

No.1(13)/2000-NER
Government of India
Ministry of Commerce & Industry
(Department of Industrial Policy & Promotion)

New Delhi, dated 14th June, 2002

OFFICE MEMORANDUM

Subject: New Industrial Policy and other concessions for the state of Jammu & Kashmir.

The Government of Jammu & Kashmir has requested for a special package for development of industries in the state on the lines for the North East Industrial Policy notified by the Central Government vide Ministry of Industry's OM No.EA/1/2/96-IPD dated 24th December 1997. Discussions on Strategy and Action Plan for Development of Industries and generation of employment in the state of Jammu & Kashmir were held with the various related Ministries on the issues interalia, infrastructure development, financial concessions and easy market access.

2. Keeping in view the fact that *the state of Jammu & Kashmir lags behind in industrial development*, a need has been felt for structured interventionist strategies to accelerate industrial development of the state and boost investor confidence. The new initiatives would provide the required incentives as well as an enabling environment for industrial development, improve availability of capital and increase market access to provide a fillip to the private investment in the state.

3. The matter has been carefully considered by the Government and it has been decided to provide the following package of incentives for the state of Jammu & Kashmir.

3.1 Fiscal Incentives to new Industrial Units and substantial expansion of existing units:

i) New industrial units and existing industrial units on their substantial expansion as defined, set up in growth center, industrial infrastructure development centers (IIDCs) and other locations like industrial estates, parks, export processing zones, commercial estates, etc., as notified by the Central Government are entitled to 100% (hundred percent) excise duty exemption for a period of 10 years from the date of commencement of commercial production.

ii) All New industries in the notified location would be eligible for capital investment subsidy @ 15% of their investment in plant & machinery, subject to a ceiling of Rs. 30 lakhs. The existing units will be entitled to this subsidy on substantial expansion, as defined.

iii) An interest subsidy of 3% on the working capital loan would be provided to all new industrial units in notified locations for a period of 10 years after commencement of commercial production. This benefit would also be extended to existing units in notified locations on expansion, as defined, as well as to Annexure-II Thrust Industries.

iv) The insurance premium to the extent of hundred percent on capital investment for a period of 10 years would be extended by the Central Government to all new units and to existing units on substantial expansion, as defined.

v) The present income tax exemption would continue as per the existing dispensation applicable to Jammu & Kashmir. The State Government may consider extending Sales Tax exemption to the units which avail of concessions under this Policy.

3.1 Development of Industrial Infrastructure:

The financing pattern of Integrated Infrastructure Development (IID) centres will change from 2:3 between Government of India and SIDBI to 4:1, and the GOI funds would be in the nature of a grant, so as to provide the required infrastructural support.

3.3 Other Incentives:

(i) Design-cum-Resource Centre for Footwear & Leather Industry:

Leather goods and shoes as well as items of fur are being manufactured in the Small Scale Industry/Tiny sector traditionally in Srinagar and Jammu. The Central Government would make an initial contribution of Rs.1.00 crore as grant for setting up a Design/Resource Centre and National Leather Development Programme (NLDP) would provide assistance for machinery, training and salaries of professionals. Under the National Leather Development Programme, exclusive assistance would be provided to market finished leather products of the artisans of the state in the form of buyers-seller meets and exhibitions.

(ii) Ministry of Textiles will extend their package of assistance as applicable to the North Eastern Region, to the state of Jammu & Kashmir on same terms and conditions.

3.4 Setting up of Jammu & Kashmir Development Finance Corporation

(i) Jammu & Kashmir Development Finance Corporation (JKDFC) shall be set up by the Central Government with a one time provision of Rs. 50 crore on the lines of North East Development Financial Corporation. This Corporation shall provide term loan, working capital and other

infrastructural support in the state of Jammu & Kashmir in the lines of NEDFi in the North East.

- (ii) JKDFC would be designated as the Nodal Agency for routing the subsidies/incentives under various schemes notified under this Policy.

3.5 The above concessions/subsidies shall be available to all new units/existing industrial units on their substantial expansion as defined, in the notified industrial areas by the Central Government (Annexure-I) and thrust industries (Annexure-II) irrespective of location.

Explanation:

- (i) The eligible areas for above concessions and thrust industries are as identified in Annex-I & II respectively.
- (ii) The notification regarding definition of substantial expansion of the existing units shall be issued separately.

3.6 Ineligible Industries under the policy:

Cigarettes/cigars of tobacco, manufactured tobacco and substitutes, distillation/brewing of alcoholic drinks and manufacture of branded soft drinks and its concentrates are excluded for the purpose of concessions under this policy.

4. Government reserves the right to modify any part of the policy in public interest.

5. The Ministry of Finance, Department of Revenue are requested to amend Act/rules/notifications, etc. and issue necessary instructions for giving effect to these decisions.

(S.Jagadeesan)

Joint Secretary to the Govt of India

To

All Ministries/Departments of the Government of India

Copy for information & necessary action to:

1. Chief Secretary, Government of Jammu & Kashmir, Srinagar
2. Secretary, Industries Department, Government of Jammu & Kashmir, Srinagar

Annexure-I

Identified locations for notification under the new Industrial Policy for the state of Jammu & Kashmir

A. New Locations:

(i) District Srinagar:

Village Kanmoh (Zabarwan Hills surrounding), Khrew

(ii) District Pulwama:

Lassipora, Nowpara Bala, Acchan, Tantraypora, Punjran

(iii) Industrial Area/Industrial Model Town/Industrial Cities to be set up by the J&K Government.

(iv) District Kathua:

Logat, Sehr, Uttri, Barwal, Cek Ramchand, Logat Morh, Sooni, Gagwal, Chenkatrian, Pyal, Katal Brahmana, Chedwal, Urnanan

(v) District Srinagar

Village Mujgund (area earmarked as industrial zone under the approved town plan of district Srinagar).

Existing Locations

B. Existing Industrial Estates run by Directorate of Industries (DIC), Small Scale Industries Corporation (SICOP), State Industrial Development Corporation, (SIDCO) as per Enclosures I to III.

C. Commercial Estates established on private land throughout the state as under:

1. Jammu District:

Topsherkhani, Barnai (Muthi), Kartholi, Village Dilli, Narwal, Ramgarh, Kangrial, Muralian, erstwhile mill area of R.S. Pura.

2. Kathua District:

Hathlimorh, Chek Raju, Chek Ramsingh (units of Chenab Textile Mills)

3. Udhampur District:

Panthal, Reasi

4. Srinagar District

Baghi Ali Mardan Khan, Ganderbal, Parimpora, Kanmoh (outside Industrial area)

5. Pulwama District:

Pampore, Khrew (lime stone area), Ladoo of District Pulwama

6. Kupwara District:

Batergam, Drugnulla, Ober

D. Areas to be notified as extension of Existing Industrial Areas.

1. District Jammu:

Village Birpur, Smailpur, Majalta, Kartholi, Minsarkar, Yakmorh, Parmandal, Patlimorh, Sarore, Tarore, Kanthpur, Diana

2. District Kathua:

Hathlimorh, Gobindsar, Chack Khuni, Chack Sarkar, Chack Partap Singh, Maroli, Mahatab Pur, Dharote, Lakhenpur, Chack Kota, Jagatpur

Enclosure-I Identified Industrial Locations

Sl.No.	Name of District	Name of Industrial Estate/Location
A.	Kashmir Division	
	1. Srinagar	B.A.M.K. Ganderbal Duderhma
	2. Budgam	Barzulla
	3. Anantnag	Anantnag Kulgam Anchidora Bijbehara
	4. Pulwama	Pulwama Shopian Chathpora
	5. Barammulla	Barammulla

		Sopore Sumbal Bandipora
	6. Kupwara	Kupwara(Branwari) Chotipora(Handwara)
	7. Leh	Leh
	8. Kargil	Chencik

Sl.No.	Name of District	Name of Industrial Estate/Location
B.	Jammu Division	
	1. Jammu	Digiana Jammu Cantt Akhnoor Samba
	2. Udhampur	Udhampur Reasi
	3. Kathua	Kathua I Hiranagar Billawar
	4. Doda	Sangrambata
	5. Rajouri	Kheora
	6. Poonch	Poonch Ext.Area Poonch

Enclosure-II Identified Industrial Locations

Sl.No. under	Name of District	Name of Industrial Estate/Location SICOP
A.	Kashmir Division	
	1. Srinagar	Zakura Zainakote
	2. Anantnag	Sports Goods Complex Bejbehara
B.	Jammu Division	
	1. Jammu	Gangyal Birpur
	2. Udhampur	Battal Ballian
	3. Kathua	Kathua II

Enclosure-III Identified Industrial Locations

Sl.No. under	Name of District	Name of Industrial Estate/Location
A.	Kashmir Division	SICOP
	1. Srinagar	Khanmoh Shalteng
	2. Budgam	Rangrath EPIP Ompara
	3. Pulwama	Lathpora Lassipora Doabgah
B.	Jammu Division	
	1. Jammu	Bari Brahmana

	Phase-I	IGC Sambha
		EPIP Kartholi
	2. Kathua	Kathua

Annexure II THRUST INDUSTRIES

Sl.No	Activity
1	Food Processing & Agro based industries (excluding conventional grinding/extraction units) such as c) Sauces, Ketchup, etc. d) Fruit Juices & fruit pulp c) Jams, Jellies, vegetable juices, puree, pickles etc. d) Fruit Waxing, packaging, grading
2	Leather Processing & Leather goods
3	Tissue culture
4	Silk Reeling Yarn and Yarn spun from silk waste Woven fabrics of silk or silk waste
5	Wool & woven fabrics of wool
6	Woven fabrics of cotton
7	Floriculture
8	Medicinal herbs- processing
9	Green houses only Ladakh
10	Computer hardware/Electronics (integrated circuits & micro assemblies)
11	Sports goods and articles and equipment for general physical exercise
12	Auto Ancillaries
13	Eco-tourism Hotels, Houseboats, Resorts, adventure & leisure sports, amusement parks, cable car. Guest houses only Ladakh
14	Handicrafts
15	Precision engineering
16	Exploration of minerals