

F.No.1(10)/2012-SPS
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(Special Package Section)

252-A, Udyog Bhawan, New Delhi
Dated the 8th October, 2013.

Office Memorandum

Subject:- Extension of Special Package of Industrial Incentives for the State of Jammu & Kashmir.

The undersigned is directed to refer this Department OM of even number dated 11-06-2013 vide which extension of Special Package for the State of Jammu & Kashmir was notified. After issuance of the said OM, some decisions regarding registration of the industrial units, commencement of commercial production / operation and eligibility of plant and machinery procured prior to the registration of the units etc. were taken by this Department and the package has been revised accordingly. Keeping in view this fact, a need was felt to re-notify the Package and therefore a new OM dated 03-10-2013 (enclosed) is issued in supersession of this Department's OM of even number dated 11-06-2013.



(Mam Chand)

Under Secretary to the Government of India
Tele Phone No.2306 3820

To

1. All Ministries/Departments of the Government of India.
2. Chief Secretary, Government of Jammu & Kashmir.
3. Commissioner/Secretary, Industry & Commerce Department, Government of Jammu & Kashmir. (With request to give wide publicity of this OM to Industry Associations in the State of J&K)
4. JKDFC.
5. Directorate of Industries & Commerce, Jammu.
6. Directorate of Industries & Commerce, Srinagar.

Copy to:-

1. Additional Secretary & Financial Advisor (DIPP)
2. Sr. Economic Advisor (DIPP)

3. All Joint Secretaries in DIPP
4. Chief Controller of Accounts.
5. All Directors/Deputy Secretaries/Sr. Development Officers in DIPP.
6. All Under Secretaries in DIPP.

Copy also to:-

1. Personal Secretary to CIM.
2. Personal Secretary to MoS (Ministry of Commerce & Industry)
3. Principal Staff Officer to SIPP
4. Director, NIC(DIPP)- With the request to upload the OM and notifications on the website of DIPP (Both Hindi and English)

No. 1(10)/2012-SPS
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Udyog Bhawan, New Delhi
Dated the 3rd October, 2013.

OFFICE MEMORANDUM

Subject :- Extension of Special Package of Industrial Incentives for the State of Jammu & Kashmir, as J&K Package-II.

This O.M. is issued in supersession of the O.M. of even number dated 11-06-2013.

2. The Special Package of Industrial Incentives for the state of Jammu & Kashmir was announced by the Government of India, Department of Industrial Policy and Promotion on 14-06-2002 for a period of ten years upto 14-06-2012. The package included Central Capital Investment Subsidy Scheme, 2002, Central Interest Subsidy Scheme, 2002 and Central Comprehensive Insurance Subsidy Scheme, 2002. An Impact Evaluation Study was conducted after expiry of the package and its findings discussed with the stake holders. In order to provide continuity and to maintain the enabling environment for ongoing industrial development of the state of Jammu & Kashmir, it has been decided to extend the incentives under the special package for a further period of five years.

3. Accordingly the J&K Package-II is extended to the state of Jammu & Kashmir for a further period of five years from 15-06-2012 to 14-06-2017 which include the following :-

3.1 **Central Capital Investment Subsidy Scheme** : All new industrial units and existing industrial units on their substantial expansion, would be eligible for Capital Investment Subsidy @ 15% of the investment of Plant & Machinery, subject to a ceiling of Rs. 30 lakhs. Micro, Small and Medium enterprises would be eligible for Capital Investment Subsidy of 30% of the investment of plant & machinery, subject to ceiling of Rs. 3.00 crore and Rs. 1.50 crore for manufacturing and service sector respectively.

3.2 **Central Interest Subsidy Scheme** : An interest subsidy of 3% on the average of daily working capital loan would be provided to all new industrial units for a period of five years from the date of commencement of commercial production /operation.

3.3 **Central Comprehensive Insurance Subsidy Scheme** : An Insurance subsidy to the extent of 100% would be admissible during the extended package to all new units and to the existing units on substantial expansion for a period of five years from the date of commencement of commercial production / operation.

4. The subsidy would be available to the industries in notified areas as per **Annexure-I** and also to specified Thrust Industries outside such notified areas as per **Annexure-II**

4.1 However an industrial unit in Textile sector under Thrust Industries would have a choice to apply for subsidy either under "Technology Upgradation Fund Scheme" (TUFS) of Ministry of Textile or under the Special Package administered by DIPP.

5. **Definitions:-**

5.1 **'New Industrial Unit'** means an industrial unit which commences commercial production/operation on or after 15th June, 2012.

5.2 **'Existing Industrial Unit'** means an industrial unit which has commenced commercial production / operation before 15th June, 2012.

5.3 **Substantial expansion** means increase by not less than 25% in the value of fixed capital investment of an industrial unit for the purpose of expansion of capacity.

5.4 **'Fixed Capital Investment'** means investment in plant and machinery for the purpose of the scheme.

5.5 **'Micro, Small and Medium enterprises'** means enterprises as classified under sub section (1) of section 7 of the Micro, Small and Medium Enterprises Act, 2006 as amended from time to time.

5.6 **"Plant & Machinery"** :- In calculating the value of plant & machinery, the cost of industrial plant and machinery at site will be taken into account. Further explanatory note is at **Annexure-III**.

6. **The approval of claim of subsidy will be as follows :-**

6.1 The industrial unit to file the claim for subsidy as per prescribed procedure at District Industry Centre concerned within one year from the date of commencement of commercial production / operation.

6.2 A State Level Committee headed by Secretary, Industry will approve claims for subsidy upto Rs. 1.50 crore. The composition of the State Level Committee is at **Annexure IV.**

6.3 For claims more than Rs. 1.50 crore, the SLC will recommend the proposal for consideration of the Empowered Committee headed by Secretary, Department of Industrial Policy & Promotion. The composition of Empowered Committee is at **Annexure-V.**

7. Jammu & Kashmir Development Finance Corporation (**JKDFC**) will continue to act as the nodal agency for disbursement of subsidy under Special Package Scheme for the state of Jammu & Kashmir. JKDFC shall furnish the utilization Certificate to the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion against the funds released for disbursement of subsidy to the eligible units.

8. **Negative List** : The industrial units which manufacture the following products will not be eligible for subsidy under the Central Capital Investment Subsidy Scheme, 2012 :-

- I. Cigarettes / cigars of tobacco, manufactured tobacco and substitutes, distillation / brewing of alcoholic drinks and manufacture of branded soft drinks and its concentrates.
- II. Weapon or ammunition.
- III. Pan Masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986)
- IV. Plastic carry bags of less than 20 microns as specified by Ministry of Environment & Forest Notification No. S.O. 705E dated 02-09-1999 and S.O. 698E dated 17-06-2003.

9. A single unit cannot avail subsidy both from Central as well as State Government for the same purpose.

10. Administrative cost upto 2% of the outlay would be admissible under the package for web enabled online claim submission and improved monitoring of the scheme.

11. Eligibility Period :-

The subsidy will be available during the duration of the scheme to such units which have pre-registered and commenced commercial production / operation prior to 14-06-2017. The unit should file its claim as per prescribed procedure at District Industry Centre concerned within one year from the date of commencement of commercial production / operation.

12. Procedure for claiming Capital Investment Subsidy:

i) Industrial units eligible for subsidy under the scheme will get themselves registered with District Industry Centre concerned prior to the date of commencement of commercial production / operation for new industrial unit or before undertaking substantial expansion for existing unit.

ii) In case of Bank financed units, the Bank shall certify the value of plant and machinery for the project as per scheme guidelines.

iii) In case of self-financed units, the project would be appraised by JKDFC after registration by the unit. JKDFC would also certify the value of plant and machinery as per scheme guidelines.

iv) Unit should submit their claim within one year from the date of commencement of commercial production / operation. The industrial units registered before 15-06-2012 under the erstwhile scheme of subsidies and have filed the claims within one year from the date of commencement of commercial production/ operation would be eligible for subsidies under erstwhile scheme. Units which have registered after 15-06-2012 would be covered under the present scheme. However, if such a unit has not registered with DIC (District Industry Centre) due to non-existence of the package during the intervening period or not submitted claim within one year of the date of commencement of commercial production /operation, the Unit can do so not later than 31st December, 2013.

13. Expenditure on second hand plant and machinery and plant and machinery where cash payment has been made for procurement would not be eligible for consideration of subsidy.

14. No owner of an industrial unit receiving a part or the whole of the grant or subsidy will be allowed to change the location of the whole or any part of the industrial unit or effect any substantial contraction or disposal of a substantial part of its total fixed capital investment within a period of five years after its going into commercial production /operation without taking prior approval of the Ministry of Commerce & Industry,

Department of Industrial Policy & Promotion , State Government and Financial Institution concerned.

15. After receiving the grant or subsidy, each industrial unit shall submit Annual Progress Report to the State Government with a copy to Jammu and Kashmir Development Finance Corporation (JKDFC) about its working for a period of five years after going into commercial production / operation.

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

17. Detailed notifications of all the three components of the package of incentives will be notified in Gazette of India separately.



(Shubhra Singh)

Joint Secretary to the Govt. of India

Tele. No. 23062750.

To

All Ministries / Departments of the Government of India

Copy for information and necessary action to :-

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

ANNEXURE-I
List of Existing Industrial Estates.

Kashmir Division

Sl. No..	Name of District	Name of Industrial Estate
01.	Srinagar	BAMK (Bagi Ali Mardan Khan Zakura Zainkote Khonmoh Shaltaing
02.	Ganderbal	Duderhama Ganderbal
03.	Budgam	Barzulla Rangreth
04.	Anantnag	Anantnag Anchidora Bijbehara
05.	Kulgam	Kulgam
06.	Pulwama	Pulwama Chatpora IDC Lassipora
07.	Shopian	Gagran
08.	Baramulla	Baramulla Sopore Food Park Doabgah
09.	Bandipora	Sumbal
10.	Kupwara	Branwara Chotipora
11.	Leh	Leh Phyang Khaltsi
12.	Kargil	Chanchik Khurbathang

New Industrial Estates (Under Development) in Kashmir Division.

01.	Anantnag	Vessu Anantnag Shestergam Mehmooda Bagh Duru
02.	Pulwama	Takia Razak Shah Tral Khrew near Khanmoh
03.	Kulgam	Ashmuji Kulgam Malwan Kulgam Kulgam Phase II
04.	Budgam	Rangreth Phase-II Ompora
05	Kupwara	Chotipora (Handwara) Radbugh
06.	Shopian	Aglar
07.	Baramulla	Bangil Tangmarg
08.	Leh	Phyang Khaltsi
09.	Kargil	Khrbathang (Changrathang)

List of Industrial Estates

Jammu Division

Sl.No.	Name of District	Name of Identified Estate
01.	Jammu	Digiana Jammu Cantt. Gangyal Birpur Baribrahmna & EPIP Kartholi Akhnoor
02.	Samba	Samba IGC Samba Phase-III
03.	Udhampur	Udhampur H D Battal Ballian
04.	Reasi	Reasi (Gran)
05.	Kathua	Kathua Hiranagar Billawar IID Govindsar Ceramix Ind. Complex
06.	Rajouri	Kheora
07.	Poonch	Poonch
08.	Kishtwar	Sangrambata
09.	Doda	Dandi (Bhaderwah)

New Industrial Estates (Under Development) in Jammu Division

Sl.No.	Name of District	Name of Industrial Estate
01.	Kathua	Ghatti Govindsar Phase I-II Dambra Billawar Hiranagar (Chak Bulananda)
02.	Rajouri	Thandi Pani (Silk Cluster) Lamberi
03.	Udhampur	Majalta
04.	Doda	Beoli
05	Reasi	Nimba
06.	Poonch	Surankote
07.	Samba	IGC Samba Phase-III



ANNEXURE –II

Thrust Industries included under J&K Industrial Policy

Sl.No.	Activity /Industry
1.	Food processing /Agro based Industries :- a. Sauces, Ketchup etc. b. Fruit juices and Fruit pulp c. Jams, Jellies, Vegetable Juices, Puree, pickles etc. d. <i>Processing of fresh fruits, Fruit waxing, packing, grading.</i> e. <i>Flour mills and Rice Mills.</i> f. <i>Spice grinding.</i> g. <i>Pasteurization/Processing of milk and other dairy products.</i>
2.	Leather processing and Leather goods.
3.	Tissue culture and Mushroom culture , <i>Compost making , Dairy farming.</i>
4.	Silk reeling, yarn and yarn spun from silk waste, Woven fabrics of silk or silk waste.
5.	Wool and woven fabrics of wool, <i>Manufacturing of woolen blanket.</i>
6.	Woven fabrics of cotton.
7.	Floriculture , Processing of Aromatic and medicinal plant, Green house.
8.	Computer hardware / Electronics (integrated circuit and micro assemblies).
9.	Sports goods and articles and equipment for general physical exercise.
10.	Auto ancillaries.
11.	Exploration of minerals and <i>minerals based industry. Gypsum, Plaster of Paris with chip boards, Granite and</i>

	<i>Marble cutting and finishing, cutting and polishing of gems and making of jewellery.</i>
12.	Eco tourism :- Hotels, Houseboats, Resorts, Adventure and leisure sports, Amusement parks, Cable car, Guest houses.
13.	Handicrafts and Handlooms.
14.	Precision engineering.
15.	Packing industry :-items like adhesive tapes, strapping rolls, pet bottles, Card board corrugated boxes, plastic container caps, HDPE bottles, drums, barrels, cans, ROPP caps for bottles, Woven sacks, HDPE fabric.
16.	Bottling of mineral water.
17.	Stationery items like note book, Pen, Pencils, Erasers, Sharpeners, Geometry boxes etc.
18.	Wood based industry :- Manufacturing of plywood / Ply board / Core veneer / Pencil Blocks / Slates/ Joinery / Furniture / Paneling.

ANNEXURE-III

A. Components to be included for computing the value of Plant & Machinery:

- i. Cost of Industrial Plant & Machinery including taxes and duties i.e. cost of mother production equipment used for carrying out manufacturing activities.
- ii. Cost of Productive equipment such as tools, jigs, dyes and moulds, insurance premium etc including taxes and duties.
- iii. Electrical components necessary for plant operation on the plant side from where meter is installed up to the point where finished goods is to be produced/dispatched (i.e. H.T. Motors, L.T. Motors, Switch Boards, Panels, Capacitors, Relay, Circuit Breakers, Panel Boards, Switchgears).
- iv. Freight charges paid for bringing Plant & Machinery and equipment from the supplier's premises to the location of the unit.
- v. Transit Insurance premium paid.

B. Components which will not be considered for computing the value of Plant and Machinery:

- i. Loading and unloading charges
- ii. Sheds/buildings for Plant & Machinery.
- iii. Miscellaneous fixed assets such as DG sets, Excavation / Mining equipments, Handling equipments, electrical components other than those mentioned at A (iii) above.
- iv. Working Capital including Raw Material and other consumable stores.
- v. Commissioning cost.
- vi. Captive Power Plants

- vii. Storage equipments
- viii. Weigh bridge, Laboratory testing equipment
- ix. Erection and installation charges

PLANT & MACHINERY FOR A TYPICAL CEMENT PLANT

A. Limestone crushing section

- 1. Limestone crusher
- 2. All crusher auxiliaries like feeder below limestone hopper, belt conveyor, dedusting equipments like cyclone & bag filters, screen etc.
- 3. Limestone stacker & Reclaimer with belt conveyor, Additive(s) crusher & belt conveyor (as required) feeding to Raw Mill Hoppers

B. Raw Material grinding section

- 1. Raw mill (Ball Mill/VRM/Roller Press & Ball Mill)
- 2. All raw mill auxiliaries like weigh feeder below hopper, separator, fans, bucket elevator, rotary air lock, air slides, magnetic separator, metal detector, FK Pump, Fluxo Pump, dedusting equipments like cyclone, bag filters, Bag house/ ESP (common for kiln & mill) with fan etc.

C. Raw meal extraction/kiln feed section

- 1. All slide with blowers before & after raw meal silo, solid flow meter.
- 2. Kiln feed bucket elevator/airlift

D. Pyro processing section

- 1. Rotary kiln with preheater cyclones & calciner.
- 2. All auxiliary equipments like preheater fan, shell cooling fans, blowers, down comer duct and other ducts for carrying hot gases, fresh air dampers etc.
- 3. Burner for Kiln & Calciner, Gas analysers, Temperature & pressure measuring equipment etc.
- 4. Clinker Cooler.
- 5. All cooler auxiliaries equipments like cooling fans, ESP & ESP fan, clinker crusher etc.
- 6. Clinker conveying equipment like Deep pan conveyor (DPC)

7. Coal crusher with all auxiliaries like bag filters, belt conveyor etc.
8. Staker & Reclaimer for Coal including belt conveyor feeding to coal hopper
9. Fuel Grinding Mill (Ball Mill/ VRM) for Coal/petcoke/lignite/alternate fuels
10. All coal mill/Fuel grinding mill auxiliaries including weigh feeder below raw coal hopper, separator, bucket elevator, rotary air lock, air slides, bag house, bag house fan booster fan, belt conveyor & screw conveyor, inertisation system etc. This also includes system for other fuel alternate fuel.

E. Cement grinding section

1. Cement mill (Ball Mill/VRM/Roller Press & Ball Mill)
2. Cement Mill auxiliaries like weigh feeder below hopper, separator, bucket elevator, rotary air lock, air slides, FK Pump, Fluxo Pump, solid flow meter, bag house, Bag house fan, conveyors, Material extraction gates below Silo/ stockpile, Gypsum crusher, Pneumatic Handling system for Flyash/ Mechanical handling system for slag etc.

F. Packing Section

1. Packer & its auxiliaries such as belt conveyor, belt diverter, bucket elevator, screen etc.
2. Truck loader & Wagon loader (if applicable), Bulk Loading & Packaging arrangement.

G. Others

1. Blowers, Pumps, compressors etc.
2. Belt Conveyors (for all sections)
3. De-dusting bag filters (across transfer points) with fans.
4. Samplers
5. Hot Air Generator if any
6. Electrical and Control & instrumentation equipment alongwith software for plant operation (plant PLC) including HT & LT Motors, Dc Motors, Thyristor Panels, SPRS System, Capacitors etc.

H. Exclusions:-

1. Workshop equipment
2. Laboratory equipments
3. Equipment for power distribution other than those at G (6) above
4. Equipment for water supply



5. Fire Fighting Equipment
6. Mining machinery
7. D.G. Sets for Plant/captive power plant
8. Weigh Bridge, Railway Siding, Locomotives, Truck Trippers etc.
9. Plant Building (like crusher building, mill house etc.), Auxiliary building (like MCC rooms, compressor house etc) and Non Plant Buildings (like Store, Administrative building, canteen etc.)
10. Storage Building like Silo, Hoppers, Stockpiles.

PLANT & MACHINERY FOR A STEEL AND A ROLLING MILL (SECTION WISE)

A. MELTING SECTION

1. Induction Furnaces & Electric Arc Furnaces with all electrical installations, gadgets, control panels, meters, cables, busbars, emergency water system, main water cooling system etc
2. Casting Section: Ladles, oil burners, gas purging system, ladle refining furnace, if any, vacuum degassing units, if any, continuous casting unit with motors, pumps, withdrawal system, DM water system, water treatment plant, conveyor belts, etc.
3. Auxiliary Equipments & Cranes.
4. Workshop Machines
5. Electrical Equipments (HT Motor, LT motor, Switch Board, Cap acitors, Relay Circuit Breakers, Panel Boards, Switch Gears).

B. ROLLING MILLS

1. RHF (Re-heating Furnance)- all items including Sheets, Refractory, Pusher Motors, Burners, Chimney, recuperator, APCD etc. as defined in Plant & Machinery.
2. Roughing Stand including motors, repeaters (if any), mechanization (if any), bearings, cooling systems etc. which are defined as Plant & Machinery.
3. Intermediate stands (as above)
4. Finishing stands (as above)

5. Quenching system (for TMT)
6. Shears, Pinch Roll
7. Cooling Bed Systems
8. Crane
9. Workshop Machines (Lathe, Shapere, Drills, Grinders, Milling Machine, Templates, measuring equipments like screw gauge, vernier etc.)
10. Auxiliary equipments (included as Plant Machinery)
11. Electrical equipments (Current transformers, circuit breakers, panel boards, motors, reactors, Relay panels, switch gears, starters, digital meters, etc.)
12. Other material handling equipments (within the Rolling Mills furnace area for hot metal transfer) – (Conveyor which lead to mechanization/automation, chain pulley blocks etc.)
13. Water System equipments and towers- (Water settle tanks for removal of metallic contamination, oil, grease, etc., DM water plant, if any. Water pumping units, water cooling power/system etc.
14. Coal Pulverizer system including Pipeline for delivery

Definition of Plant & Machinery for Eco-Tourism.

- (a) In the case of Houseboats, the entire houseboat project along with its fitting and furnishing should be treated as plant and machinery.
- (b) In the case of hotel, resorts and guest houses (Laddakh only) , the investment in plant and machinery is negligible in comparison to the cost of land and building. Therefore, building should also be included as a part of plant and machinery. Besides this, the items given at (c) below may be taken into account for calculating the value of plant and machinery
- (c) An illustrative list of plant and machinery/equipment is given below:

1. Filtration plant for swimming pool.
2. Water purification plant.
3. Hot water boiler and room heating equipment (fixed)
4. Water softening plant
5. Fume extraction and ventilation plant.
6. Air conditioning plant.
7. Cold Storage equipment.

8. Laundry equipment.
9. Cooler and refrigeration equipment.
10. Bakery equipment
11. Sewage disposal plant
12. Electrical installations
13. Tents for camping
14. Kitchen equipment, cooking range, dish washer, working table.
15. Fire- fighting equipment (fixed)
16. Telephone equipment/exchange.
17. Lifts
18. Safe deposit lockers
19. Tube wells along with pumping sets and lines within the campus

20. Goods carrier exclusively needed for the hotel.
21. Projectors and other equipment's for conference hall (fixed).
22. Lighting equipment.
23. Adventure and water sports equipment's.

d) For adventure & leisure sports, amusement/entertainment parks, cable car, ropeways and spa, the entire cost of items and components (excluding land) essential for commissioning the project. Definition of admissible items under adventure & leisure sports etc. exclude additionalities such as conference room, auditorium etc.

ANNEXURE –IV

Composition of State Level Committee

- | | | |
|----|--|-------------------|
| 1. | Secretary, Department of Industry & Commerce, J&K | Chairman |
| 2. | Director, Industries and Commerce, Kashmir | Member Secretary* |
| 3. | Director, Industries and Commerce, Jammu | Member Secretary* |
| 4. | Director, Accounts and Treasuries | Member |
| 5. | MD, Jammu & Kashmir Development Finance Corporation | Member |
| 6. | Financial Advisor/CAO, I&C Department | Member |
| 7. | Nominee of DIPP | Member |
| 8. | President, Federation Chamber of Industries, Kashmir | Member |
| 9. | Chairman, Federation of Industries, Jammu, | Member |

**As applicable*

ANNEXURE -V

Composition of Empowered Committee

- | | | |
|-----|--|---------------------|
| 1. | Secretary, DIPP | Chairman |
| 2. | Secretary, D/o Expenditure | Member |
| 3. | Representative of Planning Commission | Member |
| 4. | Secretary of Ministry administratively concerned with the industrial activity of the claimant unit | Member |
| 5. | Addl. Secretary & Financial Advisor, DIPP | Member |
| 6. | Chief Secretary/Commissioner (Industry) Jammu & Kashmir | Member. |
| 7. | MD, Jammu & Kashmir Development Finance Corporation | Member |
| 8. | Joint Secretary DIPP | Member
Secretary |
| 9. | State representative of concerned Financial Institution | Member |
| 10. | Chief Controller of Accounts, DIPP | Member |