

Transport Subsidy Scheme

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Source: PIB & Ministry of Commerce and Industry

In order to facilitate the process of industrialization in hilly, remote and inaccessible areas, transport incentive is provided to the states of North Eastern Region (including Sikkim) under North Eastern Industrial Development Scheme (NEIDS) – 2017, Jammu & Kashmir under Industrial Development Scheme – 2017 and Lakshadweep and A&N Islands under Lakshadweep and Andaman & Nicobar Island Development Scheme – 2018. Government of India had introduced Transport Subsidy Scheme (TSS) in 1971 **to develop industrialization in the remote, hilly and inaccessible areas.**

Key features

- **Applicability:** The scheme was applicable to **all industrial units** (barring plantations, refineries and power generating units both in public and private sectors, irrespective of their size).
- Under the scheme, **subsidy on the transport cost for transportation of raw material and finished goods** to and from the location of the unit and the designated rail-head was **reimbursed for a period of 5 years** from the date of commencement of commercial production.
- For North-Eastern states, the subsidy is 90%.
- However, for the movement of goods within NER, the subsidy is 50% on finished goods and 90% on the raw material.
- **TSS was modified and notified as “Freight Subsidy Scheme (FSS) – 2013 for a period of five years**
- The Scheme has been discontinued from 2016. However, industrial units registered under the scheme prior to the date of issue of DIPP’s notification dated 22.11.2016 will be eligible for the benefits of the

residual period under the scheme.

About Freight Subsidy Scheme (FSS)

The Freight Subsidy Scheme (FSS), 2013, which replaced the Transport Subsidy Scheme, 1971, was in operation in all 8 States of North Eastern Region, Himachal Pradesh, Uttarakhand, J&K, Darjeeling District of West Bengal, Andaman & Nicobar Islands and Lakshadweep islands