

Package of Incentives Available to the Industries in Jammu and Kashmir

1. Allotment of land/Industrial plots/Sheds & Flats

- a. the allotment of land/industrial plots/Sheds & Flats shall be on lease basis for a period of 90 years.
- b. the rent charged for the period of lease shall be invested in maintenance of the facilities in the industrial estate. In case of land outside the industrial estates, where no maintenance is required to be done by any Governmental agency, only a nominal lease rent shall be chargeable if the entire expenditure on the cost of land has been incurred by the promoter.
- c. Premium rates shall be notified by the Government from time to time and shall not change after land has been allotted to the promoter and a lease deed signed by him after paying the amount of premium.
- d. Land allotted on lease shall be transferable subject to some stipulations and also subject to the condition that the transferee shall not -use the land for purposes other than setting up or running another industrial unit in the area with due clearances from the angle of pollution etc.

2. Pre-investment studies/Feasibility reports

- a. project profiles shall be prepared by the Directorate of I&C SIDCO and SICOP and shall be available off the shelf to the promoters at nominal price only to cover the cost of printing.
- b. the promoter may get a project feasibility report prepared from J&K ITCO, SIDCO, SIST or any other agency as may be approved by the Director I&C from time to time. The entire expenditure incurred on such feasibility reports shall qualify for hundred percent subsidy at the time of execution of the project. The promoter may get a report prepared also from any other specialist agency/ reputed consultants.
- c. the detailed feasibility report/detailed project report shall qualify for capital investment subsidy at the rates applicable to other items of capital investment, at the time of release of capital investment subsidy.
- d. the cost of obtaining technical know-how from abroad shall be treated as part of the capital investment subject to the clearance of the Central government. In case of the indigenous technology/technical know-how, the same shall also qualify for capital investment subsidy if obtained from any reputed national or regional Organisation. e. provided that if the cost of such technical know-how exceeds 10% of the total capital cost only such amount as is within 10% of the total capital investment shall qualify for working out capital investment subsidy.

3. Power tariff/DG Sets

- a. power tariff for the industrial sector is subsidised. The Power Development Department (PDD) shall revise and announce the tariff from time to time, keeping in view the Government policy to encourage the development of industry in the State and the power tariff prevailing in the neighbouring states.

b. 100% subsidy shall be allowed on new DG Sets of 10 KWs to 1000KW capacity purchased from reputed/standard companies. The subsidy shall be available to the unit after it has been verified that the diesel set has been actually installed.

c. the amount of subsidy on purchase of DG sets shall be paid only through a bank (or the concerned financing agency, if any) even if the promoter may not have taken any loan for purchase of the DG set.

d. subsidy on DG set shall be paid on verification of installation and the remaining 50% shall be paid after expiry of period of one year of installation.

e. the DG set shall not be shifted from the State for a period of ten years counted from the date of installation or to any other unit except with the approval of the Director I&C. If the unit makes any such request to shift the DG set to outside the State, the same shall be considered only in case the unit deposits the entire amount of the subsidy availed of together with interest thereon at the prevailing rate of interest on term loans.

f. government shall allow setting up of captive Thermal Power Generating Stations (subject to Pollution Control measures to be adopted by the promoter) and also Hydel Generating stations. There shall be no electricity duty/state excise on generation of electrical energy through such captive Power Generating Stations for a period of 25 years. The station may be set up by an individual promoter or a group of promoters and the energy thus generated may be shared by them or sold to other consumers.

4. Price preference

a. upto 15% price preference shall be available to the SSI units in all government purchases except in case of items brought on the negative list. The price preference shall also apply in case of any goods purchased by the public sector undertaking/ boards purchased for their own non-commercial use. The price preference shall not cover items purchased by the public sector undertakings and boards who may use such goods as raw material, consumables, packing of their products which are, in turn, meant to be sold on commercial basis either to the government departments or to the private consumers or in the open market.

b. nothing contained in the preceding para shall mean to restrain the Government from purchasing or allowing any of its departments/boards corporations to purchase any consumption/commercial goods from another manufacturing Organisation of Government such as JKI, JKM, SIDCO, Agro Industries Corporation, J&K Handloom Development Corporation, KVIB etc. without inviting tenders or after inviting tenders.

c. In all other cases where the price preference applies, the following procedure shall be followed, in supercession of any other government or departmental instructions, if issued to the contrary, to regulate the purchases of the Government departments: -

- i. every purchase committee of the Government departments shall include a member from the Directorate of the I&C, not below the rank of a General Manager. Any Committee constituted without any such representative of DIC shall be void ab initio.
- ii. if the goods offered by a registered SSI unit carry quality mark, for example of BIS, FPO etc. or if the goods otherwise are of standard quality, and if the rate quoted by the SSI unit is within 15% of the lowest rate quoted by any other tenderer not being another

- local registered SSI unit, the Purchase Committee shall decide to place order on such local registered SSI unit, if the local SSI unit has the requisite registered capacity to meet the tendered requirement.
- iii if the rate quoted by the local registered SSI unit is not within 15%, the Committee shall negotiate the rate with the local registered SSI unit and place order on such negotiated rate.
 - iv no tender from a local registered SSI unit shall be rejected in contravention of the aforementioned instructions. In case the Committee faces any difficulty in complying with these instructions, it will refer the matter to the I&C Department in the secretariat decision in the matter shall be final on the purchase committee/the department,
 - v. if a local registered SSI unit is on contract, with the DG S&D, DG QA, NSIC particular item needed by a Government department, it shall purchase the item from such SSI unit without inviting tenders.
 - vi it would be lawful for a local registered SSI unit to quote through SICOP/SIDCO or to seek supply order through SICOP/SIDCO, or to request/authorise SICOP/SIDCO to represent its case before the purchasing department. In all such cases, SICOP/SIDCO shall be treated at par with the SSI unit or units whose case it may be representing, for all matters connected with the finalisation of the contract, delivery of supplies and the price preference.
 - vii no purchasing department shall force or cause any local registered SSI unit to get more quality tests conducted at its own cost if such unit is registered with the BIS, DGS&D, DG QA, etc. for ISI/ISO 9000/FPO mark.
 - viii no purchasing department shall tender for purchase of any item with a branded/patented name of any manufacturer or supplier.
 - ix. if the department supplies raw material to a local registered SSI unit, directly or through SICOP, such as Steel billets, Wire/Rods, for conversion into the end product required, such as structural steel, crate-wire etc., the conversion rate may be worked out by the concerned administrative department (such as PWD) and a rate contract be sanctioned for conversion only after taking into account the component of price preference.
 - x. for any item where the market price for the goods manufactured by mills are controlled by statutory orders, which are not applicable to the SSI units, the price preference may be negotiated on the basis of such statutory rates.

5. Earnest money/security deposit

- i. SSI units shall be required to pay only 50% of the amount of earnest money prescribed by the tendering authority or Rs. 5000 whichever is lower.
- ii. tender documents shall also be supplied to the SSI units @ 50% of the price of the documents or Rs. 100 whichever be lower.
- iii. SICOP/SIDCO shall be treated at par with the SSI units for the purposes of the aforementioned provisions.

6. Stamp duty

Mortgage deeds in favour of the financing institutions required to be signed by the promoters shall be exempt from payment of Stamp Duty.

7. Toll Tax

- i. there will be no additional or special toll tax on the raw material, fuel and consumables procured from outside the State by the existing local SSI units till 31.3.2003 and by new units for a period of 5 years from the date of production, except on items brought on the negative list from time to time.
- ii. there will be no additional or special toll tax on finished goods manufactured by the existing local SSI, Medium & Large units and sent outside the State upt 31.3.2003 and by the new SSI Medium & Large units for a period of 5 years from the date of production, except on items brought on the negative list from time to time.
- iii. there will be no additional or special toll tax on the raw material, fuels and consumables brought from outside the State by the existing Medium & Large units upto 31.03.2003 and for a period of 5 years from the date of production in case of new units except in case of items brought on the negative list from time to time. For items on the negative list, this concession shall be available on the component which is used in manufacturing of finished goods which are subsequently sent outside the State. For this purpose the Medium and Large units shall initially pay additional or special toll tax when bringing the raw material, fuels and consumables and the amount shall be refunded/adjusted against fresh procurement of raw material/fuel/consumables when the goods leave the State.
- iv. There will be no additional or special toll tax on components, machinery, plant, building material and other equipment procured from outside the State for buildings the factory, for a period of 5 years from the date of registration of the unit in SSI, Medium or Large Sector.
- v. There will be no additional on special toll tax on 100% export oriented units on the goods exported under proper export documents from the State to any foreign country.
- vi. SICOP/SIDCO/JKHC/JKHDC/HHRO shall not be required to pay additional or special toll tax on raw materials, fuels, consumables procured from outside the state for exclusive use of the SSI/Handicrafts/Handloom units as also while transporting goods manufactured by the local SSI/Handicrafts/Handloom units for sales or exhibition outside the State.

8. General Sales Tax

- i There will be no GST on sales of finished goods by the existing local SSI units till 31.03.2003 and for a period of 5 years from the date of production in case of new SSI units except on items brought on negative list.
- ii. There will be no GST on the raw material procured by the local SSI, Medium & Large units except on items brought on the negative list,
- iii There will be no GST on the sale of finished goods manufactured by the new Medium and Large industrial units upto a ceiling on such amount of GST which would have been otherwise payable equivalent to 150% of the total capital investment made in the unit or for a period of 5 years from the date of production whichever occurs earlier except on items brought on the negative list.

iv. There will be no GST on purchase of machinery and equipment for construction of the factory for a period of 5 years from the date of provisional registration by the SSI units.

v. The above concessions shall also be available to SICOP while acting on behalf of local registered SSI units.

9. Central Sales Tax

The local existing SSI units shall be exempt from charging and payment of CST on sale of their finished goods outside the State upto 31.03.2003 and the new SSI units for a period of 5 years from the date of production.

10. Special provision for prestigious units

1. Notwithstanding anything contain capital investment of Rs. 25 crores or above, shall have the option to avail of full exemption from payment of GST, CST and special/additional toll tax for a period of 5 years from the date of production or until such amount of exemption reaches the level of 150% of capita investment in the project whichever occurs earlier. prestigious units i.e. those having

2. Notwithstanding anything contained in para 7, 8 & 9 above, those prestigious units which come into commercial production in the year 1998, shall have the option to avail a power tariff freeze at the rate of Rs. 1.50 per unit for a period of five years from the date of commercial production. For purpose of paras 7, 8, 9 & IO above all the new units shall also have the option to count the period of 5 years from the date of production or from the succeeding financial year.

11. Capital Investment Subsidy (CIS)

CIS shall be available if the item for manufacturing has not been brought on the negative list

i. CIS shall be available to the new SSI, Medium & Large units @ 30% of the capital investment subject to an upper limit of Rs. 30 lakh.

ii. In case of a prestigious unit which is hereby defined as a unit with capital investment of Rs. 25 crores and above the limit of CIS shall be Rs. 60 lakh.

iii. In case of the following thrust areas the upper limit of the CIS shall be Rs. 45 lakh and Rs. 75 lakh in case the unit also falls in the prestigious category: Food processing and agro-based industry, electronics including computronics and software, leather processing and leather-goods, sports goods forest based industry excluding saw mills and joinery, processing of aromatic plants and herbs, pharmaceuticals based on herbs, bulk drugs, silk reeling, weaving, processing printing and textiles including spinning, weaving, processing, hosiery and made ups, cutting and polishing of precious stones, gems and jewellery precision engineering and other areas identified as thrust areas. iv. 75%subsidytobeincludedfororiginal.

12. Interest Subsidy

5% subsidy shall be payable on the working capital facilities available from the commercial banks to all existing units upto 31.03.2003 and to all new units for a period of 5 years from the

date of production or from the subsequent financial year as may be decided by the unit subject to the following conditions:

- i. the item for manufacturing is not on the negative list.
- ii. the subsidy shall be passed on to the commercial bank at the end of the financial year.
- iii. After the first year of entitlement, the subsidy shall be released only if the unit has increased its production and the same condition shall be applicable to the remaining years of entitlement, in reference to each preceding year.
- iv. This aforementioned condition shall not be applicable for subsequent years if the units attains 95% production capacity utilisation before completing its period of entitlement for 5 years and the same does not go down during the subsequent years of entitlement.

13. Testing equipment

100% capital subsidy shall be provided by the Government on installation on the testing equipment subject to a maximum amount of Rs. 50 lakh and also restricted to 25% of the total capital investment if the cost of testing equipment exceeds 25% of the total capital investment, provided that in case of the existing units the same is installed within 31.03.2003 or in case of the new units the same is installed within 5 years of its going into production 70% of the amount shall be disbursed on installation & the balance 30% shall be disbursed after one year.

The condition of 25% of the capital investment shall not apply in case the amount of subsidy involved does not exceed Rs. 5 lakh

. The units which obtain ISO 9000 certification shall be entitled to a lump sum award of Rs. One lakh or 100% of cost paid for such registration whichever be higher subject to a maximum of Rs. 2.50 lakh provided that such certification is obtained before 31.03. 03.

14. Substantial Expansion

An existing unit which increases its installed capacity by at least 25% or adds additional line of manufacturing so. as to increase its capacity of turn-over by 25% in terms of volume or value of finished goods shall -be deemed to have gone for substantial expansion and shall be entitled to the benefits on capital investment on such expanded capacity as if the investment would have been made in a new unit.

15. Air Freight Subsidy

Air freight subsidy shall be available on finished goods for any destination @ 50% subject to a maximum of Rs. 5 lakh for new units for a period of 5 years from the date of production.

16. Research & Development (R&D)

50% subsidy shall be available for expenditure incurred on R&D through any reputed Organisation for any project undertaken on the sponsorship of any existing or new unit subject to a maximum of Rs. 5 lakh for each such project duly approved by the government.

25 % subsidy shall be available on R&D expenditure of any unit, on non-recurring items of expenditure, subject to prior approval of the project by the government, upto a maximum limit of Rs. 5 lakh. 17. Human Resource . development 50% of the cost of training shall be borne by the government, subject to Rs. 5000 per course per trainee and subject to Rs. One lakh per annum, for any unit for a period of 5 years. In case of women trainees, the corresponding figures shall be 75% Rs. 7500 and Rs. 1.50 lakh respectively. For programmes of skill-development leading to employment of the trainees into employment, 50% of the cost of training shall be borne by the government, on approved programmes subject to a maximum of Rs. 5 lakh per unit. In case of women trainees the corresponding figures would be 75% and Rs. 7.50 lakh.

18. Interest Subsidy for Technocrats

5 % interest subsidy on term loan shall be available for the technocrats (engineering graduate/ MBAs) on term loan availed from the financing institutions.

19. Transport Subsidy

This is a GOI scheme and shall continue as such.

20. Sick units

A fund shall be constituted for providing financial assistance for revival of sick units. Assistance to the extent of 30% of the total additional loan requirements of the sick unit may be provided to the sick unit provided that the amount of such assistance shall not exceed 30% of the capital cost of the project worked out after conversion of any outstanding liabilities of financing institutions into term loan. The assistance shall be in the form of a soft term loan with 1 % rate of interest per annum. The amount may be used for meeting margin money needs of the sick unit also as for liquidating liabilities of government departments