

What's New

Tax Insights



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Government of Maharashtra notifies the Industries, Investment and Services Policy 2025



In brief

The Maharashtra Industries, Investment and Services Policy 2025¹ (policy), released recently, is a comprehensive framework designed to transform Maharashtra into a premier global business destination and India's first trillion-dollar state.

The policy provides distinct incentives for manufacturing and select service sector units. Manufacturing sector incentives are primarily based on fixed capital investment (FCI) or employment generation, offering benefits including gross State Goods and Service Tax (SGST) reimbursement, capital and interest subsidies, power tariff subsidy and electricity duty exemptions, production-linked incentives, etc.

Furthermore, service sector incentives are focused on direct employment generation, and incentives are provided in the form of Employees' Provident Fund (EPF) reimbursement, rental lease subsidy, support for skilling and Research and Development (R&D), etc.

The policy provides additional incentives for import substitution projects in the form of reimbursement of costs related to technology, R&D and plant and machinery (P&M). The policy also promotes ease of doing business (EoDB) in the form of enhancements with key upgrades including AI-powered approvals, blockchain-based document verification, and real-time tracking, to improve investor experience on the MAITRI portal.



In detail

The policy is valid for a period of five years from the date of its notification or till a new policy comes into effect. The key highlights of the policy are enumerated below.

- **Coverage**

- The policy applies to manufacturing and service sectors, including 16 priority and thrust manufacturing sectors, 13 priority service sectors, and emerging sectors in both manufacturing and services.

- **Area classification**

- Area or Taluka classification A/B/C/D/D+ is retained as per the earlier Maharashtra Package

¹ [Maharashtra Industries, Investment & Services Policy 2025, dated 31 December 2025](#)

Scheme of Incentives 2019².

- **Fiscal incentives (manufacturing)**

- The investment eligibility threshold for Micro, Small, and Medium Enterprises (MSMEs) shall be as per their definition in the MSME Development Act, 2006. MSMEs in Group A are now eligible for incentives under the policy.
- Units with eligible FCI exceeding the threshold of medium enterprises (INR1,250m) but falling short of the minimum investment or employment threshold prescribed for classification as Special Large Scale Industries, shall be categorised as Large Scale Industries (LSI) and will be eligible for incentives provided to MSMEs under the upcoming MSME policy of Maharashtra.
- For Special LSI and Mega units, eligibility thresholds for investment as well as employment have been revised for category D, D+ and below, as compared with the erstwhile policy. For Ultra-Mega units, such eligibility threshold has been revised for all the taluka or area classifications.
- Fiscal incentives offered under this policy to MSME and Special LSI units are as follows:
 - **Capital subsidy** is offered to MSME units under thrust sectors focused on exports or circular economy projects, etc. at the rate of 20% of the eligible FCI capped at INR250m, subject to conditions as prescribed in the policy, with an annual cap of INR50m per year.
 - **Production-linked incentives** for MSME units, of 1-1.5% of the incremental turnover for five years, to select export units, up to 10% of the FCI in the incentive period. MSME units can receive a maximum of INR10m annually of the applicable incentives.
 - **Investment promotion subsidy** on 100% of the gross SGST payable by the unit on the first sale of eligible product(s) billed and delivered within Maharashtra, capped at 30% to 100% of the FCI for a period of five to ten years, which will be based on the taluka or area classification.
 - **Employment linked subsidy** in the form of reimbursement of 50% of the employer's contribution to EPF for a period of five years, subject to a maximum subsidy of INR50m per unit for MSMEs and INR100m per unit for special LSIs, applicable across talukas or areas under Groups D, D+ and below.
 - **Other incentives** include stamp duty exemption, electricity duty exemption, power tariff subsidy, additional incentives to MSME units, etc.
- Additional incentives for anchor vendor connect and import substitution.
- Customised incentives are offered to Mega and Ultra-Mega projects.

- **Fiscal incentives for select service sector units:**

- Select service sector units are categorised as MSME, Large, Mega, and Ultra-Mega based on the minimum employment ranging from 50 to 3,000, based on area classification, to be created within a period of two years from the date of commencement of services offered.
- To avail incentives, the units shall require to maintain the qualifying direct employment (on the roll and in premises of the eligible unit) throughout the year, and a minimum 80% of such employees should be local persons.
- Fiscal incentives offered under this policy are as follows:

² [Maharashtra Package Scheme of Incentives – 2019](#)

- **Rental lease subsidy** of up to 50% with a maximum of INR10m to INR200m based on the location for a limited number of units.
- **Reimbursement of 50% of the employer's EPF contribution** for five years in Group D, D+ and below, with a cap of INR100m per unit for 500 eligible units. Additional subsidies shall be provided to incentivise employing local persons, women and persons with disabilities.
- **Other incentives:** Stamp duty exemption, electricity duty exemption, skilling subsidy, R&D and innovation subsidy.
- **Special subsidies to Fortune-500 companies:** For 12 emerging districts in Zone I, the State Government may offer land at a highly subsidised rate of INR1 per acre.
- **Additional incentive for service sector in Tier-2 cities:** Additional incentives shall be provided to Mega and Ultra-Mega units up to a maximum cap of 120% of the FCI, subject to approval by the High Power Committee and Cabinet Sub-Committee.
- **Additional incentives (applicable for manufacturing and service sector units)**
 - 25% of FCI in Zone 1 and up to 15% in Zone 2 for industries investing minimum FCI of INR5,000m and 500 employment in emerging districts.
 - Employment-linked and skill-linked incentives under Central and State Government schemes and incentives for women entrepreneurs and persons from scheduled castes or scheduled tribes.
 - 10% of FCI in P&M for enterprises engaged in the production or processing of products officially designated under the One District One Product initiative by the Government of Maharashtra for their respective districts.
 - To support industries adopting environmentally sustainable technologies and practices.
- The policy has come up with several initiatives including single window clearance, plug-and-play infrastructure, cluster development, boosting access to finance by developing a dedicated R&D fund, strengthening access to finance for MSMEs, productivity and modernisation enhancement fund, funding for start-ups, etc.
- The policy also highlights the EoDB leap by the State Government in the form of MAITRI 2.0 and statute-backed single window with enhanced features including AI-enabled approvals, blockchain verification, automatic or accelerated permissions for ≥INR1,000m and foreign direct investment proposals, etc.

The takeaways

The policy is distinctly future-oriented, aiming to transform Maharashtra into a trillion-dollar economy by 2030 through a comprehensive focus on advanced manufacturing, green technology, and sustainable practices. It emphasises the adoption of Industry 4.0 and 5.0 technologies, smart manufacturing, as well as the development of high-tech industrial parks and innovation hubs, ensuring that the state remains at the forefront of global industrial trends and technological advancements.

By fostering R&D; supporting emerging sectors including semiconductors, green hydrogen, and circular economy initiatives; and mandating significant R&D investment from large industries, Maharashtra is positioning itself as a leader in knowledge-driven, sustainable, and innovation-led growth.

Additionally, the policy is designed to create balanced and inclusive growth by targeting job-rich sectors, empowering MSMEs; and promoting regional development through special incentives for

emerging districts and underdeveloped regions. By embedding digital governance, streamlining approvals through a single-window system and providing fiscal and non-fiscal incentives to the industries, Maharashtra is building an industrial ecosystem that is agile, globally competitive, and resilient to future economic and technological shifts.

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