

Fiscal incentives under Invest Punjab

Punjab Industrial and Business Development Policy 2022



Unlocking business potential in Punjab



Punjab has long been recognised as a vibrant centre for small and medium enterprises (SMEs). Today, the state stands at the cusp of a transformative shift toward a culture rooted in innovation and technology-driven entrepreneurship.

Under the Punjab Industrial and Business Development Policy 2022, the government is actively cultivating a competitive, investor-friendly ecosystem that emphasises value addition, ease of doing business, and inclusive growth.

Over the past three years, Punjab has attracted investment proposals totaling approximately INR 96,836 cr, resulting in the creation of significant employment opportunities across sectors.

Today, Punjab is poised to become a leading destination for forward-looking businesses and investors.



- Strategic location
- Successful Punjabi diaspora
- Entrepreneurial talent
- Prosperous and urbanised state
- Food bowl of India

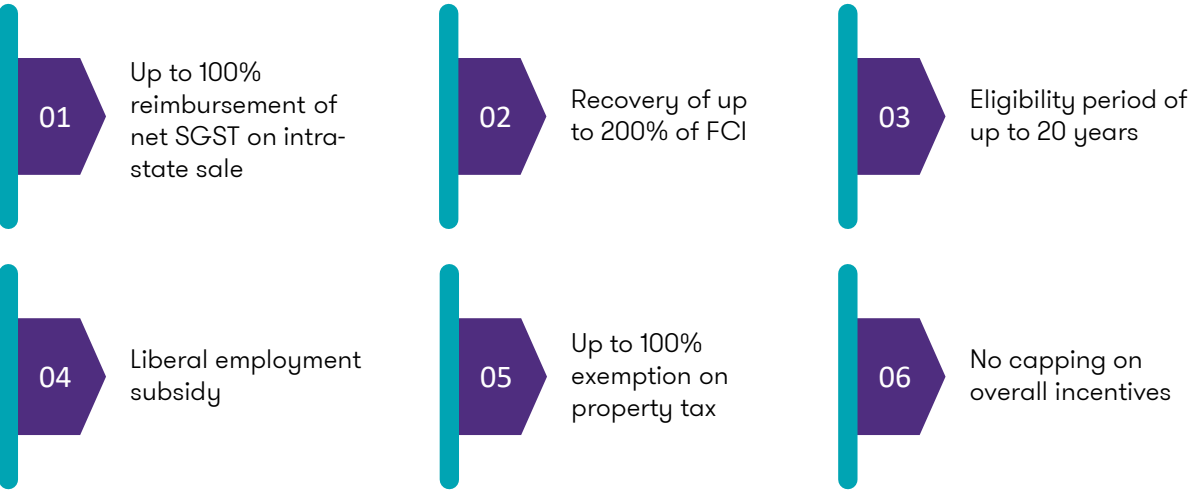
Punjab provides

- Subsidised power
- Peaceful labour relations
- One stop clearance system
- Attractive incentives
- Robust infrastructure
- Skilled human capital

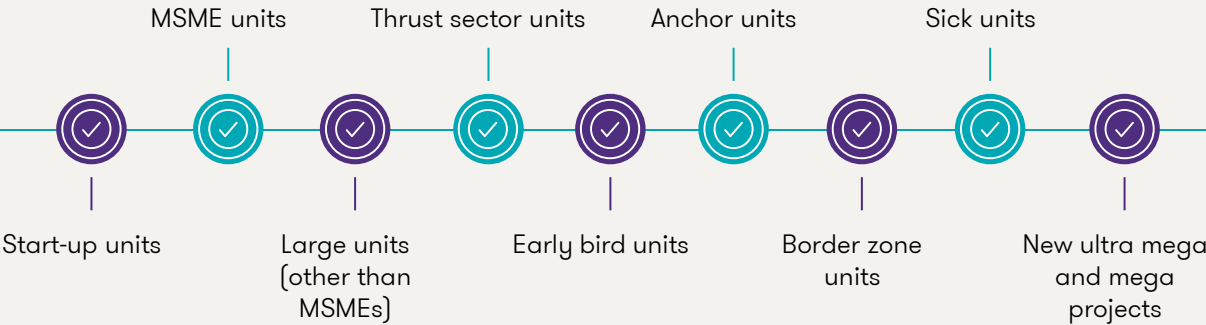
Punjab: Where possibility meets progress



Attractive incentives

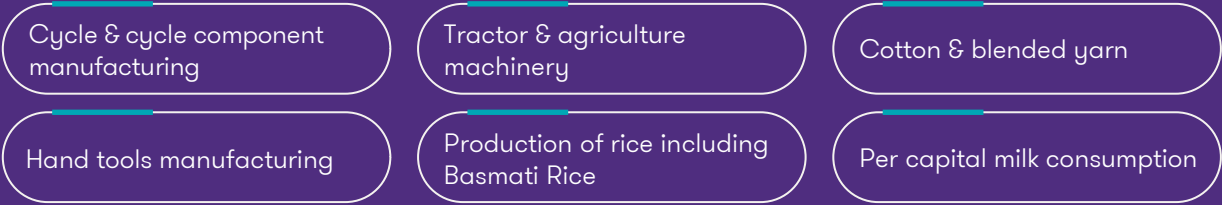


Coverage



*A detailed list of fiscal incentives has been provided in Annexure-A of this flyer

Punjab leads in the following areas and provides businesses unlimited potential to setup Punjab as their base:



Key highlights



*Logistics ease across different states (LEADS) report 2021
**Business reforms action plan (BRAP) 2020 report

Abbreviations

ICD	Inland Container Depot	MMLP	Multi Modal Logistics Parks
PFT	Private Freight Terminal	CFS	Container Freight Station

Punjab Udyog Kranti



Building on the state's commitment to streamlining administrative processes and fostering a business-first environment, the state has launched the **Punjab Udyog Kranti**, an initiative introducing 12 key reforms to simplify business processes and enhance investor confidence, positioning Punjab as a model for proactive governance and economic dynamism.

Key reforms of Punjab Udyog Kranti

01

All approvals in 45 days with deemed approval

- Approval timelines are capped at a maximum of 45 working days.
- If no decision is made within the stipulated period, the portal automatically generates a legally valid deemed approval the following day.
- The process is driven by system-based scrutiny with escalation mechanisms reaching up to the Deputy Commissioner and Administrative Secretary.

02

In-principle approval in 3 days under Punjab Right to Business Act

- The policy now applies to projects with up to INR 125 crore investment in plant and machinery, covering around 95% of industrial proposals, including industry, IT, hospitals and education.
- Eligible new units receive in-principle approval for six key services through self-declaration within 3 working days for projects inside industrial parks and within 15 working days for those outside.

03

Unified regulator & fast-track Punjab portal

- The Punjab Bureau of Investment Promotion operates as a unified authority with concurrent powers of key departments under one roof, enabling faster and more streamlined decision-making.
- The FastTrack Punjab Portal provides a single-entry, single-exit system for all clearances, effectively eliminating departmental overlaps and ensuring a seamless approval process.

04

Revenue feasibility report CRO certificate In 15 days

- For the first time, Punjab has launched a digital revenue feasibility certificate -CRO Certificate, to be issued within 15 working days.
- This certificate verifies land ownership and siting elements, serving as a critical pre-approval for environmental and construction permits. The digital process eliminates manual delays, enabling faster clearances for investors.

Key reforms of Punjab Udyog Kranti



05

Accelerated incentive disbursement - Time-bound fiscal transparency

- Punjab has launched a digital incentive disbursement system to ensure faster and more transparent release of incentives.
- Over INR 150 crore was disbursed in Q1 of FY 2025-26, exceeding the combined total of the previous two years.
- With a target of approximately INR 250 crore by June 2025, the state aims to clear all past pending incentive claims.

06

Compliance self certification online

- Fire NOC is now valid for 1, 3, or 5 years based on risk classification, while the height limit for industrial buildings has been increased to 21 meters.
- Occupiers can self-certify compliance online, and fire safety drawings prepared by empanelled architects are now accepted by the department.
- Additionally, the earlier 53-point checklist has been eliminated, streamlining the approval process.

07

Conversion policy for high - value development

- Ten land use categories are permitted for individual industrial plot developments, including IT, hotels, hospitals, institutes, commercial spaces, and industrial parks.
- Clear norms specify plot sizes and road widths, with 80 feet required for most categories and 100 feet for commercial and industrial parks.

08

Leasehold to freehold conversion - enhancing property rights

Boosting asset marketability and access to finance, the policy enables easier business expansion and transfer by granting full legal ownership rights to enterprises, effectively removing previous restrictions and uncertainties.

Key reforms of Punjab Udyog Kranti



08

Flexibility in building plan verification

- Self-certification of structural safety for factory buildings under the Factory Act, 1948, is now permitted, eliminating redundant inspections.
- The process is supported by digital record-keeping and professional validation to ensure compliance and efficiency.

10

Overhauling of all 52 focal points by November 2025

- An INR 200 crore budget has been allocated to bridge key infrastructure gaps in power, water, roads, drainage, and digital access.
- Additionally, a new industrial park maintenance model, developed in partnership with industry, will be launched soon to enhance facility management and services.

11

Plot sub-division policy - Unlocking land potential

- The new policy allows easy subdivision of industrial plots to accommodate families, co-developers, and joint ventures, enabling flexible land use for redevelopment or monetisation and encouraging brownfield investments.
- It includes clear timelines, defined eligibility, and safeguards to ensure transparency and accountability in the process.

12

260 industrial plots auctioned - First time in 24 months

Boosting project grounding and fresh investments, unlocking growth across the state.

How can we help?



Evaluate eligibility

Evaluation of criteria based on:

- Minimum investment
- Product manufactured/services rendered
- Area in which the unit is set up



Prepare application

Review and collate requisite documents/information to prepare application



File application

Assist in filing application before the appropriate authority



Reply to queries raised by the government/nodal agency

- Preparation of additional replies and queries
- Representation before the government/nodal agency



Periodic review

Assist in review of eligibility conditions under the scheme after filing the application



Follow-up with government authorities and nodal agency

- Follow-up post filing of application
- Conduct meetings



Fund disbursement

Assist in obtaining the claim on the best effort basis



Annexure-A: Eligibility criteria and fiscal incentives available



Type of enterprise	Definition	Fiscal incentives available
Start-up units	<p>As defined by DIPP, GoI, Startup is an entity incorporated or registered in India:</p> <ul style="list-style-type: none"> • As a private limited company or partnership firm or limited liability partnership • Not prior to 10 years • With annual turnover not exceeding INR 100 crore in any preceding financial year • Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation <p>Such entity should not be formed by splitting up, or reconstruction, of a business already in existence. The start-up must either be incubated in or actively operating within the state of Punjab.</p>	<p>Start-ups</p> <ul style="list-style-type: none"> • Interest subsidy of 8% p.a. on loans up to INR 5 lakh p.a. for 5 years • Reimbursement of 25% of lease rental up to INR 3 lakh p.a. for 1 year • Seed grant up to INR 3 lakh per start up routed through nodal agency • Punjab-based start-ups will be connected to the Punjab Innovation Fund, which will be established with a dedicated corpus of INR 150 crore. • 100% reimbursement from stamp duty on registration of MoA/AoA to start-ups registered with Start-up Punjab • All incentives available to MSMEs will be applicable <p>Incubators</p> <ul style="list-style-type: none"> • Capital grant of 100% of FCI up to INR 1 cr for government incubator & 50% of FCI up to INR 50 lakh for private incubator • Operational subsidy assistance and mentoring assistance support each up to INR 3 lakh per year for a period of 5 years • INR 5 lakh per start-up competition fest to eminent educational institutes
MSME units	<ul style="list-style-type: none"> • All manufacturing and service industry units as defined by Ministry of MSME, Government of India from time to time. • Micro units- Investment in plant and machinery or equipment not more than INR 1 cr and annual turnover not more than INR 5 cr. • Small units- Investment in plant and machinery or equipment not more than INR 10 cr and annual turnover not more than INR 50 cr. • Medium units- Investment in plant and machinery or equipment not more than INR 50 cr and annual turnover not more than INR 250 cr. 	<ul style="list-style-type: none"> • Reimbursement of 100% of net SGST for 7 years from the date of commercial production with a cap of 100% of FCI • 5% p.a. interest subsidy in border districts and Kandi area and SC/women entrepreneurs up to INR 5 lakh/ year for 5 years • 5% p.a. interest subsidy to units eligible under CLSS scheme up to INR 5 lakh/year for 5 years • 100% exemption in electricity duty for 7 years up to 100% of FCI • 100% exemption/ reimbursement from stamp duty • Reimbursement of 50% of expenses up to INR 5 lakh under ZED scheme of GoI • Assistance for finance, technology, infrastructure, marketing & exports

Annexure-A: Eligibility criteria and fiscal incentives available

Type of enterprise	Definition	Fiscal incentives available
Large units	All manufacturing and service industry units not falling within the definition of MSME as defined by Ministry of MSME, Government of India from time to time.	<ul style="list-style-type: none"> • 75% of net SGST Incentive for 7 years up to 100% of FCI • 100% exemption from ED for 10 years up to 100% of FCI • 100% exemption/reimbursement from stamp duty • 50% exemption from property tax for 7 years
Thrust sector units	All units falling under the thrust sectors identified in the policy keeping in view the potential for their future growth and employment generation.	<ul style="list-style-type: none"> • 100% of net SGST incentive for 10 years up to 125% FCI • 100% exemption from ED for 10 years • 100% exemption/reimbursement from stamp duty • 100% exemption from CLU/EDC • 100% exemption from property tax for 10 years • Other incentives provided to MSMEs • Special sectoral incentives for thrust sector units- <ul style="list-style-type: none"> Agri & food processing- 100% exemption of all taxes & fees paid for purchase of raw material up to 10 years Textile- 5% interest subsidy for MSMEs for 5 years up to Rs. 10 lakh p.a. Electronics- 50% top up of Capex support provided by MEITY, Govt to first 10 ESDM units up to INR 10 cr per unit IT & ITeS - 50% of FCI subject to ceiling of INR 2.5 cr per unit

Annexure-A: Eligibility criteria and fiscal incentives available



Type of enterprise	Definition	Fiscal incentives available
Anchor units	<ul style="list-style-type: none"> IT, ITeS, apparel & made ups, electronics, food processing, footwear & accessories and IT & ITeS with minimum FCI INR 75 cr or minimum direct employment generation of 500. Any other manufacturing sector or service sector (as defined for large industries) with minimum FCI INR 250 cr or minimum direct employment generation of 1000. All the manufacturing units except the units in negative list with funding by NRI/person of Indian origin/foreign investors as per RBI guidelines, having minimum NRI/foreign investment of 49% in the total FCI subject to FDI norms, minimum FCI of INR 100 cr or minimum direct employment generation of 500. 	<ul style="list-style-type: none"> 100% reimbursement of net SGST incentive for 15 years up to 200% of FCI 100% exemption/reimbursement from CLU/EDC charges Employment generation subsidy @ INR 36,000/employee/ year for men and INR 48,000/employee/year for women and SC/BC/OBC up to 5 years 100% exemption from ED for 15 years Exemption from paying the additional 2% over MSP for licenses issued by PAMB under direct purchase permissions 100% exemption/reimbursement from stamp duty on purchase or lease of land and building
Border zone units	<ul style="list-style-type: none"> IT, ITeS, apparel & made ups, electronics, food processing, footwear & accessories and IT & ITeS with minimum FCI INR 75 cr or minimum direct employment generation of 500. Any other manufacturing sector or service sector (as defined for large industries) with minimum FCI INR 250 cr or minimum direct employment generation of 1000. All the manufacturing units except the units in negative list with funding by NRI/person of Indian origin/foreign investors as per RBI guidelines, having minimum NRI/foreign investment of 49% in the total FCI subject to FDI norms, minimum FCI of INR 100 cr or minimum direct employment generation of 500. 	<ul style="list-style-type: none"> 100% exemption from CLU, EDC charges 75% exemption on all state taxes & duties for the first unit The first unit will get an extra 40% benefit in the maximum limit for Net SGST reimbursement.

Annexure-A: Eligibility criteria and fiscal incentives available

Type of enterprise	Definition	Fiscal incentives available
Sick units	<ul style="list-style-type: none"> MSME units fulfilling RBI criteria laid down in the comprehensive framework for revival & rehabilitation of MSMEs (accounts remain NPA for 3 months or more or erosion in net worth to the extent of 50%). Large units registered /declared sick by the BIFR. Units acquiring large sick units Minimum enterprise value of sick unit shall be INR 50 cr Existed for at least 5 years {Incurred accumulated losses equal to, or exceeding its entire net worth at the end of last financial year or categorised as NPA in last 8 quarters consecutively} 	<p>MSME units-</p> <ul style="list-style-type: none"> Deferment of recovery of electricity duty, power bills, house tax and water charges for 5 years Exemption from fixed charges for electric connection Exemption from electricity duty for 2 years <p>Large units-</p> <ul style="list-style-type: none"> Reimbursement up to 75% of net VAT/SGST incentive for a period of 5 years Deferment of recovery of various arrears for a period of 5 years Exemption from fixed charges for electric connection Exemption from electricity duty for 3 years <p>Acquisition of sick units & revival thereof- Exemption from ED and reimbursement of incentive account of Net SGST Incentive for 7 years</p>
New ultra mega and mega projects	<ul style="list-style-type: none"> New industrial unit with minimum FCI between INR 1500 to 2500 cr and minimum contract demand of 20 MVA shall be considered as mega projects New industrial unit with minimum FCI above 2500 cr and minimum contract demand of 30 MVA shall be considered as ultra mega projects 	<ul style="list-style-type: none"> All the benefits of anchor units shall be available to the new mega/ultra mega project unit Net SGST reimbursement of up to 100% for 17 years with a cap of 200% of FCI for mega projects Net SGST reimbursement of 100% for 20 years from the date of commercial production with a cap of 200% of FCI for ultra mega projects

About Grant Thornton

At Grant Thornton Bharat, we are committed to bringing positive change to all that we do. We are a founding member firm of the Grant Thornton International network and India’s pre-eminent consulting firm. We #GoBeyond for our people, clients, and communities to shape Vibrant Bharat.

76,000+ people

Total global revenues
\$8.0 bn (USD)

Over 700 offices

Across
150 markets

Grant Thornton Bharat

Member firm of Grant Thornton International

12,000+ people

19 offices

Ranked among top 5 in all major markets including India

A donut chart with a teal outer ring and a purple inner ring. The number 61% is displayed in the center.

We serve 61% of Fortune India 500

A donut chart with a teal outer ring and a purple inner ring. The number 37% is displayed in the center.

We serve 37% of Fortune India Next 500 companies

A purple outline icon of a location pin inside a circle.

Our offices in India

Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Goa, Gurugram, Hyderabad, Indore, Kochi, Kolkata, Mumbai, New Delhi, Noida, Pune

13 Fiscal incentives under Invest Punjab



For more details, contact



Krishan Arora
Partner and India Investment Advisory Leader,
Grant Thornton Bharat
E: krishan.arora@in.gt.com
M: +91 9818341530



Sohrab Bararia
Partner, India Investment Advisory,
Grant Thornton Bharat
E: sohrab.bararia@in.gt.com
M: +91 9051064031



Praveen Kashyap
Executive Director, India Investment Advisory,
Grant Thornton Bharat
E: praveen.kashyap@in.gt.com
M: +91 9988880343



We are Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat**.

Our offices in India

- Ahmedabad ● Bengaluru ● Chandigarh ● Chennai ● Dehradun
- Gandhinagar ● Goa ● Gurugram ● Hyderabad ● Indore ● Kochi
- Kolkata ● Mumbai ● New Delhi ● Noida ● Pune



Scan QR code to see our
office addresses
www.grantthornton.in

Connect
with us on



@Grant-Thornton-Bharat-LLP



@GrantThorntonBharat



@GrantThornton_Bharat



@GrantThorntonIN



@GrantThorntonBharatLLP



GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.