

**GOVERNMENT OF ASSAM**  
**FINANCE (INSTITUTIONAL FINANCE) DEPARTMENT**  
**DISPUR: GUWAHATI**

**ORDER BY THE GOVERNOR OF ASSAM**  
**NOTIFICATION**

Dated Dispur the 6<sup>th</sup> November 2020

**No.FIF.68/2019/147:** To ensure long term financial sustainability of the Tea industry, in consonance with the Budget announcement, 2020, the Governor of Assam is pleased to issue the following guidelines for implementation of the Scheme "**Assam Tea Industries Special Incentives Scheme (ATISIS), 2020**".

**1. Rationale of the Scheme:**

Assam produces both CTC and Orthodox tea and in some small quantity Speciality Tea. The average share of Orthodox and Speciality tea production is just about 11% of the total tea produced, and CTC production is about 89%. CTC tea is mainly consumed in domestic market while Orthodox and Speciality tea is exported to other countries.


For tea sold across all the auction centres in India, the average price realization of Orthodox tea is higher than the CTC tea. Overall, the per kilogram cost of manufacturing Orthodox tea is higher than CTC by Rs. 25-30 per kg, or roughly 20-25%.

To increase Orthodox production, the manufacturers have to be incentivized, to move from CTC to Orthodox tea as the cost of production of Orthodox is substantially higher than the cost of production of CTC tea, and also because the cost of production of Orthodox Tea, in India, is higher than other Orthodox manufacturing countries, which makes our orthodox tea unviable in the International Market.

**2. Scheme:**

Assam Tea Industries Special Incentives Scheme (ATISIS), 2020 has four components :

- i. Interest Subvention on Working Capital.
- ii. Orthodox or Speciality Tea Production Subsidy.

  
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- iii. Subsidy for Orthodox & Speciality Tea Unit for Plant & Machinery.
- iv. Agricultural Income Tax Holiday.

### **3. Eligibility Criteria:**

This Scheme will be applicable to the following eligible units:

3.1 Tea Plantations across all sizes

3.2 Tea Manufacturing units, manufacturing either of the following:

- i. CTC Tea
- ii. Orthodox Tea
- iii. Speciality tea including Green tea, Oolong Tea, White tea, Yellow tea and Purple tea

3.3 The Scheme will be applicable only to the units located in Assam. If any part of the plantation or manufacturing facility is located outside the State of Assam, the unit will not be considered an eligible unit.


### **4. Time Period of Benefit:**

This Scheme is applicable for a period of three year starting from 1st April, 2020 till 31st March, 2023. In case of Agricultural Income Tax Holiday, the benefit will be from financial year 2019-20 to 2021-22.

### **5. Benefits Available:**

**5.1 Interest Subvention on Working Capital:** An interest subvention of 3% p.a. will be provided on Working Capital Loan, subject to the following:

- 5.1.1 The loan should be taken from a Scheduled Commercial Bank or a Public Financial Institution
- 5.1.2 The Working Capital Loan should be taken for activities directly related to plantation or manufacturing of Tea.
- 5.1.3 The Working Capital should be sanctioned or renewed on or after 1st April of the financial year for which claim is to be made i.e. 2020-21, 2021-22, 2022-23.
- 5.1.4 For claiming interest subvention under this clause, the loan accounts on the date of filing claim should not have been declared as NPA as per RBI guidelines. Also, no interest subvention shall be admissible for any period during which the account remains NPA.

  
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- 5.1.5 If any interest subsidy has been availed by the borrower under any other scheme, benefit cannot be claimed under this Scheme. A self-attestation in this regard is to be submitted.
- 5.1.6 The maximum amount claimable under the interest subvention Scheme per annum per unit (garden) is Rs. 20 lacs, for interest on working capital.
- 5.1.7 The claim for this subsidy has to be made on the completion of every financial year.
- 5.1.8 The interest subsidy will be limited to the interest charged for the 3 financial years 2020-21, 2021-22 and 2022-23.
- 5.1.9 If a unit has more than one Working Capital loans, interest subsidy can be claimed for only one such account.

**5.2 Orthodox or Speciality Tea Production Subsidy:** An industrial unit manufacturing Orthodox tea / Green tea / White tea / Oolong tea / Singhpo tea / Purple Tea / Yellow tea or other Speciality tea (not manufactured through CTC (Crush, Tear, Curl) process will be eligible for a subsidy of Rs. 7 per kg against such tea manufactured in a financial year, subject to the following conditions:

- 5.2.1 This subsidy will be provided in addition to any other subsidy claimed by the eligible unit from the Tea Board of India or any other agency.
- 5.2.2 The Scheme will only be applicable for all the grades of Orthodox tea / Green tea / White tea / Oolong tea / Singhpo tea / Purple Tea / Yellow tea or other Speciality tea (not manufactured through CTC process) on or after 1st of April, 2020.
- 5.2.3 The subsidy will be limited to the financial years 2020-21, 2021-22, 2022-23. The claim for this subsidy has to be made online latest by 31st May on completion of every financial year.
- 5.2.4 The monthly e-return of tea production submitted by the manufacturer to the Tea Board India for the year will be the basis for assessment of subsidy to the units.

**5.3 Subsidy for Orthodox & Speciality Tea Unit for Plant & Machinery:** A subsidy of 25% of the cost of Plant & Machinery of orthodox or any other Speciality tea will be provided subject to the following conditions:

- 5.3.1 This subsidy can be claimed by manufacturing unit of Orthodox tea / Green tea / White tea / Oolong tea / Singhpo tea / Purple Tea / Yellow tea or other Speciality tea (not manufactured through

  
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CTC process) manufacturing unit which has started the production on or after 01-04-2020 and before 31-03-2023.

- 5.3.2 The manufacturing unit can be either an entirely new unit, or an existing unit which has expanded its capacity by creating additional infrastructure for production of Orthodox and Speciality Tea.
- 5.3.3 This subsidy can be claimed only once, under the Policy.
- 5.3.4 All the applied machinery must be new. No subsidy will be available on the second hand machinery or on the parts of a machine.
- 5.3.5 All the machinery mentioned in quality upgradation and product diversification activity of the Medium Term Framework by Tea Board under value addition and setting up of Orthodox/ Speciality tea unit will be eligible for calculation of admissible subsidy under the Scheme.
- 5.3.6 The eligible Plant & Machinery should be directly related to manufacturing of orthodox or other Speciality tea as mentioned above excluding any civil construction except what is required for installation of aforesaid machinery.
- 5.3.7 The subsidy under this head will be restricted to 25% of the actual cost of plant and machinery or Rs. 30 lacs, whichever is less. For any decrease in capacity, the maximum capping of Rs. 30 lacs will reduce proportionately.
- 5.3.8 After availing subsidy, the manufacturing unit shall not sell the machinery before the expiry of at least 5 years from the start of manufacturing. In case it sells, the amount of subsidy received has to be refunded to the Government of Assam along with an interest of 12% p.a.
- 5.3.9 If any similar subsidy has been claimed under any other scheme of the Government of India or the State, subsidy will not be claimable under this Scheme. An undertaking to this effect will have to be furnished by the management.
- 5.3.10 The claim for this subsidy has to be made within 12 months of start of commercial manufacturing activities. The unit claiming subsidy under this head will submit a summary of expenditure incurred on Plant & Machinery.

**5.4 Agricultural Income Tax Holiday for 3 years:** A three-year Agricultural Income Tax holiday will be applicable for the financial year 2019-20 to 2021-22. However, returns will have to be filed within the due date. If the returns are not filed on the due date, interest and penalty will be applicable to the unit, assuming that there is no tax holiday.

**6. Mode for distribution of funds:**

Except for benefit under Agriculture Income Tax, all other subsidies will be paid as reimbursement, as Direct Benefit Transfer, on claiming of the same by the eligible unit, in the prescribed form and after following the prescribed procedure.

**7. Institutional Mechanism:**

The application for disbursement of the subsidy under this Scheme will have to be made on a portal. The eligible unit will need to register on the portal with all supporting documents of eligibility. The claim will have to be filed on the Portal, in the prescribed application form, attaching all the supporting documents, as mentioned in portal.

The verification of the claim will be as follows:

**7.1 Interest Subvention on Working Capital:** This subsidy Scheme shall be implemented by Finance Department, Government of Assam. The application submitted for Interest subvention will be routed to the bank which has extended the Working Capital loan. The bank will need to certify amount of interest @3%, verify the genuineness of the claim with respect to borrower credentials, classification of the loan account as Standard and that interest has been serviced etc., and approve on the portal. The application will thereafter be processed for release of the subvention amount.

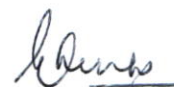
**7.2 Subsidy for production of Orthodox tea / Green tea / White tea / Oolong tea / Singhpo tea / Purple Tea / Yellow tea or other Speciality tea:**

7.2.1 Industries & Commerce Department will be the implementing department for this subvention Scheme.

7.2.2 The application will be received in the prescribed format along with the copies of monthly e-returns submitted to the Tea Board of India for the claim period.

7.2.3 Only one application will be accepted for one financial year and claim for the entire financial year must be submitted within 31st May of the following financial year.

7.2.4 Application will be scrutinized by the Commissioner, Industries & Commerce Department and if necessary, he may get the claims

  
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verified through GM, DICC. Thereafter the claims will be forwarded through the regional office of the Tea Board of India at Guwahati for cross verification of production data.

7.2.5 After verification, if the claims are found to be in order, the Commissioner, Industries & Commerce Department will forward the claims to Finance Department for online reimbursement of the subsidy to the beneficiary.

7.2.6 Industries and Commerce department will set up their own procedure to verify the applications.

### **7.3 Incentive for Orthodox & Speciality Tea Unit for Plant & Machinery:**

7.3.1 Industries & Commerce Department will implement the incentive.

7.3.2 Application will be received online in the prescribed format.

7.3.3 After preliminary scrutiny the Commissioner, Industries and Commerce department will forward the application to concerned GM, DICC, who along with the local officer of the Tea Board of India will visit the unit and Industries and Commerce Department will in turn verify and transfer the claims.

7.3.4 After being satisfied with the recommendation of the GM, DICC, the Commissioner, Industries & Commerce department will further forward the claims to the Finance department for online disbursement of the subsidy to the beneficiary.

**7.4 Exemption from Agricultural Income Tax:** This subsidy Scheme shall be implemented by Finance Department, Government of Assam. The exemption from Agriculture Income Tax will be notified under the Agriculture Income Tax Act. The amount of exemption can be claimed while filing the returns by the unit.

## **8. Scheme Implementation Mechanism:**

The application for disbursement of the subsidy under this Scheme will have to be made on a portal made for this Scheme. The eligible unit will need to register on the portal with all supporting documents of eligibility and file the claim in the prescribed formats. All incentives will be paid as reimbursement, as Direct Benefit Transfer, except Agriculture Income Tax.

## **9. Maintenance of Data under the Scheme:**

Implementation Cell will maintain all data related to beneficiaries centrally in a database and develop a portal with a specific dashboard regarding the Scheme.

The Portal would incorporate SMS alerts for funds disbursement and alerts to the applicants through the entire process of the scheme implementation including registration, fund release etc.

**10. Administrative Expenses:**


To cover the administrative costs, it is proposed that 3% of the Scheme budget outlay is committed as 'Administrative Expenses' towards technology services, evaluation and verification, intensive information and education campaign(IEC), field visits etc. to make the public aware about the Scheme and meeting other incidental costs.

**11. Power to Remove Difficulties:**

If any difficulty arises in giving effect to the provisions of the Scheme or any instructions issued thereunder, the Finance Department, Government of Assam may take necessary actions by way of issuing necessary instructions to remove such difficulties.

**12. Recovery in case of Fraudulent Claim:**

If at any point of time, it is found that any applicant has made a false claim and is not eligible to receive benefit under this Scheme, she/he shall be liable to refund the entire amount received with interest.

  
(Samir K. Sinha)

Principal Secretary to the Government of Assam  
Finance Department

Memo No. FIF.68/2019/147- A

Dated Dispur the 6<sup>th</sup> November 2020

Copy to:-

1. The Chief Secretary, Assam for kind information.
2. The Addl. Chief Secretary/ Principal Secretary/ Commissioner & Secretary/Secretary to the Government of Assam \_\_\_\_\_ (All Departments).
3. Principal Secretary to the Hon'ble Chief Minister, Assam for information of Principal Secretary.
4. The Accountant General (A&E) Assam, Maidamgaon, Beltola, Guwahati-29 for information.
5. P.S to the Hon'ble Finance Minister, Assam for information of Hon'ble Finance Minister.

6. All Deputy Commissioners .....for information and request to issue necessary action.
7. Chief General Manager, State Bank of India, Dispur, Convener, SLBC Guwahati-6 for information and necessary action.
8. General Manager (NW-I), Convener SLBC Dispur, Guwahati-6 for information and necessary action.
9. The Director, Printing & Stationery, Assam, Guwahati-21. He is requested to publish the above Notification in the Extra Ordinary Assam Gazette.
10. The Joint Secretary to the Government of Assam, Finance (e-Governance Unit). He is requested to upload the notification in Finance Dept.'s website.

By order etc.



Additional Secretary to the Government of Assam,  
Finance (IF) Department.