on a first-come-first-served basis.
3. 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 ZLD

i. 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).

ii. Standalone Existing Units

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

1. Subsidy shall be provided at up to 20% of the total project cost.
2. The subsidy shall be subject to a maximum cap of INR 10 crore per unit.

The sanctioned assistance shall be disbursed in ten (10) equal annual instalments, as per operational guidelines.

iii. 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:

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

iv. Industrial Clusters – Up-gradation of Existing CETP to ZLD

For an Industrial Cluster or Industrial Association with a minimum of five (5) industrial units, undertaking up-gradation of an existing Common Effluent Treatment Plant (CETP) into a shared ZLD facility, financial assistance shall be provided as follows:

1. Assistance shall be provided at 20% of the actual cost incurred for up-gradation.
2. The assistance shall be subject to a maximum cap of ₹10 crore per project.

3. The sanctioned assistance shall be disbursed in ten (10) equal annual instalments, as per operational guidelines.

v. 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.

vi. Stamp Duty Exemption

Units as per 5.2.8 (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 up-gradation/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.*

5.2.9 INCENTIVE FOR INSTALLATION OF PADDY STRAW–BASED BOILERS

i. 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 8.2 of this Policy.

1. Capital Subsidy shall be provided @ 50% of the total cost incurred on boiler or INR 1 crore per 8 TPH, whichever is lower, subject to a maximum ceiling of INR 5 crore.
2. The incentive shall be released in three (3) equal annual instalments and this shall be over and above the ceiling prescribed under clause 5.1.1 and 5.1.3

ii. Existing Industries Switching to Paddy Straw Boilers

Existing industrial units switching over to Paddy Straw Fuel-Based Boilers shall be eligible for:

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

iii. Existing Industries Upgrading Existing Boilers

Existing units upgrading their boilers to Paddy Straw Fuel-Based Boilers shall be eligible for:

1. Capital Subsidy shall be provided @ 50% of the total cost incurred, or INR .75 crore per 8 TPH, whichever is lower, subject to a maximum ceiling of INR 2.5 crore.
2. The sanctioned incentive shall be released in three (3) equal annual instalments.

Note: *For 5.2.9 (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.*

iv. Stamp Duty Exemption

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.*

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

i. 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:

1. 100% of the CGTMSE guarantee fee shall be reimbursed.
2. The reimbursement shall be subject to a maximum cap of ₹3 lakh per unit per year.
3. The incentive shall be available for a period of seven (7) years from the Date of Commercial Production (DoCP).
4. Reimbursement shall be processed as per the prescribed operational guidelines.

5.2.11 FINANCIAL ASSISTANCE TO MSMES FOR NSE–EMERGE PLATFORM

i. 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:

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

5.2.12 ADDITIONAL STATE SUPPORT UNDER THE ZED SCHEME OF GOVERNMENT OF INDIA

i. New Units and Existing Manufacturing Units including those undertaking Expansion

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:

1. A one-tine 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.
2. 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.
3. 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.

5.2.13 REIMBURSEMENT OF AUDIT EXPENSES FOR ENERGY AUDIT/WATER AUDIT/ENVIRONMENT AUDIT/STEAM AUDIT/SAFETY AUDIT

i. New Units and Existing Manufacturing Units including those undertaking Expansion

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:

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

5.2.14 REIMBURSEMENT OF EXPENSES FOR PATENT REGISTRATION

i. 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. 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.

5.2.15 REIMBURSEMENT OF EXPENSES FOR QUALITY, MANAGEMENT SYSTEM, AND ENVIRONMENT CERTIFICATIONS

i. 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:

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

5.2.16 DIGITAL MARKETING SUPPORT

i. New Units and Existing Manufacturing Units including those undertaking Expansion

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

- Maximum reimbursement per unit: INR 50,000
- Maximum reimbursement for ODOP manufacturing units: INR 75,000

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

5.2.17 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.

5.2.18 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.

5.2.19 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.

5.3. FISCAL SUPPORT FOR EXISTING INDUSTRY

Existing industrial units shall be eligible for the following fiscal incentives under this Industrial Policy: as per clause 5.2.2(B), 5.2.6, 5.2.7, 5.2.8, 5.2.9, 5.2.10, 5.2.11, 5.2.12, 5.2.13, 5.2.14, 5.2.15, 5.2.16, 5.2.18 and 5.2.19.

5.4. CUSTOMIZED PACKAGE OF FISCAL INCENTIVE:

For Mega Units as per clause 4.2.3, 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.

1.	Finance Minister, Govt of Punjab	Chairperson
2.	Industries & 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 Industries & Commerce Punjab	Member Convenor

5.5. 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 shall formulate 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.

6. NON-FISCAL INCENTIVES

6.1. FASTTRACK MECHANISM /EASE OF DOING BUSINESS

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) 2025 and subsequently recognized as a Top Achiever in the Ease of Doing Business rankings for 2024.

By reducing compliance burdens, upgrading 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.

6.1.1 **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.

6.1.2 **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 - 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.

6.1.3 **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.

6.1.4 **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.

6.1.5 **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.

6.1.6 **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.

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

6.1.8 **Self-Certification for Building Plans and Layout Modifications:** Building plans and layout alterations submitted through the Fast-Track Punjab Portal may be certified by empanelled architects. This reform reduces processing time and promotes a more efficient, compliance-driven approval system.

6.1.9 **Online Land Feasibility Report:** Investors can obtain land feasibility reports online through the Fast-Track Punjab Portal. The designated Revenue Officer is mandated to issue the report within 45 days of application, ensuring timely and transparent land assessment.

6.2. 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:

6.2.1 **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.

6.2.2 **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.

6.2.3 **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.

6.2.4 **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.

6.2.5 **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.

6.2.6 **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.

6.2.7 **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.

6.2.8 **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.

6.2.9 **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.

6.2.10 **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.

6.2.11 **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.

Note: *All Labour-related reforms shall be implemented subject to issuance of the notification from Department of Labour.*

6.3. FIRE REFORMS

6.3.1 **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.

6.4. 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:

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

6.4.2 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**.

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

6.4.4 The details of all necessary components for availing a service such as comprehensive list of documents required, applicable fee, SOPs with stage wise details and time for disposal of application is listed on PPCBs website.

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

6.4.6 Simplified processes for entrepreneurs by enabling auto-renewal of consents to establish, operate, and authorizations for all categories of Small-Scale Industries/ Projects, Healthcare facilities (up to 50 beds), and Hazardous waste-generating units. This facility is based on self-declaration by the enterprises and is granted without any inspection or physical verification by PPCB officials.

6.4.7 Continuous upgradation is being undertaken for the Online Consent Management & Monitoring System (OCMMS) to simplify and streamline the process related to regulatory clearances under various environmental laws.

6.4.8 An online dashboard on PPCB's website provides real-time updates on the number of applications received and approved, along with the corresponding approval timelines.

6.4.9 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.

6.4.10 Simplified registration/renewal under the Battery Waste Management Rules 2022, Plastic Waste Management Rules 2022, E-Waste Management Rules, 2022 through department's website.

6.4.11 Several penal provisions have been decriminalized, and the severity of penalties for minor offences and non-compliance has been substantially reduced. Additionally, PPCB has eliminated outdated and redundant regulations, marking a significant step toward easing compliance requirements and streamlining regulatory processes.

6.5. 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. The following reforms are instrumental in unlocking the full potential of industrial land and supporting inclusive, infrastructure-led growth in line with the objectives of the Punjab Industrial and Business Development Policy 2026.

6.5.1 **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. Industries are permitted to exceed the 21 m height limit, subject to safety and airport clearance, with required setbacks ranging from 6 m to 20 m based on overall height.

6.5.2 **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. The state has introduced self-certification mechanisms and acceptance of certification by qualified professionals to eliminate redundant inspections and reducing approval timelines and compliance burden.

6.5.3 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.

6.5.4 **Mixed Land Use Zoning:** To support industrial growth and compact urban development, mixed land use shall be permitted along major urban corridors and Transit Oriented Development (TOD) corridors. Zoning shall follow a negative list-based framework, permitting all compatible uses except those specifically restricted. This approach enables integration of commercial, service, and light industrial activities near transport corridors, reduces distance between workplaces and housing, and facilitates development of industrial corridors, logistics parks, and MSME clusters, resulting in improved workforce accessibility.

6.5.5 **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

6.5.6 **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.

6.5.7 **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.

6.5.8 **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.

6.6. INFRASTRUCTURE & LAND RELATED

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

6.6.1 **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.

6.6.2 **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.

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

6.6.4 **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.

6.6.5 **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.

6.6.6 **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.

6.6.7 **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.

6.6.8 **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.

6.6.9 **Decongestion of cities**: The State will also enable the industries located in the congested areas of the city or non-conforming zones (where Master Plan stipulates their shifting after certain time period) to the new areas being developed and allow the inner areas for more value-added city use.

6.7. 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 or proposed to be undertaken by PSPCL are outlined below:

6.7.1 **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.

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

6.7.3 **Enhancement of Contract Load for Small Power:** As part of the power sector reforms,PSPCL shall make provisions to enhance the sanctioned load limit for small power connections for industrial units from 20KW to 50 KW. This enhancement will enable 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.

6.7.4 **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.

6.7.5 **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.

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

6.7.7 **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.

6.7.8 **Release of electricity connections for Electric Vehicle (EV) charging stations:** Regulatory reforms carried out by the state now allow EV charging stations to obtain independent connections under the applicable tariff without requiring landowner consent enabling flexible deployment of EV charging infrastructure across commercial and mixed-use developments. In addition, EV charging stations operated for public utility purposes have been classified as essential services.

6.7.9 **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%.

6.7.10 **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.

6.7.11 **Power Tariff Rationalisation:** To enhance industrial competitiveness and provide long-term cost predictability to investors, the State shall 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).*

6.8. WATER

Water is a critical driver of industrial activity, and the textile sector requires an adequate and reliable supply for its production processes. The Punjab Water Regulation and Development Authority (PWRDA) will formulate appropriate 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.

6.9. SKILL DEVELOPMENT

The State acknowledges that human capital is vital for industrial competitiveness, and the rapid advancement of technology and industry requires a skilled workforce aligned with emerging market needs. To achieve this, the State shall identify multiple areas of collaboration for skill development through partnerships with the Government of India and via the Public-Private

Partnership (PPP) model. The State is committed to strengthening its skill development ecosystem to ensure that its demographic 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.

6.9.1 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.

6.9.2 In the **Financial Year 2025-26, the Department has provided job facilitation to 70,711 candidates through 1,356 placement camps/job fairs**. The department has facilitated placement of 3,58,240 applicants since April 2022 through District Bureau of Employment and Enterprises (DBEEs).

6.9.3 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.

6.9.4 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.**

6.9.5 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.

6.9.6 **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

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

6.9.8 **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.

6.9.9 **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.

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6.9.10 State will collaborate with Industry to engage youth under initiatives like Apprenticeship Training, On Job Training, Internship Training, Hands on Training, Industry visits, Pre-induction training, Skill Training at industry premises, Captive Employment etc.

7. KEY INTERVENTIONS

7.1. MSME

Punjab, with a robust base of nearly 1.6 lakh MSME units, plans to establish a dedicated agency - 'MSME Punjab' under the Punjab Industrial and Business Development Authority to transform its MSME ecosystem into a highly dynamic and globally competitive sector. MSME Punjab will serve as a single institutional platform to enhance competitiveness, improve access to finance, technology, markets, and skills, and promote cluster-based development. The following points shows the vision of Punjab Government.

7.1.1 **District-Level Single Window System:** Strong single-window systems at the district level will offer one-stop services for clearances, regulatory approvals, and incentives, along with facilitation in infrastructure, finance, and entrepreneurship development.

7.1.2 **Cluster-Based Industrial Development:** The State shall identify, and map industrial clusters using GIS and prioritize sectors like auto components, cycles, textiles, food processing, and electronics to ensure focused policy and infrastructure support.

7.1.3 **Technology and Innovation Support:** New Technology Centres and Common Facility Centres shall be set up in major clusters to provide R&D, design, prototyping, testing, and training support, enhancing the technological capabilities of MSMEs.

7.1.4 **Upgradation of Existing Infrastructure:** Existing Quality Marking Centres (QMCs) and Industrial Development Centres (IDCs) will be modernized through PPP models to function as technology, testing, and skill development hubs.

7.1.5 **Adoption of Central and State Schemes**: Punjab will promote central government schemes including CLCSS, TEQUP, Lean Manufacturing, and ZED while creating state-specific initiatives to bridge local gaps in MSME technology and quality upgradation.

7.1.6 **Infrastructure for MSMEs:** Developed industrial sheds, flatted factories, and plug-and-play facilities will be created across districts to provide ready-to-use infrastructure for MSMEs.

7.1.7 **Access to Finance and Capital Markets:** The State will facilitate MSME access to bank finance, promote listings on the NSE-EMERGE platform, and explore the creation of a State SME Equity Participation Fund with SIDBI and NSE to enhance capital access.

7.1.8 **Growth Accelerator Program:** Punjab will introduce bespoke growth accelerator services offering mentorship, coaching, and training for MSMEs in partnership with international agencies to build competitiveness and scalability.

7.1.9 **Environmental Infrastructure Development:** The State will foster the development of Common Effluent Treatment Plants (CETPs) and other shared environmental facilities on a PPP model to support sustainable industrial growth.

7.1.10 **Revival and Rehabilitation of Sick Units:** A comprehensive revival framework will be implemented for rehabilitating viable sick MSMEs, including district-wise identification and state-supported relief packages.

7.1.11 **MSME Facilitation Councils**: District-level MSME Facilitation Councils will be established in key cities for quicker resolution of payment disputes and other grievances under the MSMED Act, ensuring local-level accessibility.

7.2. RAISING AND ACCELERATING MSME PERFORMANCE (RAMP)

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India, in collaboration with State Governments and key ecosystem stakeholders, is implementing the Raising and Accelerating MSME Performance (RAMP) Programme, a World Bank–assisted Central Sector Scheme notified on 30 June 2022. Conceived as a five-year programme spanning FY 2022–23 to FY 2026–27, RAMP seeks to strengthen the MSME ecosystem across the country by addressing systemic and structural constraints and enabling sustainable, inclusive, and competitive growth.

The programme is structured around six strategic priority areas, namely: (i) strengthening institutional capacity and governance mechanisms at the Central level; (ii) enhancing Centre–State coordination and policy coherence; (iii) improving market access and integration for MSMEs; (iv) addressing challenges related to delayed payments; (v) expanding access to affordable and timely finance; and (vi) promoting environmentally sustainable and resource-efficient practices within the MSME sector.

To operationalize the programme, the Ministry invited States and Union Territories to submit Strategic Investment Plans (SIPs) aligned with prescribed frameworks. States were supported through technical assistance during plan formulation, followed by a rigorous appraisal and approval process. In this context, the Department of Industries and Commerce, Government of Punjab, submitted its SIP on 10 January 2024, proposing 17 targeted interventions with an estimated outlay of INR 679.98 crore. Based on detailed evaluation, the Ministry approved 13 interventions and sanctioned a grant-in-aid of INR 120.35 crore under the RAMP Programme, fully funded by the Government of India.

Under the RAMP Programme, Punjab is implementing a set of targeted interventions to strengthen the MSME ecosystem through digitalization, institutional strengthening, market access, capacity building, inclusivity, and sustainability. Key initiatives include development of a unified Punjab Digital Platform and a dedicated MSME Wing within the Department of Industries and Commerce; establishment of an Export Promotion and Facilitation Cell and MSME–GeM Facilitation Centres to enhance market access and public procurement participation; and capacity building of MSMEs and departmental officials in identified focus sectors. The interventions also promote women-owned enterprises, green and energy-efficient manufacturing practices, and quality upgradation through linkages with testing laboratories and R&D institutions. Further, the programme supports skill development through strengthening

Government ITIs and Polytechnics, including use of Virtual Reality–based training infrastructure, enables Industry 4.0 adoption in high-potential sectors, and ensures last-mile support through deployment of VyaparSahayaks across districts.

The approved interventions in Punjab are designed to modernize institutional systems, enhance MSME competitiveness, facilitate technology adoption, strengthen market linkages, and build skilled human capital. The interventions also place emphasis on inclusivity, with specific focus on women-led enterprises, as well as on the adoption of green and sustainable business practices. Collectively, these measures are expected to institutionalize best practices, improve enterprise resilience, and enable scale and innovation across the MSME value chain in Punjab, while contributing to broader national objectives of economic growth, employment generation, and sustainable development.

7.3. CLUSTER DEVELOPMENT SCHEME

Punjab will adopt a cluster-based strategy to drive MSME sector development, leveraging economies of scale, shared facilities, and collective efficiency among co-located enterprises. The State aims to optimize the use of Central Government's cluster development schemes, while also introducing its own State-level cluster development program to address unmet needs and bridge gaps in existing frameworks.

Cluster interventions will be designed to strengthen infrastructure, technology adoption, and market readiness of MSMEs through proactive collaboration between government departments, industry associations, and Special Purpose Vehicles (SPVs) formed by cluster members. The objective is to create a synergistic environment that fosters innovation, cost competitiveness, and sustainable industrial growth.

Punjab seeks to harness the Government of India's MSE-CDP Scheme, as notified or amended from time to time, with enhanced commitment and stronger financial participation to drive cluster-based growth across the State

7.4. START-UP

Punjab envisions building a vibrant, inclusive, and innovation-driven startup ecosystem to position the State as a leading hub for entrepreneurship and new-age enterprises. Anchored in the State's strong enterprising culture and supported by a growing base of 1,261 registered startups, the vision focuses on transitioning towards knowledge- and technology-driven businesses, strengthening institutional and incubation support, and fostering deep industry–academia linkages. Through targeted interventions across skilling, infrastructure, market access, and regulatory facilitation, the State aims to enable startups to scale sustainably, generate employment, and contribute meaningfully to Punjab's long-term economic growth.

7.4.1 **Transition to Knowledge- and Technology-Driven Enterprises:** The State aims to transition from traditional enterprise models to knowledge- and technology-driven startups by fostering a culture of innovation, research, and entrepreneurship as key drivers of future economic growth.

7.4.2 **Strengthening the Startup Punjab Ecosystem:** The State shall further strengthen Startup Punjab as the nodal agency to coordinate and align Central and State initiatives supporting startups, innovation, and entrepreneurship across sectors.

7.4.3 **Leveraging Academic and Research Institutions:** The State shall leverage leading academic and research institutions including IIT Ropar, ISB Mohali, IISER, NIPER, and State universities to promote research-led entrepreneurship through strong industry–academia linkages.

7.4.4 **Expanding Incubation and Acceleration Infrastructure**: The State aims to establish and strengthen incubation centres and accelerators across universities, colleges, government institutions, and the private sector to support startups from ideation to commercialization.

7.4.5 **Promoting Sector-Focused Startup Development:** The State shall promote sector-specific startups and incubators in priority areas including digital manufacturing, biotechnology and life sciences, agro and food processing, healthcare, tourism, and information technology.

7.4.6 **Facilitating Access to Markets, Mentorship, and Networks**: The State shall enable startups to access domestic and global markets, mentorship, investor networks, and industry partnerships through ecosystem linkages and collaborations.

7.4.7 **Promoting Inclusive and Rural Entrepreneurship:** The State aims to promote inclusive growth by supporting women entrepreneurs, SC / other gender / differently abled entrepreneurs, and rural impact startups through targeted programs and handholding support.

7.4.8 **Creating Common Infrastructure and Co-working Spaces:** The State shall facilitate the development of co-working spaces, R&D and testing facilities, digital infrastructure, and shared professional services to reduce operational barriers for startups.

7.4.9 **Enabling Market Access through Public Procurement:** To support startup scaling, the State shall provide eligible startups with relaxations and preferences in public procurement in accordance with applicable Government orders.

7.4.10 **Simplifying Startup Engagement through Digital Platforms:** The State shall provide a single digital interface through the Startup Punjab Portal and Mobile App for startup registration, compliance, approvals, and ecosystem collaboration.

7.5. RESEARCH & DEVELOPMENT

The State recognises the role of a robust research and innovation ecosystem to augment industry's technological advancement and accelerate the State's transition towards high-value, knowledge-driven industries. The State will promote industrial research, nurture innovation-led enterprises, and strengthen linkages between academia, industry, and start-ups to foster a culture of continuous technological improvement.

7.5.1 **Promotion of Innovation Ecosystem:** Punjab aims to work towards establishing a strong innovation environment by encouraging research-led growth, supporting technology-driven enterprises, and positioning the State among leading innovation performers in the country. Targeted interventions will promote adoption of new technologies and strengthen innovation capacity across sectors.

7.5.2 **Support for Industrial Research:** The State will incentivise both in-house R&D units and standalone research facilities to promote industrial innovation. Assistance will be provided to enterprises and associations investing in research infrastructure, product development, and technology enhancement.

7.5.3 **Centres of Excellence (CoEs):** The State is actively working towards establishing Centres of Excellence in collaboration with premier institutions and industry partners. These Centres will serve as hubs for sector-specific research, advanced skill development, and technology transfer. Support mechanisms, including grant-in-aid, may be extended in accordance with sectoral requirements and government priorities.

7.5.4 **IPR Awareness and Commercialisation:** The State aims to scale up awareness of intellectual property rights (IPR) by expanding outreach beyond major cities and ensuring accessibility to rural and grassroots innovators. The State assertively encourages MSMEs, industry, and academic institutions to commercialise their intellectual property through structured facilitation, capacity building, and collaborative platforms.

7.6. EXPORT PROMOTION & IMPORT SUBSTITUTION

Exports are a critical pillar of Punjab's industrial growth strategy and a key driver of employment generation, value addition, and global integration. Building on its strong manufacturing base, vibrant MSME ecosystem, skilled workforce, and strategic logistics advantages, the State seeks to deepen its integration into global value chains and enhance export competitiveness across priority sectors. Through a combination of sector-focused interventions, trade facilitation measures, and institutional support mechanisms, Punjab aims to accelerate export-led growth while strengthening quality, technology adoption, and market access for its exporters.

7.6.1 Punjab is positioned as a leading manufacturing and export-driven economy in Northern India, supported by its robust industrial base, strong MSME ecosystem, skilled workforce, and well-developed logistics infrastructure. The State's exports have shown a sustained growth of 41%, rising from INR 42,190 crore in 2018–19 to INR 59,592 crore in 2024–25, reflecting diversification across key sectors and improved global competitiveness. Punjab's export basket is anchored by high-performing industries including textile, agricultural products, heavy machinery, sports good, apparels etc, which together account for a significant share of the State's outbound trade.

7.6.2 Aligned with the vision of Atmanirbhar Bharat and the State's goal to strengthen its position in global value chains, Punjab aims to accelerate export growth through targeted sectoral strategies, improved trade facilitation, and a supportive incentive framework for export-oriented industries. Unlocking Punjab's next phase of export expansion will require tailored interventions that enhance export competitiveness, strengthen quality standards, upgrade technology, and improve access to international markets.

7.6.3 Punjab aims to create and nurture strong capabilities, by providing structural and operational support to scale exports:

7.6.4 Increasing awareness of available export financing instruments,

7.6.5 Reducing transportation and logistics expenses through development of ICDs and Dedicated Freight Terminals (DFT) networks,

7.6.6 Minimising regulatory hurdles and streamlining logistics constraints,

7.6.7 Widening global market access through digital trade and international buyer networks,

7.6.8 Developing advanced facilities for testing, certification, and packaging,

7.6.9 Deepening sectoral clusters by promoting aggregation, collaboration, and scale.

7.6.10 The State will further promote the One District One Product (ODOP) initiative to showcase district-specific strengths and enable artisans, MSMEs, and sectoral clusters to scale their products for international demand. Under this initiative, focused actions will include providing Market Development Assistance (MDA) for international fairs and buyer-seller meets, creating Common Facility Centres (CFC) for quality enhancement, and integrating ODOP products with the District Export Action Plan. Further support will encompass digital marketing, virtual exhibitions, coverage of export certification costs, and dedicated training programs for artisans and units on international quality standards, design expectations, and export-ready packaging practices.

7.6.11 A dedicated Export Promotion Council will be established to serve as the nodal body for export facilitation, assisting enterprises with market intelligence, documentation, and compliance, while also supporting their participation in domestic and international trade fairs, exhibitions, and Punjab-branded pavilions. Together, these interventions aim to create a robust, diversified, and globally competitive export ecosystem in Punjab.

7.7. SUSTAINABILITY

The State recognizes that sustainable development is integral to long-term industrial competitiveness, environmental protection, and inclusive economic growth. In alignment with Punjab Vision 2030, national climate commitments, and the Sustainable Development Goals (SDGs), the State is committed to integrating sustainability principles across energy, transport, industry, water, and waste management. Punjab's sustainability framework aims to ensure resource efficiency, pollution reduction, climate resilience, and improved quality of life while supporting future-ready industrial development.

7.7.1 **State Sustainability and Energy Vision:** The State's sustainability strategy is guided by the following three pillars:

7.7.2 **Environmental Protection and Clean Energy Access**: Ensuring a cleaner environment by reducing pollution, emissions, and environmental externalities, while providing adequate supply of clean, affordable, and reliable energy across the State.

7.7.3 **Inclusive Growth and Resource Efficiency**: Enhancing living standards by enabling access to modern energy and essential services in an affordable and reliable manner, while promoting efficient technologies in energy production, industrial processes, and water use to reduce consumption of natural resources.

7.7.4 **Economic Resilience and Natural Capital Enhancement**: Increasing the State's economic wealth by strengthening natural capital, reducing dependence on imported fuels, optimizing in-state resource utilization, and establishing integrated planning and monitoring frameworks for sustainable energy and resource management.

7.7.5 **Clean and Sustainable Transport:** The State shall promote large-scale electrification of public transport, supported by vehicle scrappage initiatives and emerging hydrogen mobility solutions, with the objective of achieving up to 58% reduction in transport sector emissions by 2047. To promote inclusive and sustainable mobility, Punjab provides free bus travel for women on all government-run bus services operated by Punjab Roadways, PUNBUS, and PRTC. This initiative encourages greater use of public transport, enhances women's access to education, employment, and public services, and contributes to reduced private vehicle usage, congestion, and transport-related emissions.

7.7.6 **Low-Emission Residential Energy**: The State shall facilitate a transition towards near-zero emissions from residential cooking through universal access to clean cooking fuels. Punjab targets 100% LPG coverage in urban areas by 2030 and in rural areas by 2047, with the objective of reducing indoor air pollution, improving public health outcomes, and lowering dependence on traditional biomass fuels.

7.7.7 **Sustainable Industrial Water and Effluent Management:**Recognizing water as a critical component of sustainable industrial development, the State has established Common Effluent Treatment Plants (CETPs) across key industrial clusters, particularly in textile dyeing, leather, electroplating, and manufacturing sectors. Punjab has multiple operational CETPs, including high-capacity facilities in Ludhiana and Jalandhar, which enable centralized treatment of industrial effluents, ensure regulatory compliance, and reduce environmental pollution, while also supporting MSMEs by lowering individual treatment costs and improving environmental performance at the cluster level.

7.7.8 **Sustainable Waste Management and Circular Economy:** The State shall pursue significant reduction in emissions and environmental impact from solid waste through the phased remediation and closure of legacy landfills and the adoption of scientific and sustainable waste management practices. These include composting, anaerobic digestion, recycling, material recovery, and waste-to-resource solutions, with emphasis on waste segregation at source and decentralized processing. These measures are intended to support a circular economy, reduce landfill dependency, and promote efficient resource utilization.

8. DEFINITIONS

8.1. GENERAL DEFINTIONS

8.1.1 **Aerospace Industry:** Aerospace Industry shall include the units in the aerospace value chain from raw material to finished products which add value to aerospace products/ intermediates/ residues both hardware and software. It shall include inter alia civil & military aircrafts, rotorcrafts, helicopters, business jets. This also includes design, research, development and prototyping. Further, it will also include guided missile component, UAVs and related components, propulsion units, overhaul machinery, rebuilding, manufacturing components etc.

8.1.2 **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.

8.1.3 **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.

8.1.4 **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.

8.1.5 **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.

8.1.6 **Defence Manufacturing enterprise:** Defence Manufacturing enterprise shall mean manufacturing enterprises which are supplying to Ministry of Defence, Government of India or their equivalent in foreign countries at least 50% of value of their finished goods as average of last three years OR should have secured defence order worth at least INR 10 Crore as average of last three years, from Ministry of Defence, Government of India or their equivalent in foreign countries. However, in case of a new unit, a bank guarantee equivalent to the amount of CLU/EDC for a period of 2 years after commercial Production shall be obtained. The new unit shall also file their annual production return by 30th June of every year reporting the defence order worth Rs 10 crores as an average for the next three years. The definition shall cover those units also which are supplying component of worth at least 50% of value of their finished goods to the units who in turn is supplier (as per terms laid down in above para) to Ministry of Defence, Govt. of India or their equivalent in foreign countries.

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

8.1.8 **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.

8.1.9 **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.

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

8.1.11 **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.

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

8.1.13 **Expansion:** A unit could be considered under expansion with or without diversification, if it is investing 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.

8.1.14 **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.

8.1.15 **GST:** Goods and Service Tax

8.1.16 **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 eligible machinery, equipment & service-related specialized software. The facility shall be for self-consumption.

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

8.1.18 **IT/ITeS Unit:** As defined in respective sectoral policy of IT/ITES

8.1.19 **Modernization**: Modernization refers to those existing units, upgrading their technology and investing on eligible plant 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.

8.1.20 **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, or resale of goods.

8.1.21 **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 Sal, unverifiable records, or misclassified transactions shall be liable to recovery 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 turnover or 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.

8.1.22 **Person with Disability (PwD):** A person with Disability shall be defined in accordance with the Right to Person 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.

8.1.23 **Policy:** Policy shall mean Punjab Industrial and Business Development Policy (IBDP) 2026, as amended from time to time

8.1.24 **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.

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

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

8.1.27 **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.

8.1.28 **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.

8.1.29 **Start of expansion:** Date of first invoice for the eligible expenditure on building or Plant and Machinery, as the case may be, under expansion.

8.1.30 **State Government:** Any reference to the State Government in this policy shall mean Government of Punjab in the concerned department.

8.1.31 **State Level Committee:** State Level Committee (SLC) means the Committee under the chairpersonship of Administrative Secretary, Department of Industries and Commerce, Punjab setup under this Policy for sanction of incentives.

8.1.32 **Unit:** Unit is a project set up at a particular location for which CAF has been filed on the online portal, by a Legal entity in the State of Punjab, and the legal entity may or may not have other projects at different or same location, to manufacture a product(s) or to provide a service(s).

8.1.33 **Unit under SC Category:** A Unit with 100% SC entrepreneur/s as proprietor/partner/directors, as the case may be, belonging to SC category as notified by the Government of Punjab from time to time.

8.1.34 **Unit under Women Category:** A unit with 100%-woman entrepreneur/s as proprietor /partner/directors, as the case may be.

8.1.35 **Value Addition**: Value addition refers to the end product's basic value (taxable value as applicable) increased, after it undergoes processing or manufacturing, compared to the basic cost (taxable value as applicable) of its raw materials or inputs.

8.1.36 **Value Added Tax (VAT):** VAT is a tax as levied under The Punjab VAT Act 2005, as amended from time to time.

8.2. FCI DEFINTION

8.2.1. 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.

FCI shall include cost of land, building, plant, machinery, and equipment as per the approved project cost. The eligible costs and the manner of assessment have been described below.

9. ABBREVIATIONS

Sr No	Abbreviations	
1.	CAF	Common Application Form
2.	CACP	Committee for Approval of Customized Package
3.	CETP	Common Effluent Treatment Plant
4.	CFC	Common Facility Centre
5.	CLCSS	Credit Linked Capital Subsidy Scheme
6.	CLU	Change of Land Use
7.	COES	Centre of Excellence
8.	DCP	Date of Commercial Production
9.	DPIIT	Department for Promotion of Industry and Internal Trade
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 Industries Centre
22.	GSVA	Gross State Value Added
23.	IBDP	Industrial and Business Development Policy
24.	ICD	Inland Container Depot
25.	IDC	Industrial Development Centres

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.	MSE-CDP	MSME Cluster Development Programme
34.	MSME	Micro, Small and Medium Enterprise
35.	MW	Mega Watt
36.	NIC	National Industrial Classification
37.	NOC	No Objection Certificate
38.	NRI	Non-Resident Indian
39.	NSE	National Stock Exchange
40.	ODOP	One District One Product
41.	OEM	Original Equipment Manufacturer
42.	PAN	Permanent Account Number
43.	PAPRA	Punjab Apartment and Property Regulation Act
44.	PF	Provident Fund
45.	PPCB	Punjab Pollution Control Board
46.	PPP	Public-Private Partnership
47.	PSIEC	Punjab Small Industries & Export Corporation
48.	PSPCL	Punjab State Power Corporation Ltd
49.	PwD	Persons with Disabilities
50.	QMC	Quality Marking Centres
51.	R&D	Research and Development
52.	SGST	State Goods and Service Tax

53.	SIDBI	Small Industries Development Bank of India
54.	SLC	State Level Committee
55.	SPV	Special Purpose Vehicle
56.	TEQUP	Technology and Quality Upgradation Support
57.	TPH	Tonnes Per Hour
58.	VAT	Value Added Tax
59.	ZED	Zero Defect Zero Effect
60.	ZLD	Zero Liquid Discharge

10. ANNEXURES

ANNEXURE I

10.1NEGATIVE LIST

No financial incentives under this policy shall be available for following industries:

(i) Manufacturing/packing of all alcoholic products shall be treated in the negative list, except standalone units that are manufacturing alcoholic products not included in Division no. 11 - "Manufacture of Beverages" of NIC Code 2025. Provided only those standalone Bio-ethanol units will become eligible for incentives, only if it does not supply products to any industry in negative list.

(ii) Manufacturing of Tobacco products including Cigars, Cigarettes and Gutka

(iii) Brick/ Tile Kilns except Fly Ash based bricks/tiles and other concrete products manufactured by Machinery/Equipment other than Kiln.

(iv) Vanaspati Ghee Mills upto INR 10 crore FCI

(v) Rice Shellers upto INR 10 crore FCI

(vi) Standalone Marriage Palace/Banquet Hall

(vii) Refining of used oil for edible purposes

ANNEXURE II

10.2FORMULA TO CALCULATE Net SGST and Net VAT

10.1.1. Definition: Net SGST to be considered for Reimbursement means that the Eligible Industrial Units shall be entitled to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on Net Sale of eligible products. The eligible unit shall first have to utilize all the eligible ITC available in its Credit Ledger maintained on the common portal, including eligible ITC of IGST as provided under Section 49 of the Punjab Goods & Services Tax Act, 2017 as may be amended from time to time, before adjusting the SGST amount through Cash Ledger. The quantum of ***'Net SGST'*** shall be computed as under: -

$$\text{If } A = \frac{(net\ CGST + net\ SGST)}{2}$$

1) If GST rate is up to 3%, Net SGST= 100% of A

2) If GST rate is more than 3% and up to 10%, Net SGST= 75%of A

3) If GST rate is more than 10 % and up to 18%, Net SGST= 50% of A

4) If GST rate is above18%, Net SGST=25%of A

10.1.2. In case of VAT, the quantum of ***'Net SGST'*** shall be computed as under: -

1) If VAT rate is up to 5%, Net SGST= 100% of net VAT paid on intra-state Net Sale

2) If VAT rate is more than 5% and up to 10%, Net SGST= 75%of net VAT paid on intra-state Net Sale

3) If VAT rate is more than 10 % and up to 15%, Net SGST= 50% of net VAT paid on intra-state Net Sale

4) If VAT rate is above15%, Net SGST=25%of net VAT paid on intra-state Net Sale

Provided that

a) In the case of a unit with multiple outputs having more than one GST/VAT rate the incentive amount as above shall be calculated pro rata to the respective sales (value as defined in relevant law) of eligible outputs; and

b) Overall quantum and/or period for claim of incentives shall remain same as defined in Chapter – 5 of IBDP-2026 (as amended from time to time) for the respective category. Availing of incentives up to the overall and annual ceilingas applicable shall depend upon the capacity utilization of the unit during the eligibility period.

c) Beyond the above formulation, following terms and conditions shall be applicable:

a) In case of Units which have opted for Composition Levy Us 10 of the Punjab GST Act 2017, the incentives shall be the amount paid by such Unit to the State, as per the returns filed by the Unit.

b) The incentive shall exclude any refunds entitled to be obtained by the taxpayer for any reason including on exports, or deemed exports.

c) The incentive shall not apply to Tax liable to be revised on account of any credit note issued to the recipient (buyer).

d) The incentive shall not apply to any tax that may become payable due to any show-cause notice issued by the department on grounds of collusion, fraud, misrepresentation and other similar grounds mentioned in the GST law requiring penal action.

e) The incentive shall not be given in respect of any tax credits which the tax payer has failed to avail on any grounds whatsoever (like late filing of prescribed return or the fraudulent conduct of his supplier etc.)

f) The amount of input tax credit available in the electronic credit ledger of the registered person on account of integrated tax shall first be utilized towards payment of integrated tax and the amount remaining, if any, shall be utilized equally towards the payment of Central tax and State tax.

g) The utilization of ITC shall be regulated on the following lines: -

The amount of input tax credit available in the electronic credit ledger of the registered person on account of-

1. integrated tax shall first be utilized towards payment of integrated tax and the amount remaining, if any, may be utilized equally towards the payment of Central tax and State tax, or as the case may be;

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2. the central tax shall first be utilized towards payment of central tax and the amount remaining, if any, may be utilized towards the payment of integrated tax;
3. the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax
4. Provided that the input tax credit on account of State tax shall be utilized towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax. Illustrations attached: -

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Illustration-1

M/s ABC is manufacturer of readymade garments and has tax liability of Rs. 1 Lakh (IGST-50,000/-, CGST-25,000/-, SGST-25,000/-). He has made inter-State purchase with IGST ITC amounting to Rs. 75,000/- and has made local purchase with CGST ITC and SGST ITC of Rs. 7,500/- each.

Description	**IGST**	**CGST**	**SGST**
Tax Liability	50,000	25,000	25,000
IGST ITC	50,000	*12,500	*12,500
CGST ITC		7,500	
SGST ITC			7,500
Tax paid in cash	**NIL**	**5,000**	**5,000**

***Balance ITC IGST has been equally utilized for discharge of CGST and SGST tax liability.**

As per formula proposed, the Net SGST is calculated as

Formula (A) = (C+S)/2 = (5000+5000)/2 = 5,000/-

Since the commodity is taxable at the rate of 18%, therefore Net SGSTwill be calculated as per slab 3) i.e. 50% of A i.e. 50/100 * 5000 = Rs. 2,500/-

Illustration-2

M/s ABC is manufacturer and exporter (assuming the commodity is taxable @18%). The taxpayer has exports amounting to Rs. 5,00,000/- (without payment of tax under LUT) and Intra State outward supplies of Rs. 15,00,000/-. The tax liability is of Rs. 2,70,000/- (CGST- 1,35,000/-, SGST-1,35,000/-). There are inward supplies (excluding capital goods) having ITC amounting to Rs. 1,00,000/-(IGST 80,000/-, CGST 10,000/-, SGST 10,000/-).

Description	**IGST**	**CGST**	**SGST**
Tax Liability	-	1,35,000	1,35,000
IGST ITC	-	40,000	40,000
CGST ITC	-	10,000	-

SGST ITC	-	-	10,000
Tax paid in cash	**-**	**85,000**	**85,000**

As per formula proposed, the Net SGST is calculated as:

Formula (A)= (C+S)/2 = (85,000+85,000)/2=85,000/-

Since the commodity is taxable at the rate of 18%, therefore Net SGSTwill be calculated as per slab 3) i.e. 50% of A i.e. 50/100*85,000 =42,500/-

GST Refund calculation:

Net ITC = 1,00,000

Export turnover = 5,00,000

Aggregate turnover = 20,00,000

GST refund = $\frac{(\text{net ITC x Export turnover})}{\text{Aggregate turnover}} = \frac{(1{,}00{,}000 \text{ x } 5{,}00{,}000)}{20{,}00{,}000}$ = 25,000/-

Net SGST= 42,500-25,000 = 17,500/-

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