



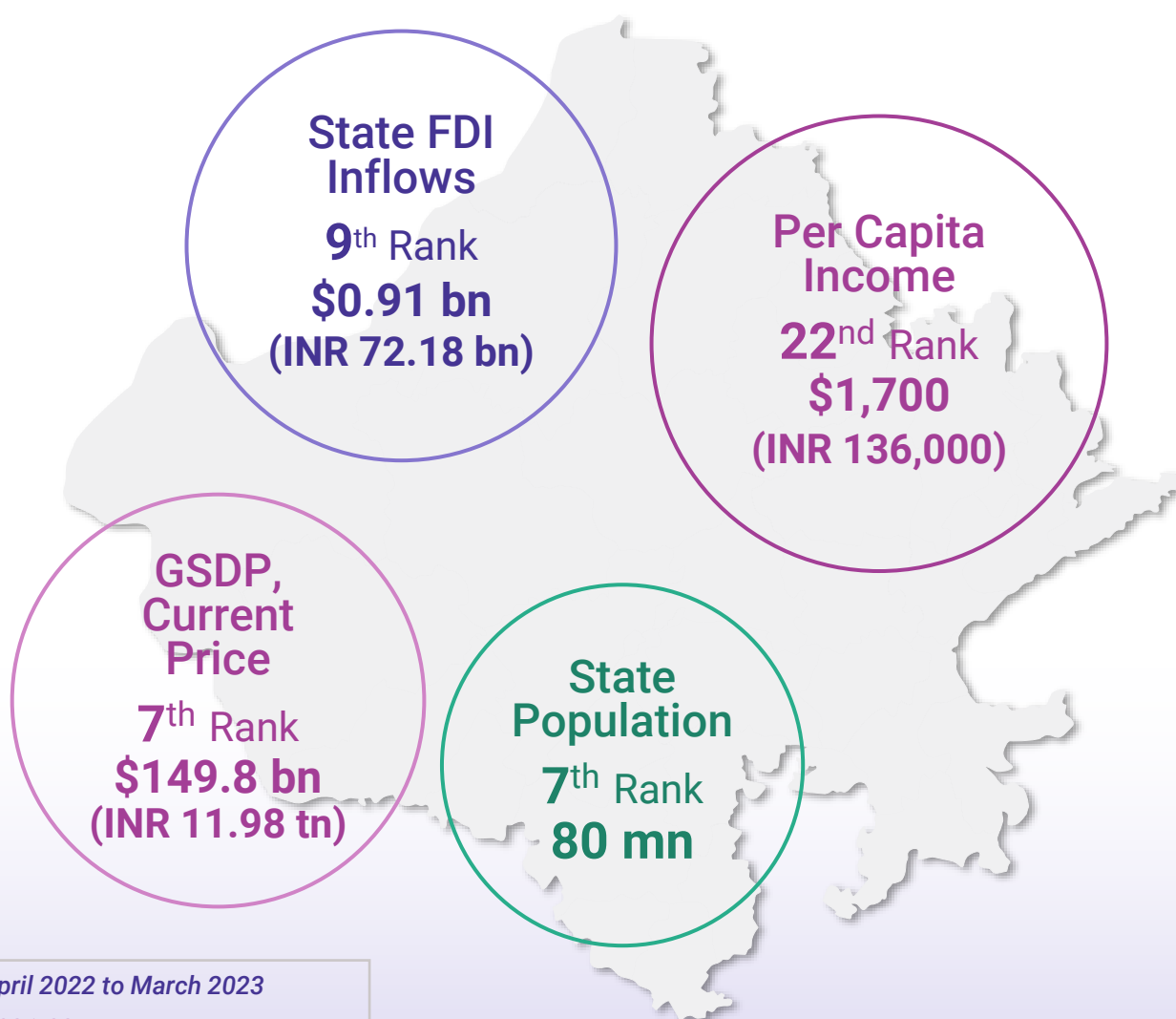
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Incentives for New Manufacturing Set Ups **Rajasthan**

Indian State Governments offer varied incentives under their respective state industrial development corporation policies to promote the set-up of new manufacturing units in the state. Such incentives are in the form of capital subsidies, interest subsidies, subsidized electricity tariffs, and more. The purpose of such incentive schemes is to attract investment thereby enabling infrastructure development, generating employment, developing focus sectors, and largely facilitating the overall economic development of the state.

To enable the availability of a quick summary of such general incentives offered by various Indian states, Nexdigm is releasing a series of documents focusing on providing a brief overview of such incentives offered by respective State Governments in India. This document covers information about incentives offered by **Rajasthan** under the '**Rajasthan Investment Promotion Scheme 2022**'.

Key Statistics | RAJASTHAN



April 2022 to March 2023

2021-22

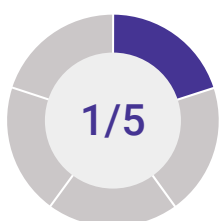
2022

Policy Overview

Rajasthan aims to attain a 15% annual growth rate in both manufacturing and services, generate employment opportunities for one million people by 2027, and become a pioneer in climate and sustainability by incentivizing green initiatives and promoting sectors such as green

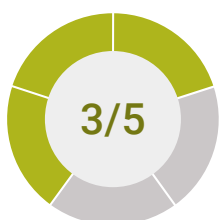
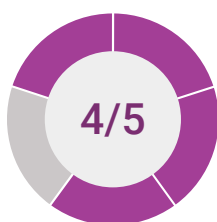
hydrogen, alternative energy, and medical devices. To support these goals, the State Government released '**Rajasthan Investment Promotion Scheme 2022**', effective from 7 October 2022 to 31 March 2027.

Nexdigm Ratings and Observations



Policy Structure

Incentive Range & Quantum



Investor Facilitation

State Machinery Digitization



Note: The information/data used for the ratings is subjective based on our assessment of the policy, the experience of Nexdigm professionals in dealing with State Authorities, digitization of select statutory requirements, etc.

This policy has identified the following eight priority/focus categories for the standard incentive package:

- Manufacturing
- Services
- Sunrise sectors
- MSMEs
- Startups
- Logistics Parks, Warehousing & Cold Chains
- R&D, Global Capability Centers (GCCs) & Test Labs
- Renewable Energy Plants

The incentives for companies in the manufacturing and service sector are primarily categorized into three parts:

- Asset creation incentive (investment subsidy, capital subsidy, and turnover-linked incentive)
- Special incentives (employment booster, green incentives, and cluster incentives)
- Other exemptions (electricity duty, stamp duty, etc.)

In comparison to other states, Rajasthan provides one of the most attractive incentive packages to eligible service sectors.

Enterprises engaged in manufacturing activities as outlined in Appendix 3 will not be eligible for incentives.

Policy Highlights

Industry Classification

Manufacturing enterprises, for the purpose of the scheme, are classified under different categories based on the quantum of investment and employment, which has been briefly tabulated below:

Industry	Capital Investment in Plant & Machinery
Micro	Investment in Plant & Machinery or Equipment up to INR 10 mn
Small	Investment in Plant & Machinery or Equipment up to INR 100 mn
Medium	Investment in Plant & Machinery or Equipment up to INR 500 mn
Large	Investment in EFCI* greater than INR 500 mn and up to INR 3 bn
Mega	Investment in EFCI greater than INR 3 bn and up to INR 10 bn OR investment in Plant & Machinery greater than INR 1.5 bn and minimum employment generation for 250 people
Ultra-Mega	Investment in EFCI greater than INR 10 bn OR investment in Plant & Machinery greater than INR 5 bn and minimum employment generation for 750 people

**EFCI refers to Eligible Fixed Capital Investment and includes investment in land, new factory sheds or industrial buildings, new plant and machinery, and other new fixed assets*

Region Classification

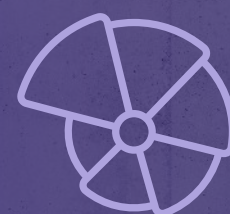
Regions in Rajasthan, for the purpose of the scheme, are classified under different categories based on the development stage of such regions, thereby promoting investments with relatively higher incentives in developing or underdeveloped regions for the balanced growth of all regions of Rajasthan. The classification is tabulated briefly below:

Category	Regions Covered
I	Comprising of highly industrially developed areas (75 areas) such as Ajmer, Jaipur, Pushkar, Alwar, Behror, Neemrana, Tijara, Bharatpur, Bundi, Chittorgarh, Dholpur, Kotputli, Jhunjhunu, Jodhpur, Sikar, Tonk, etc.
II	Comprising of moderately industrially developed areas (214 areas) such as Antah, Baran, Chhabra, Bhinay, Arain, Bijaynagar, Kekri, Masuda, Bikaner, Lunkaransar, Kolayat Bassi, Bhadesar, Dungla, Gangrar, Rashmi, Badi Sadri, etc.
III	Comprising of industrially developing areas (105 areas) such as Mundawar, Kathumar, Narayanpur, Reni, Atru, Chhipabarod, Kishanganj, Mangrol, Shahabad, Bhusawar, Deeg, Kaman, Pahadi, Kumher, etc.

Thrust Sectors

Every state encourages select sectors based on its competitive strength and advantage such as geographical location, available resources, raw material availability, existing manufacturing practices, and growth potential. Such sectors are known as thrust sectors and are accorded additional benefits in the incentive scheme. The thrust sectors identified under this policy are mentioned below:

- Agro & Food Processing
- Dairy
- Textiles
- Apparels
- Handicraft
- Leather, Footwear, & Accessories
- Gems & Jewellery
- Petrochemicals & Petroleum Ancillary
- Chemicals
- Pharmaceuticals
- Minerals
- Ceramics
- Glass
- Biodegradable Plastic Substitutes
- Industrial Gases
- Renewables
- Defense
- Automobile, Electric Vehicle (EV) & Auto-components
- Electronics System Design and Manufacturing (ESDM)



Major Incentives

Several incentives are provided to manufacturing industries in Rajasthan based on their investment thresholds and employment generation. The below table covers a range of incentives provided to these enterprises:

Incentive	MSME	Large	Mega	Ultra-Mega
Asset Creation Incentives	Investment Subsidy + Interest Subsidy	The company can choose one of the following options (A, B, or C)		
A. Investment Subsidy OR	75% of State Goods and Services Tax (SGST) reimbursement due and deposited for a period of seven years	75% of SGST reimbursement due and deposited for a period of seven years subject to an annual ceiling limit mentioned below: <ul style="list-style-type: none">• Year 1-3: INR 500 mn p.a.• Year 4-7: INR 650 mn p.a.		
B. Capital Subsidy OR	-	13-20% of EFCI	17-23% of EFCI	23-28% of EFCI
		Capital subsidies will be disbursed in annual installments over ten years subject to an annual ceiling limit mentioned below: <ul style="list-style-type: none">• Year 1-3: INR 500 mn p.a.• Year 4-7: INR 650 mn p.a.• Year 8-10: INR 800 mn p.a.		
C. Turnover Linked Incentive	-	1.2-1.65% of Net Sales	1.4-1.85% of Net Sales	1.65-2% of Net Sales
		Turnover-linked incentives will be disbursed in annual installments over ten years subject to an annual ceiling limit mentioned below: <ul style="list-style-type: none">• Year 1-3: INR 500 mn p.a.• Year 4-7: INR 650 mn p.a.• Year 8-10: INR 800 mn p.a.		
Employment Booster Incentive	-	Additional incentives ranging from 10-15% on any of the selected 'Asset Creation Incentives' for enterprises providing additional employment of 1.5 times the specified threshold (minimum)		
Interest Subsidy	3-6% p.a. for five years for loan amounts ranging from INR 10 mn to 500 mn	-		
Electricity Duty Exemption	100% exemption for a period of seven years			
Stamp Duty Reimbursement	100% reimbursement benefit will be given in stages as notified by the state			

Important Notes

- The service sector, as listed in Appendix 1, is also eligible for all the above incentives (except interest subsidy) with some change in percentage allocation based on the quantum of investment and employment generation
- The first three units within the sunrise sector, as listed in Appendix 2 and falling under the 'Mega' and 'Ultra Mega' project category slabs shall be eligible for a sunrise booster of 20% on any of the selected 'Asset Creation Incentives'
- The annual cap of incentives for MSMEs is INR 50 million
- Large, Mega, & Ultra Mega Units
 - Thrust sectors are eligible for 10% additional incentives on any of the selected 'Asset Creation Incentives' or 5% p.a. Interest Subsidy on a Term Loan for Investment in Plant & Machinery for a period of five years subject to a maximum of 2.5% p.a. of the EFCI
 - The total value of all incentives and boosters in the case of Investment Subsidy (SGST Reimbursement) shall not exceed 100% of SGST due and deposited per year for seven years
 - The total value of incentives and boosters in the case of Capital Subsidy and Turnover Linked Incentive shall not exceed 100% of the EFCI



Additional Key Incentives

Large, Mega & Ultra Mega Units

- **Green Incentives:** A one-time capital subsidy up to 50% of the project cost for enterprises setting up environment infrastructure facilities such as waste management projects, Effluent Treatment Plant (ETP), zero-liquid discharge, air pollution control measures, renewable energy generation, etc.
- 100% exemption from payment of Land Tax and Market Fee (Mandi Fee) for seven years
- 100% conversion charges benefit given in stages as notified by the state
- Other notable incentives include cluster incentives, freight subsidy, and training and skilling incentives

MSME Units

- **Green Incentives:** A one-time capital subsidy up to 50% of the project cost for enterprises setting up water conservation measures and waste management
- Reimbursement of 50% of the employer's contribution of Employee Provident Fund (EPF) and Employee State Insurance (ESI) for seven years
- 100% exemption from payment of Land Tax and Market Fee (Mandi Fee) for seven years
- 100% conversion charges benefit given in stages as notified by the state
- Other notable incentives include quality certification, IP creation, and fundraising incentives

Other Key Policies

Rajasthan Electric Vehicle Policy 2022-2027

The Rajasthan Government has approved INR 400 million for incentives, allocated in the form of SGST reimbursement under this policy. These incentives are applicable for all forms of electric vehicles based on their battery capacity.

Rajasthan Film Tourism Promotion Policy 2022-2027

The policy aims to position Rajasthan as the most film-friendly state and generate employment opportunities in the film sector. It offers a subsidy up to INR 20 million for shooting of films in Rajasthan, coupled with exemptions from all fees and levies associated with filming at any government-owned monuments, places, and properties.

Rajasthan Handicraft Policy 2022-26

The policy emphasizes the advancement of handicrafts to foster growth, thereby ensuring active participation and creating fresh employment prospects. Incentives include interest waivers on loans for artisans and the provision of group insurance to the handicraft and handloom sector.



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Sources:

<https://invest.rajasthan.gov.in/en/rajasthan-investment-promotion-scheme-rips-2022>

<https://www.investindia.gov.in/state/rajasthan>

<https://swcs.rajasthan.gov.in/Incentives.aspx>

<https://www.rbi.org.in>

Appendix 1

Service sector list eligible for incentives under the policy:

- Amusement Park
- Cold Chain and Preservation Infrastructure
- Convention Center
- Cluster/Electronic Manufacturing Cluster
- Healthcare
- IT & ITeS
- Fintech
- Hotel & Tourism
- Entertainment
- Film City
- Cold Chain in Pharmaceuticals
- Common Utility Centre
- Infrastructure for Value-Addition or Preservation of Agricultural Products
- Plug and Play Office Complex
- Social Infrastructure

Appendix 2

The scheme recognizes the following sectors as sunrise sectors:

- Green Hydrogen
- Ethanol
- Medical Devices & Equipment
- Biotechnology
- New Battery Technology
- Industry 4.0
- Data Centers
- Rare Earth Elements

Appendix 3

Investments in the sectors mentioned below are not eligible for incentives:

- Investment for manufacturing tobacco
- Tobacco products and pan masala
- Investment made in cow/beef processing units
- Investment made in retail/trading activities
- Any activity which is prohibited by Central/State Government laws
- Aerated water plants

About Nexdigm

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We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE, and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

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From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/IEC 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications.

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