



## **WAREHOUSING BUSINESS**

**How to Get Maximum Subsidy of Rs. 5.00 Crore for Set  
up Warehouse Business in Haryana**

# (A to Z For Warehousing Business)



## **Brief of E-book**

This e-book has been specifically prepared for warehouse business. We at KIP Financial Consultancy Pvt. Ltd are the business consultant and rendering Advisory and Investment consultancy on Warehouse Business apart from our other services such as Consultancy for availing Govt. Incentives and Subsidy particularly for MSME Business Unit throughout India, Business Registration, IP Right such as TRADE Mark etc. We have tried to share information related to Financial Assistance provided by Haryana State and Centre Govt on warehouse business. We hope such information shall be helpful to the reader or Investor to take investment decision in warehouse sector. Since Commercial demand of Storage House are going to increase day by days and Govt has also focused to prevent post harvesting loss occurred to Farmers. That's why demand of Agriculture infrastructure such as Agriculture Godown, Storage House, Distribution Centers etc has been increased. Govt has also boost up the Investor to do investment in such industry through providing financial assistance in form of subsidy for set up Warehouse infrastructure.

We hope, reader will enjoy this e-book and information contain in this will be helpful in taking the Investment decision in warehouse sector. For any kind of suggestion you may write us or call us at:

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## **Dear Investor,**

Taking Investment decision in current economic scenario is too much complex and required a lot of analytic & approval works. Each businessman want to a business that give a good return on his investment with lower risk. So, Tracking lucrative Investment Avenue is the ultimate goal of him before making any investment.

### **Warehousing – A best Investment Avenue.**

Warehousing Sector may be a good investment sector !

If you think, for investment in warehouse sector then you on right path.

Warehousing is a basic Infrastructural Activities that boost the other economic activities for manufacturing and service sector. In this business you can get hassle free passive rental income after one -go time investment.



So Let's start to talk about some basic parameters of warehousing business.

## **(Specifically in Context of Haryana Warehouse Policy)**

### **1. Warehouse Meaning:**

Generally a warehouse means a place that is used for storage of Goods. A warehouse includes a place for storage of goods under controlled conditions along with value added services such as sorting, grading, packaging etc. Storage of goods may be agriculture or any commercial goods.

### **2. Type of Warehouse:**

We can categorized the warehouse in following type as:

- (i) Integrated Inland Container Depots
- (ii) Custom Bounded Areas
- (iii) Agriculture Godown
- (iv) Warehousing complex with fixed facilities, moving units, rolling stocks
- (v) Open and closed Storage
- (vi) Ambient Condition Storage For Transit Period
- (vii) Fulfillment Centers (E-retailing)
- (viii) Distribution Centers

### **3. Minimum Area Norms for setting up of Warehouse:**

- (i) Warehouse should be set up in minimum 2 Acres
- (ii) Have a minimum Approach road of 30 Feet.
- (iii) Must be have dedicated area for idle parking.
- (iv) Up to 10% of Covered area, shall be utilized for ancillary activities such as packaging, assembling, kitting etc.

#### 4. Quantum and Financial Assistance for Warehouse Business:

The following are the benefits/incentives are provided by the state of Haryana to warehouse business owners.

##### A. Capital Subsidy:

Under capital subsidy, a Financial Assistance @ 25% of the Fixed Capital Investment shall be provided to a warehouse business. Fixed Capital Investment (FCI) includes the Investment in Building, Machinery & Equipment's. Here important point of noting is that entire fixed investment made before the commencement of commercial service shall be considered for the purpose of calculating eligible FCI.

For Example, your date of commencement of renting the Godown is 1<sup>st</sup> October 2020 and you have made the total investment of Rs. 20.00 Crore as:

|                                    |                  |
|------------------------------------|------------------|
| Up to 30 <sup>th</sup> Sept 2020   | Rs. 15.00 Crores |
| After 1 <sup>st</sup> October 2020 | Rs. 5.00 Crores  |

Then the Eligible FCI will be Rs. 15.00 Crores Only and you will be entitle for claiming capital subsidy of Rs. 3.75 Crores i.e 25% on Rs. 15.00 Crores. Investment made after the date of commencement of commercial services shall not be consider for the purpose of calculating subsidy amount.

**Maximum Subsidy:** You can claim Maximum Subsidy of Rs. 5.00 Crore under this scheme.

**Basic Condition:** The Enterprise should continue in warehouse business for a period of at least 10 Years from the date of commencement of Commercial Services. Else subsidy amount shall be recoverable from the warehouse enterprises.

**Time limit :** The Applicant shall apply for capital subsidy within 3 Months from the date of Commencement of Commercial Services.

### **B. Interest Subsidy:**

**Apart** from Capital Subsidy, Applicant can take the benefit of interest subvention @ 5% on Loan Taken for the purpose of working capital. In other words, if you have availed any loan/CC facility for meet out your routine expenses in warehouse such as Staff Salary, Utility expenses etc the you can take such financial assistance in form of Interest subvention.

**Maximum Benefits:** You can take maximum **Benefits of Rs. 10.00 Lacs per year for a period of 3 Years. In other words you can take benefits of Rs. 30.00 Lacs under this part.**

### **C. Stamp Duty Refund:**

**This** is the additional benefit that **you can** avail for your warehouse business. If you have purchased or taken the land on lease for warehouse purpose then you shall be eligible for **100% reimbursement of Stamp Duty** paid on such land i.e used for warehouse purpose.



#### **D. Exemption of Electric Duty:**

Warehousing Units shall be eligible for **100% of Electricity Duty exemption for a period of 7 Years.**

#### **E. Reimbursement of External Development Charges (EDC):**

Under this part, you can claim reimbursement up to 50% of payment of External Development Charges for the Project.

**Time limit** : The Applicant shall apply for this within 3 Months from the date of Commencement of Commercial Services.

- F.** Apart from the above said benefits, you can also take the benefit of **Capacity Building Incentives**, if you have arranged training of staff from any Govt Approved institution. Such incentives will be maximum 50% of the Training Cost, subject to limited maximum of Rs. 10000/- per worker for one training program. Such benefit can be claimed with in 1<sup>st</sup> year of commencement of services.

#### **5. Eligible Criteria for availing Financial Assistance:**

- (i) Enterprise Unit must be registered under MSME Act.
- (ii) Units which have commence commercial services after 09.03.2019 will be eligible for above said incentives
- (iii) Unit should not be availed any benefit or incentives under Haryana Enterprises Promotion Policy, prior to claim above said incentives.

- (iv) Unit should be in regular operation at the time of disbursement of subsidy. Subsidy shall not be released to closed units.
- (v) Unit should have obtained Noc/CLU from competent authority as applicable.
- (vi) Benefits shall be available as per category of block prescribed by State Govt in said policy.

## **6. Benefit to Existing Enterprises:**

If you are already in warehouse business then you can also take the benefits of above said incentives. In that Case you would make at least 50% Additional Investment in Fixed Assets of the Original Fixed Capital Investment.

For example if you have made Original FCI of Rs. 10.00 Crores then you have to be made additional investment of at least of Rs. 5.00 Cores in order to take the benefits of incentives.

## **7. Scheme Applicability:**

This scheme will remains in **force up to 5 Years from the date of notification i.e 09.03.2019 or superseded by the Government.**

## **8. How to apply for Incentives:**

For availing the above said incentives, The Applicant need to apply online on the portal of Department of Industry and Commerce of Haryana.

The Application shall be examined and processed by the Department within 30 to 45 Days

### **9. Documents Required:**

- a. Udyog Aadhar Registration/Udyam Registration
- b. Bills of Building/Civil Work including labour work and Bills of Plant & Machinery and Equipment.
- c. Land Registry/ Lease Deed on which Godown Constructed and Copy of Mutation if land is purchase for godown purpose.
- d. Copy of CLU/NOC from DTP
- e. Payment towards CLU and Labour Cess (if any)
- f. Completion Certificate from Civil Engineer that certified the Cost of Godown specially bifurcated as Main Shed, Office Room and other covered Area.
- g. CA Certificate for Certifying the cost of Fixed Capital Investment (Building and Plant & Machinery only) Land cost shall not include in said FCI.
- h. First Sale/Service Bill raised
- i. Authorized Person Aadhar Card, Mobile Number and email id.
- j. Firm Current Bank Account Statement (Specifically mentioned Branch Address and IFSC Code)
- k. Updated Balance sheet and Profit and Loss Account of Firm (Books of Account – updated)

### **10. Additional Important Benefits:**

Apart from the above said benefits of the State of Haryana, you can availed the following incentives of Govt. of India as:

- (i) **NABARD Capital Subsidy:** You can opt only one capital subsidy either State Govt or Centre Govt. Further you can opt NABARD Subsidy only for Storage of Agriculture Produce. In case you are doing the business of storage of commercial goods then you can opt Capital Subsidy of Haryana State.



- (ii) **Interest Subvention under Agri – Infra Fund:** If you have decide to choose storage of Agriculture Produce then you can also take the benefit of Interest subvention @ 3% on Term loan up to Rs. 2.00 Cr for a period of 7 Years.
- (iii) **WDRA Registration:** You can avail benefit of WDRA Registration if you are in business of storage of Agriculture produce.
- (iv) **You can also take the Special Tax benefits for Agriculture warehouse.**



**I hope** above said information will help you in taking investment decision in warehouse sector. If you are planning to go in Warehouse Business then share with us your investment plan.

To remain update on Warehouse Business, visit our website at: [www.kipfinancial.com](http://www.kipfinancial.com)

Further it is advisable to opt our consultancy plan before making any Investment decision in warehouse sector.

**You may write to me or call me for any inquiry/discussion.**

**Thanks.**

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## **Disclaimer:**

**This e-book contain the information related to Warehouse business specifically to avail Financial Assistance from Haryana/Centre Govt as applicable presently. Such information are helpful to Investor for taking Warehouse Investment decision. We at KIP, are not responsible for any financial and non-financial loss for such investment. Further, KIP shall not entertained any claim with respect to availing govt subsidy or any other Govt. departmental approval. Further State/Centre govt may amend any provision of said schemes. Eligibility of subsidy shall be subject to provision of scheme and as per location prescribed in said policy. So readers are requested to go in details for scheme before taking any decision.**

