

## Salient features of J&K Industrial Policy-2004

1. In its meeting held on 23 January 04, the state cabinet accorded approval to its path breaking Industrial Policy 2004. With a view to give stability to the policy, it was decided that the Industrial Policy 2004 shall remain valid until March 31, 2015 when it will be reviewed. The cabinet emphasized on the need to promote local employment in industrial units of the state. If specific skills are not available in the state, special training will be organized to train local youth in such skills. Ensuring maximum local employment in industrial units will form a condition of approval for any new industrial units. The cabinet also laid great stress on ensuring that the incentives and subsidies reached the genuine industrialists without much loss of time.
2. Some new elements of the Industrial Policy 2004 are:
  - ?? Developing world class infrastructure is essential for speedy industrial development. The policy lays emphasis on inviting private sector to participate in infrastructure development. Such private sector activities will be considered as 'industry' for the purpose of incentives.
  - ?? With a view to encourage industrialization of the backward blocks of the state, the Capital Investment Subsidy (CIS) under state's incentive package shall be extended to these blocks. The CIS of the state is more attractive in that the rate of subsidy is 30% subject to a limit of Rs. 30 lakhs and the definition of investment is more comprehensive.
  - ?? In this age of competition, it is necessary for the existing industrial units to modernize themselves to be able to compete with cheaper imports and also with more modern units. To encourage existing industrial units to modernize, the industrial policy provides for extending the state CIS to such units.
  - ?? In today's competitive environment, the role of brands in promoting sales is significant. The policy has introduced an incentive for assisting industries of the state to acquire and promote their own brands. This incentive will be extended for the first three years, 50% of expenses subject to a limit of Rs. 20 lakhs in the first year, 30% of expenses subject to a limit of Rs. 15 lakhs in the second year and 10% of the expenses subject to a limit of Rs. 10 lakhs in the third year.
  - ?? Environment protection has become an issue of global importance. To protect our environment and prevent damage to our land and water resources, the government would install common effluent treatment plants in industrial clusters where necessary, with central and state's resources. For individual units, installing their own pollution control devices, subsidy will be provided on such equipment to the extent of 30% subject to a limit of Rs. 20 lakhs.
  - ?? The thrust areas for development have been expanded to conform to similar list of the central government. The limit of CIS available to the thrust area industries and prestigious units will be Rs. 45 lakhs and Rs. 60 lakhs. For prestigious industries in thrust areas the cap on CIS is Rs. 75 lakhs.
  - ?? Transport subsidy under the government of India scheme will be available until 2007.
  - ?? A list of subsidies available under the Industrial Policy 2004 is annexed.
3. With a view to achieve closer interaction between the industry and the government, an Industrial Committee with the Chief Minister as the Chairman, Deputy Chief Minister in charge of Industries and Commerce and Minister of

State for Industries and Commerce as members, Secretaries of all economic departments, representatives of Chambers of Commerce of Jammu and Kashmir, Federation of Industries of Jammu and Kashmir and representatives of Ministry of Commerce and Industry, Government of India, as members will be set up. This committee shall meet once a quarter. Principal Secretary, Industries and Commerce, will be the member-secretary of this committee. This committee will respond to the needs of the industry from time to time for providing prompt response to emerging situations in a highly competitive environment.

4. For interpretation of the provisions of Industrial Policy 2004, a Permanent Grievance Redressal Committee consisting of Director Industries and Commerce, Commissioner, Sales Tax and Commissioner Excise shall be established. No consignment claiming benefit under the Industrial Policy 2004 will be detained at the entry point of the state for more than 24 hours. In case of doubt, notices will be issued outlining objections and the Permanent Grievance Redressal Committee, meeting once a fortnight, will dispose of such notices. The decision of this committee shall be final.
5. The government expects that the Industrial Policy 2004 will usher in a new era of industrialization in the state.

Encl: **List of incentives under the Industrial Policy 2004.**

### **Incentives under the Industrial Policy 2004**

| <b>S.No</b> | <b>Incentive</b>      | <b>Maximum limit</b>                        |
|-------------|-----------------------|---|
| <b>1</b>    | <b>Land Allotment</b> | Area Class<br>A Class<br>B Class<br>C Class |

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|   |   | <p>For land/plot not exceeding four kanals.<br/>60,000/-<br/>45,000/-<br/>30,000/-</p> <p>For land/plot not exceeding eight kanals.<br/>90,000/-<br/>67,500/-<br/>45,000/-</p> <p>For land/plot not exceeding 20 kanals.<br/>1,20,000/-<br/>90,000/-<br/>60,000/-</p> <p>For land /plot exceeding 20 kanals.<br/>1,20,000/-<br/>90,000/-<br/>Cost of acquisition of land plus cost of development plus 10% surcharge.</p>  |
|   |   | <p>A CLASS<br/>Bari Brahmana, Kartholi, Gangyal, Birpur, Digiana, Zainakote, Barzulla, and Baghe- Ali- Mardhan Khan.</p> <p>B CLASS<br/>Rangreth, Khunmoh, Zakura and Kathua.</p> <p>C CLASS<br/>All other Estates which are not included in A &amp; B Class above.</p>  |
| 2 | <b>Capital investment subsidy (CIS)</b> | <p><b>30%</b> capital investment subsidy is available to industrial units in backward blocks subject to the following ceiling:</p> <p><b>a) Rs. 30.00 lacs for General Category</b><br/> <b>b) Rs. 45.00 lacs for units under thrust area category</b><br/> <b>c) Rs. 60.00 lacs for units under Prestigious category</b><br/> <b>d) Rs. 75.00 lac. for units under both Thrust area and prestigious category.</b></p> <p><b>In case of blocks other than industrially backward blocks,</b> the new industrial units shall be eligible for CIS only under the central scheme. However, in case of blocks other than backward blocks, if the eligible amount of CIS under the central scheme exceeds Rs. 30.00 lakhs, which is maximum limit under that scheme, the state government shall provide the amount exceeding Rs. 30.00 lakhs subject to a ceiling of <b>Rs. 15.00 lakhs, Rs. 30.00 lakhs and Rs. 45.00 lakhs, in case of thrust area units, prestigious units and prestigious units in thrust areas, respectively.</b></p> <p>For <b>construction of a captive tube well or building a</b></p> |

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|           |                            | <b>captive lifting plant, 75%</b> subsidy shall be allowed to prestigious units in thrust areas in the entire state subject to a ceiling of <b>Rs. 22.50 lacs</b> .   |
| <b>3</b>  | <b>Interest Subsidy.</b>   | In addition to the 3% interest subsidy available to new industrial units under the Government of India package, 3% subsidy shall be payable on the working capital facilities available from the commercial banks to all existing units for the remaining period of their eligibility, subject to the conditions prescribed, under the Government Order No. 202-Ind of 1998 dated: 27-5-1998 and to the units not getting interest subsidy under the Central package. |
| <b>4</b>  | <b>D.G.Set subsidy</b>     | <b>100%</b> subsidy on purchase/installation of D.G Sets from 10 KWs to 1000 KWs capacity with a <b>maximum limit of Rs. 25.00 Lakhs</b> .  |
| <b>5</b>  | <b>Testing equipment</b>   | <b>100%</b> Capital subsidy on purchase/installation of Testing Equipment. <b>Maximum limit Rs 25.00 lacs</b> . Such refund shall be disbursed only if the unit obtains a national/international quality mark.  |
| <b>6</b>  | <b>Project Report</b>      | <b>100%</b> Subsidy for preparation of feasibility Report subject to <b>maximum of Rs. 2.00 lakhs</b> .   |
| <b>7</b>  | <b>Toll Tax</b>            | Exemption on toll tax to be continued upto 31-03-2015, subject to the negative lists. No toll tax on empty containers brought into the state for stuffing of industrial products for export out of the state.   |
| <b>8</b>  | <b>GST Exemption</b>       | GST exemption to be continued till VAT is imposed or till 31-03-2015 for existing and new units, whichever is earlier, subject to the negative lists. The exemption of GST on the raw material procured by the local industrial units shall be available only to SSI units, subject to negative list.   |
| <b>9</b>  | <b>CST Exemption</b>       | CST exemption to SSI units to be continued upto 31-03-2015. Extended to <b>Medium &amp; Large Industrial units</b> , subject to a negative list.  |
| <b>10</b> | <b>Price preference</b>    | Upto <b>15%</b> price preference to be given to SSI units <b>on landed cost</b> . Further, few safeguards added in the procedures to ensure that the SSI units are not forced to accept rates below the quoted rates, if within 15% of the lowest outside bid.  |
| <b>11</b> | <b>Air Freight Subsidy</b> | Air freight subsidy shall be continued upto 31-03- 2015 at the rate of 50% subject to the <b>ceiling of Rs. 5.00 lakhs per year per unit</b> . Also made applicable to <b>incoming raw</b>  |

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|           |   | <b>material.</b>   |
| <b>12</b> | <b>Research and Development</b>   | <b>50%</b> subsidy on the expenditure incurred on R&D subject to ceiling of Rs. <b>5.00 lakhs</b> .  |
| <b>13</b> | <b>Human Resource Development</b>   | <b>50%</b> cost of training to be borne by the Govt. subject to ceiling of <b>Rs. 5000/- per trainee</b> , and Rs. 1 lakh per annum for a unit.  |
| <b>14</b> | <b>5% interest subsidy on term loan available for Technocrats (Engineering Graduate/ M.B.A's)</b> | <b>5%</b> interest subsidy on <b>term loan</b> available for Technocrats, <b>Postgraduates</b> shall also be now eligible for the subsidy.   |
| <b>15</b> | <b>Stamp Duty</b>   | Mortgage deed in favour of financial institutions to be signed by the promoters shall be <b>exempted</b> from payment of stamp duty upto 31-03-2015.   |
| <b>16</b> | <b>Capital Investment Subsidy for modernization.</b>  | CIS of the State Government shall be available to <b>SSI units</b> , undergoing modernization subject to the limits as prescribed under CIS scheme of the State Government.  |
| <b>17</b> | <b>Brand promotion</b>  | Subsidy @ <b>50%</b> of expenses incurred in the <b>1<sup>st</sup> year</b> subject to a <b>limit of Rs. 20.00 lakhs</b> , <b>30%</b> of expenses incurred in the <b>2<sup>nd</sup> year</b> subject to a limit of Rs. <b>15.00 lakhs</b> and <b>10%</b> of expenses incurred in the <b>3<sup>rd</sup> year</b> subject to a limit of <b>Rs. 10.00 lakhs</b> , shall be available. |
| <b>18</b> | <b>30% subsidy on pollution control equipment:</b>  | Under the new policy, it is proposed that <b>30%</b> subsidy be extended for purchase of pollution control equipment subject to <b>ceiling of Rs. 20.00 lakhs per unit</b>   |
| <b>19</b> | <b>Exemption of Court fees</b>  | Registered industrial units shall be exempted from payment of court fee for registration of documents relating to lease of land.   |
| <b>20</b> | <b>Transport subsidy</b>  | This is a Govt. of India scheme and continued as such. The scheme stands <b>extended upto 2007</b> .   |
| <b>21</b> | <b>Earnest Money/Security Deposit.</b>  | SSI units required to pay only 50% of earnest money or Rs.5000/-, whichever is lower. Tender documents to SSI units @ 50% of the price of document or Rs.100/-, whichever is lower.  |