

**Capital Investment Subsidy Scheme for
Jammu & Kashmir**

**Government of India
Ministry of Commerce & Industry
(Department of Industrial Policy & Promotion)**

NOTIFICATION

New Delhi, the 22nd October, 2002.

F.No.1(11)2002-NER. The Government of India is pleased to make the following scheme of Central Grant or Subsidy for Industrial units in the Jammu & Kashmir with a view to accelerating the industrial development in the State.

1. Short Title:- This scheme may be called the **Central Capital Investment Subsidy Scheme, 2002.**

2. Commencement and duration of the Scheme: It will come into effect from the 14th June, 2002 and remain in force upto and inclusive of 14.06.2012.

3. Applicability of the Scheme: The scheme is applicable to all industrial units in the Growth Centres approved for the Jammu & Kashmir and also to the new industrial units or existing units on * their substantial expansion in Growth Centres or IIDC or industrial estates/parks/export promotion zones and commercial estates set up by the Jammu & Kashmir State and new industrial units or existing units on * their substantial expansion in the specified industries (as at Annexure) located outside these growth centres and other identified locations.

4. Eligibility period:

The subsidy will be available during the duration of the scheme to an eligible industrial unit for a period of ten years from date of commencement of commercial production.

5. Definitions:

(a) 'Industrial Unit' means any industrial undertaking, suitable servicing unit as defined in M/o SSI letter No. 2(3)/91-SSI.Bd dated 30.9.1991 other than that run Departmentally by Government.

* amended vide Notification dated 12th November, 2002.

(b) 'New Industrial Unit' means an industrial unit for the setting up of which effective steps were not taken prior to 14th June, 2002.

(c) 'Existing Industrial Unit' means an industrial unit existing as on 14th June, 2002.

(d) "Concessions for substantial expansion should extend to include all new investments by entrepreneurs, which leads to substantial additional employment creation by an existing entrepreneur without insisting on major expansion. However, credit under the Industrial Policy Package should not be merely for paying off old debts or for equipment already in place".

(Substituted vide Amendment dated 28th Nov., 2003)

(e) 'Effective steps' means one or more of the following steps:-

(i) that 10% or more of the capital issued for the industrial unit has been paid up.

(ii) that any part of the factory building required for manufacturing activity has been constructed.

(iii) that a firm order has been placed for any plant and machinery required for the industrial unit.

(f) 'Fixed Capital Investment' means investment in plant and machinery for the purpose of this scheme.

6. Extent of admissible subsidy

All eligible industrial units located in the Growth Centres or IIDC or industrial estates/parks/export promotion zones and commercial estates set up in Jammu Kashmir shall be given capital investment subsidy at the rate of 15% of their investment in respect of new units or additional investment in respect of substantial expansion in the plant and machinery subject to a maximum ceiling of Rs.30 lakh.

6.1 Similar benefits would also be extended to the new industrial units or their substantial expansion in other Growth Centres or IIDC or industrial estates/parks/export promotion zones and commercial estates set up by the Govt. of the Jammu & Kashmir, new industrial unit or their substantial expansion in the specified industries (as at Annexure) located outside these growth centres and other identified locations would also be eligible for similar fiscal incentives.

7. Plant & machinery

In calculating the value of plant and machinery, the cost of industrial plant and machinery as erected at site will be taken into account which will include the cost of productive equipment, such as tools, jigs, dies and moulds, insurance premium and their transportation cost.

7(a) The amount invested in goods carriers to the extent they are actually utilised for transport of raw material and marketing of the finished products, will be taken into account .

7(b) Working capital including raw materials and other consumables stores, will be excluded for computing the value of plant & and machinery.

8. Designated agency for disbursement of subsidy

Jammu & Kashmir Financial Development Corporation (JKDFC) shall be the designated agency for disbursement of Capital Investment Subsidy on the basis of the recommendation of the State Government.

9. Procedure for claiming Capital Investment Subsidy

Industrial units eligible for subsidy under the scheme will get themselves registered with the State Industrial Department prior to taking effective steps for setting up the new units or undertaking substantial expansion of the existing units and indicate their assessment of the total additional fixed capital likely to be invested by them in the plant and machinery of their unit. Such of the units as had taken effective steps prior to the date of announcement of this scheme but after issue of J&K Notification dt. 14.6.2002 will get themselves registered by 30.6.2003.

10. Procedure for disbursement of Capital Investment Subsidy

The State Government will set up a Committee consisting of a representative each of the State Finance Department and State Directorate of Industries and if the industrial unit is to be assisted by a financial institution, the financial institution concerned, would go into each case to decide whether it should qualify for the grant of subsidy and also about the quantum of subsidy.

10.1 In respect of a new industrial unit set up without assistance from the financial institutions or the State Government, the subsidy will be disbursed to the unit by JKDFC on the recommendation of the state Government at the time the unit goes into production. Similarly, in respect of substantial expansion by an existing industrial unit without assistance from the financial institutions of the State Government, the subsidy will be disbursed to the unit by JKDFC on the recommendation of the State Government after substantial expansion has been effected and the unit has gone into production. However, in such cases, where the State Government is satisfied about the safety of the public funds, not more than half of the amount of the estimated subsidy may be released prior to the unit going into production on the entrepreneur's furnishing a proof of having taken effective steps to the satisfaction of State Director of Industries and the remaining amount be released only after the unit goes into production.

10.2 In respect of an industrial unit to be assisted by the state Government, the subsidy will be disbursed to the unit by JKDFC on the recommendation of the State Government. In such cases, the contract/agreement to be drawn up between the state Government and the unit concerned,

may cover mortgage, pledge, hypothecation of the assets upto the amount of the subsidy. In respect of new industrial unit or in respect of substantial expansion of an existing industrial unit to be assisted by a financial institution, the subsidy will be disbursed to the unit by the financial institution in as many installments as the loan is disbursed by the financial institution and simultaneously claimed by the financial Institution from JKDFC. In such cases, the contract/agreement to be drawn up between the financial institution and the unit concerned may cover mortgage/pledge/hypothecation of the assets of the unit upto the amount of the loan to be advanced by the financial institution concerned and the subsidy.

11. Rights of the Centre/State Government/Financial Institutions

If the Central Government/State Government/financial Institutions concerned is satisfied that the subsidy or grant to an industrial unit has been obtained by misrepresentation as to an essential fact, furnishing of false information or if the unit goes out of production within 5 years after commencement, the Central Government/State Government/Financial Institution concerned may ask the unit to refund the grant or subsidy after giving opportunity to the unit concerned of being heard.

12. Without taking prior approval of the Ministry of Commerce & Industry, Department of Industrial Policy and Promotion/State Government/Financial Institution concerned, no owner of an industrial unit after 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 industrial unit or effect any substantial contraction or disposal of a substantial part of its total fixed capital investment within a period of 5 years after its going into production.

13. In respect of all units to whom the grant or subsidy is disbursed by the financial institution/State Government, certificate of utilization of the grant or subsidy for the purpose for which it was given, shall be furnished to the Central Ministry of Commerce & Industry, Department of Industrial Policy and Promotion by the financial Institution/state Government within a period of one year from the date of receipt of the last installment/full amount.

14. After receiving the grant or subsidy, each industrial unit shall submit annual Progress report to the Ministry of Commerce & Industry, Department of Industrial Policy and Promotion/state Government (as may be designated) about its working for a period of 5 years after going into production.

(S.Jagadeesan)

Joint Secretary

Annexure

Thrust Industries included in Annexure II of Notification No. 1(13)/2000-NER dated 14.06.2002 of J&K Industrial Policy

Sl.No	Activity
1	Food Processing & Agro based industries (excluding conventional grinding/extraction units) such as a) Sauces, Ketchup, etc. b) 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