<table>
<thead>
<tr>
<th>Chapter- I</th>
<th>Basic Policy</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>A- Central Policy</td>
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<td>B- State Policy</td>
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NEW INDUSTRIAL POLICY AND OTHER CONCESSIONS FOR THE STATE OF JAMMU & KASHMIR

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 inter-alia: 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 centre, industrial infrastructure development centres (IIDCs) and other location 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 form the date of commencement commercial production.

ii) All new industries in the notified location would be eligible for capital investment subsidy @ 15% of their investment in plant and 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, 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 Annexure - 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.

1. Government reserves the right to modify any part of the policy in public interest.
2. The Ministry of Finance, Department of Revenue are requested to amend Act/rules/notifications, etc., and issued necessary instructions for giving effect to these decisions.

Sd/-
(S. Jagadeesan)
Joint Secretary to the Govt of India

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**Annexure-I**

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

A. **New Locations:**
   i) **District Srinagar:**
      Village Khannmoh (Zabarwan Hills surrounding), Khrew
   ii) **District Pulwama:**
      Lassipora, Nowpora 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, Ghagwal, Chenkatrian, Pyal, Katal Brahmana, Chedwal, Urnanan
   v) **District Srinagar:**
      Village Mujigund (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/Prithvipur*, 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 Mordan Khan, Ganderbal, Parimpora, Khanmoh (outside Industrial area)

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

6) **Kupwara District:**
Batergam, Drugmulla, Ober

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

1. **District Jammu:**
Village Birpur, Smailpur, Majalta, Kartholi, Minsarkar, Yakmorh/Raiyamorh*, Parmandal/Kalu Chak/Rakh Rajpura*, Patlimorh, Sarore, Tarore, Kanthpur, Diana

2. **District Kathua:**

**Enclosure-I**

**Identified Industrial Locations**

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<tbody>
<tr>
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<tr>
<td>1. Srinagar</td>
<td>B.A.M.K.</td>
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<td></td>
<td>Ganderbal</td>
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<td>Duderhma</td>
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<td>2. Budgam</td>
<td>Barzulla</td>
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<td>3. Anantnag</td>
<td>Anantnag</td>
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<td>Kulgam</td>
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<td>Achidora</td>
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<td></td>
<td>Bikbehara</td>
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<td>4. Pulwama</td>
<td>Pulwama</td>
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<td>Shopian</td>
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<td>Chathpora</td>
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<td>5. Baramulla</td>
<td>Baramulla</td>
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<td>Sopore</td>
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<td>Sumbal</td>
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<td></td>
<td>Bandipora</td>
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<tr>
<td>6. Kupwara</td>
<td>Kupwara, (Branwari)</td>
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<td></td>
<td>Chotipora (Handwara)</td>
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<td>7. Leh</td>
<td>Leh</td>
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<td>8. Kargil</td>
<td>Chencik</td>
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<td><strong>B. Jammu Division</strong></td>
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<td>1. Jammu</td>
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<td></td>
<td>Jammu Cantt</td>
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<td>2. Udhampur</td>
<td>Akhnoor</td>
<td>Samba</td>
</tr>
<tr>
<td>3. Kathua</td>
<td>Udhampur</td>
<td>Reasi</td>
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<tr>
<td>4. Doda</td>
<td>Kathua I</td>
<td>Hiranagar</td>
</tr>
<tr>
<td>5. Rajouri</td>
<td>Billawar</td>
<td>Sangrambata</td>
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<tr>
<td>6. Poonch</td>
<td>Kheora</td>
<td>Poonch</td>
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<td>Ext.Area Poonch</td>
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</table>

**Enclosure-II**

**Identified Industrial Locations**

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<tr>
<th>SI.No.</th>
<th>Name of District</th>
<th>Name of Industrial Estate/Location under SICOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Kashmir Division</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Srinagar</td>
<td>Zakura</td>
</tr>
<tr>
<td>2.</td>
<td>Anantnag</td>
<td>Zainakote</td>
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<tr>
<td>2.</td>
<td>Jammu</td>
<td>Sports Goods Complex</td>
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<tr>
<td>3.</td>
<td>Kathua</td>
<td>Bijbehara</td>
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<td></td>
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<tr>
<td>B.</td>
<td>Jammu Division</td>
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</tr>
<tr>
<td>1.</td>
<td>Jammu</td>
<td>Gangyal</td>
</tr>
<tr>
<td>2.</td>
<td>Udhampur</td>
<td>Birpur</td>
</tr>
<tr>
<td>3.</td>
<td>Kathua</td>
<td>Battal Ballian</td>
</tr>
</tbody>
</table>

**Enclosure-III**

**Identified Industrial Locations**

<table>
<thead>
<tr>
<th>SI.No.</th>
<th>Name of District</th>
<th>Name of Industrial Estate/Location under SIDCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Kashmir Division</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Srinagar</td>
<td>Khunmoh</td>
</tr>
<tr>
<td>2.</td>
<td>Budgam</td>
<td>Shalteng</td>
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<td>3.</td>
<td>Pulwama</td>
<td>Rangreth</td>
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<td>EPIP Ompora</td>
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<td></td>
<td></td>
<td>Lalthpora</td>
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<td></td>
<td></td>
<td>Lassipora</td>
</tr>
</tbody>
</table>
B. Jammu Division

1. Jammu
   - Bari Brahmana
   - IGC Samba Phase-I
   - EPIP Kartholi

2. Kathua
   - Kathua

ANNEXURE II

Thrust Industries

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

Notification Issued by Government of India In Pursuance of Industrial Policy Announced vide Notification dated 14th June, 2002 of
MINISTRY OF COMMERCE & INDUSTRIES

I) Central Capital Investment Subsidy Scheme Notification issued by Government of India.
   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.
   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) 'Substantial Expansion' means increase by not less than 25% in the value of fixed capital
      investment in plant and machinery of an industrial unit for the purpose of expansion of capacity/
      modernization and diversification.
   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 IIIDC or industrial estates/parks/export promotion zones and commercial estates set up by the Government 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 & 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

<table>
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II) Central Interest Subsidy Scheme Notification issued by Government of India
   Government of India
   Ministry of Commerce & Industry
   (Department of Industrial Policy and Promotion)
   NOTIFICATION
   New Delhi, 22nd October, 2002.

F.No.1(11)2002-NER. The Government of India is pleased to make the following scheme of
Interest Subsidy on Working Capital Loans for Industrial units in the state of Jammu & Kashmir
with a view to accelerating the industrial development in the state.

1. **Short Title :-** This scheme may be called the **Central Interest 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 new industrial units or existing units
   on * their substantial expansion in the Growth Centres or II&DC or industrial estates/parks/export
   promotion zones and commercial estates set up by the state in Jammu & Kashmir 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 an industrial undertaking, suitably servicing unit as defined in Ministry
   Small Scale Letter No. 2(3)/91-SSIBd. Dated 30.9.1991 other than that run Departmentally by
   Government of India/State Government.

   (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) 'Substantial Expansion' means increase by not less than 25% of installed capacity of an
   industrial unit for the purpose of expansion of capacity/ modernization and diversification.

   (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 land, building, plant and machinery for the
   purpose of this scheme.

   Total fixed capital investment will be assessed as follows:

   I) Land: The actual price paid for the land to the extent needed for the purposes of the plant.
   Charges for the leased land will not be taken into account.

   II) Building : Same as in the case of land. Rent of a hired building will not be taken into account.
III) Plant and machinery:
   (i) In calculating the value of plant and machinery, the cost of 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. Their transport charges and insurance premium, etc. will also be taken into account.
   (ii) The amount invested on goods carriers to the extent they are actually utilised for transport of raw materials and marketing of the finished products, will be taken into account.
   (iii) Working capital including raw materials and other consumable stores will be excluded for computing the value of plant and machinery.
   (g) Fixed Capital represents the depreciated value of fixed assets owned by the factory as on the closing day of the accounting year. Fixed assets are those which have a normal productive life of more than one year. Fixed capital covers all types of assets, new or used or own constructed, deployed for production, transportation, living or recreational facilities, hospitals, schools etc. for factory personnel. It includes the fixed assets of the head office allocable to the factory and also the full value of assets taken on hire-purchase basis (whether fully paid or not) excluding interest element. It excludes intangible assets and assets solely used for post manufacturing activities such as sale, storage, distribution etc.
   (h) Physical Working Capital is defined to include all physical inventories owned, held or controlled by the factory as on the closing day of the accounting year such as the materials, fuels and lubricants, stores etc., that enter into products manufactured by the factory itself or supplied by the factory to others for processing Physical working capital also includes the stock of materials, fuels and stores etc., purchased expressly for re-sale, semi-finished, goods and work in progress on account of others and goods made by the factory which are ready for sale at the end of the accounting year. However, it does not include the stock of the materials, fuels, stores etc. supplied by others to the factory for processing. Finished goods processed by others from raw materials supplied by the factory and held by them are included and finished goods processed by the factory from raw materials supplied by others are excluded.
   (i) Working Capital is the sum total of the physical working capital as already defined above and the cash deposits in hand and at bank and the net balance of amounts receivable over amounts payable at the end of the accounting year. Working capital, however, excludes unused overdraft facility, fixed deposits irrespective of duration, advances for acquisition of fixed assets, loans and advances by proprietors and partners irrespective of their purpose and duration, long-term loans including interest thereon and investments.

6. Extent of admissible subsidy :-

   All eligible industrial units in the state of Jammu & Kashmir shall be given an interest subsidy to the extent of 3% on the Working Capital advanced to them by the Scheduled Banks or Central/State financial institutions for a maximum period of 10(ten) years from the date of commencement of production.

7. Norms for Working capital calculation :-

   For the purpose of this scheme, the minimum working capital requirement of a unit shall be worked out @ 25% of their annual turnover. Inventory norms may be applied, if necessary, after
providing for aforesaid minimum level. In respect of such units for which norms have not been laid down/are not applicable (due to the units coming below the cut off point of Rs.10 lakhs of working capital), the request of working capital should be considered favourably so long as the working capital is not very much above such minimum level. Special norms can also be evolved for inventory and receivables. Working capital below the minimum level may be justified under special circumstances in which the requirement is demonstrably lower, as in the case of ancillary units in the small scale sector with assured supply of inputs and off-take of output.

8. **Designated Agency for disbursement of Subsidy**

Jammu Kashmir Development Finance Corporation (JKDFC) shall be the designated agency for disbursement of interest subsidy on the basis of the recommendation of the state Government.

9. **Procedure for claiming Interest Subsidy**

Industrial units eligible for subsidy under the scheme will get themselves registered with the state 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 working capital likely to be required for a unit. Such of the units as had taken effective steps on or after 14.6.2002 i.e. the date of announcement of the scheme will get themselves registered by 30.6.2003.

10. **Procedure for disbursement of Interest Subsidy**

State Government will set up State Level Committee consisting of a representative of the state Department, the State Finance Department. State Directorate of Industries, JKDFC or its designated agency and the financial institution concerned, to go into each case to decide whether it qualifies for the grant of subsidy and also about the quantum of subsidy.

11. The subsidy will be disbursed to the unit by JKDFC on the recommendation of the State Level Committee/Government of Jammu & Kashmir.

12. **Rights of the Center/State Government/Financial Institutions**

If the Central Government/State Government/Financial Institution concerned is satisfied that the subsidy or grant to an industrial unit has been obtained by misrepresentation of the essential facts, furnishing of false information or if the unit goes out of production within 5 years after having availed the subsidy under the scheme, the Central Government/State Government/Financial Institution concerned may ask the unit to refund the grant or subsidy after giving opportunity to the concerned to be heard.

13. Without taking prior approval of the Ministry of Industry, Department of Industrial Policy & Promotion/State Government/Financial Institution concerned, no owner of an industrial unit 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 5 years of receiving a part or the whole of the grant or subsidy under the scheme.

14. After receiving the grant or subsidy, each industrial unit shall submit annual progress report to the Ministry of Industry, Department of Industrial Policy and Promotion/State Government 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 14-6-2002 of J&K Industrial Policy

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

Government of India
Ministry of Commerce & Industry
(Department of Industrial Policy and Promotion)
NOTIFICATION
New Delhi, the 22nd October, 2002

F.No.1(11)/2002-NER. In pursuance of Ministry of Commerce and Industry, Department of Industrial Policy & Promotion O.M. No.1(13)/2000-NER dated 14th June, 2002, the Government of India is pleased to make the following Scheme of Comprehensive Insurance for Industrial Units for the state of Jammu & Kashmir with a view to accelerating industrial development in the state.

1. **Short Title** :- This scheme may be called Central Comprehensive Insurance Scheme, 2002.

2. **Commencement and Duration** :- It will be effective from the day of its publication and remain in force upto and inclusive of 14.06.2012.

3. (i) **Applicability** :- The Scheme is applicable to new Industrial Units and existing* units on their substantial expansion on or after 14th June, 2002.

   (ii) **Eligibility** :- 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.

4. **Definition of Industrial Unit** :- Any industry which is included in Fire Policy 'C' as per All India Fire Tariffs.

5. **Fixation of Sum Insured** :- The Policy shall be issued on market valuation by the Insurance Company.

6. **'Substantial Expansion'** means increase by not less than 25% in the value of fixed capital investment in plant and machinery of an industrial unit for the purpose of expansion of capacity/modernization and diversification.

7. **Mode of Operation** :- The insured party shall pay the initial premium which shall be reimbursed by the nodal insurance company out of the revolving fund maintained by that company. Funds for this revolving fund shall be contributed by Ministry of Commerce and Industry, Department of Industrial Policy & Promotion. The Insurance policy envisaged under the Scheme will be as indicated in Annexure-A.

(S.Jagadeesan)
Joint Secretary
ANNEXURE A

Comprehensive Insurance Policy for Industrial unit in Jammu & Kashmir

"IN CONSIDERATION OF the Insured named in the schedule hereto having paid to the
_________ Insurance Company Limited (hereinafter called the company) the premium
mentioned in the said schedule, THE COMPANY AGREES, (subject to the conditions and
exclusions contained herein or endorsed or otherwise expressed hereon) that if after payment of
the premium the property insured described in the said schedule or any part of such property be
destroyed or damaged by the following:-

i. Fire

ii. Lightning

iii. Explosion/Implosion but excluding loss of or damage
   a) to boilers (other than domestic boilers), economisers or other vessels, machinery or apparatus in
      which steam is generated or their contents resulting from their own explosion/implosion,
   b) caused by centrifugal force.

iv. Riot, Strike, Malicious, and terrorist Damage as per riot Strike, Malicious and terrorist Damage
    clause printed hereon.

v. Impact by any Rail/Road vehicle or animal.

vi. Aircraft and other aerial and/or space devices and/or articles dropped there-from, excluding
    destruction or damage occasioned by pressure waves caused by such devices,

vii. Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood and Inundation.

viii. Subsidence and Landslide (including Rockslide) resulting in collapse of the entire building or part
     of,

ix. Earthquake Fire and Shock

   During the period of insurance named in the said schedule or of any subsequent period in respect
   of which the insured shall have paid and the Company shall have accepted the premium required
   for the renewal of the policy, the Company will pay to the Insured the value of the Property at the
time of the happening of its destruction or the amount of such damage or at its option reinstate or
replace such Property or any part thereof.

PROVIDED that the liability of the Company shall in no case exceed in respect of each item the
sums expressed in the said Schedule to be insured thereon or in the whole the total sum insured
thereby or such other sum or sums as may be substituted thereof by memorandum thereon or
attached hereto signed by or on behalf of the company."

RIOT, STRIKE, MALICIOUS, AND TERRORIST DAMAGE CLAUSE

This Policy covers Riot, Strike, Malicious and Terrorist Damage as under:-

I. Loss of or visible physical damage by external violent means to the property insured directly
   caused by:

1) The act of any person taking part together with others in any disturbance of the public peace
   (whether in connection with a strike or lock-out or not) not being an occurrence mentioned in
   exclusion 7(a),(b).

2) The action of any lawfully constituted authority in suppressing
or attempting to suppress any such disturbance or in minimizing the consequence of any such disturbance.

3) The willful act of any striker or locked out worker done in furtherance of strike or in resistance to a lock out resulting in visible physical damage by external violent means.

4) The action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimizing the consequences of any such act.

5) Any malicious act but excluding any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) provided that the Company shall not be liable for any loss of damage arising out or in the course of burglary, housebreaking, theft or larceny or any attempt by any person taking part therein.

II. Loss of or Damage to the property insured by explosion or otherwise directly caused by:

1. An act or terrorism committed by a person or persons acting on behalf of or in connection with any organisation.

2. The action of any lawfully constituted authority in suppressing or attempting to suppress any such act, of terrorism or in minimizing the consequences thereof.

For the purpose of this clause "terrorism" shall mean the use of violence for political ends and shall include any use of violence for the purpose of putting the public or any section of the public in fear.

EXCLUSIONS

THIS INSURANCE DOES NOT COVER

1. Loss by theft during or after the occurrence of any insured peril except as provided for in the Riot, Strike and Malicious Damage Clause.

2. Loss or damage to property occasioned by its undergoing any heating or drying process.

3. Loss or damage occasioned by or through or in consequence of
   (a) the burning of property on order of any public authority
   (b) subterranean fire

4. Loss of damage directly or indirectly caused by or arising from or in consequence of or contributed to by nuclear weapons material.

5. Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionising radiations or contaminations by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only, combustion shall include any self-sustaining process of nuclear fission.

6. Loss or damage to any electrical machine, apparatus, fixture or fitting (including electric fans, electric household or domestic appliances, wireless sets, television sets and radios) or to any portion or the electrical installation, arising from or occasioned by over-running, excessive pressure, short circuiting, arcing, self-heating or leakage or electricity, from whatever cause (lightning included) provided that this exemption shall apply only to the particular electrical machine, apparatus, fixture, fitting or portions of the electrical installation so affected and not to other machines, apparatus, fixtures, fittings, or portions of the electrical installation which may be destroyed or damaged by fire so set up.

7. Loss or damage occasioned by or through or in consequence directly or indirectly, of any of the following occurrences, namely,
(a) War, invasion, act of foreign or enemy hostilities or warlike operations (whether war be declared or not), civil war,
(b) Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
In any action, suit or other proceeding where the company alleges that by reason of the provisions of the above exclusions any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the insured.
8. Loss or damage to bullions or unset precious stones, any curios or work of art, for an amount exceeding Rs.1000/-, manuscripts, plans, drawings, patterns, models or moulds, securities, obligations or documents of any kind, stamps, coins or paper money, cheques, books of account or other business books, computer system records, explosives, unless otherwise expressly stated in the policy.
9. Property insured if removed to any building or place other than in which it is herein stated to be insured except Machinery and Equipments temporarily removed for repairs, cleaning, renovation or other similar purposes for a period not exceeding 60 days.
This insurance does not cover
a) Loss of earnings, loss by delay, loss of market or other consequential or indirect loss or damage of any kind or description whatsoever.
b) Loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation or omissions of any kind.
c) Loss or damage occasioned by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority.
d) Loss or damage occasioned by permanent or temporary dispossession of any building or plant or unit or machinery resulting from the lawful occupation by any person of such building or plant or unit or machinery or prevention of access to the same.
Provided nevertheless that the Company is not relieved under (c) or (d) above of any liability to the Insured in respect of physical damage to the property insured occurring before dispossession or during temporary dispossession.

CONDITIONS
1. THIS POLICY shall be voidable in the event of mis-representation, mis-description or non-disclosure of any material particular.
2. All insurance under this policy shall cease on expiry of seven days from the date of displacement of any building or part hereof or of the whole or any part of any range of building or of any structure of which such building forms part.
Provided such a fall or displacement is not caused by insured perils loss or damage by which is covered this policy or would be covered if such building, range of buildings or structure were insured under this policy. Notwithstanding the above, the company, subject to an express notice being given as soon as possible but not later than 7 days of any such fall or displacement, may agree to continue the insurance subject to revised rates, terms and conditions as may be decided by it and confirmed in writing to this effect.
3. The insurance may be terminated at any time at the request of the insured, in which case the company will retain the premium at customary short period rate for the time the policy has been in force. The insurance may also at any time be terminated at the option of the Company on 15 days notice to that effect being given to the Insured, in which case the company shall be liable to reply on demand a ratable proportion of the premium for the un-expired term from the date of the cancellation.

4.(1) On the happening of any loss or damage the insured shall forthwith give notice thereof to the company and shall within 15 days after the loss or damage or such further time as the company may in writing allow in that behalf, deliver to the company.

a) A claim in writing for the loss or damage containing as particular an account as may be reasonably practicable of all the several articles or items or property damage or destroyed, and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage not including profit of any kind.

b) Particulars of all other insurances, if any.

The insured shall also at all time at his own expense produce, procure and give to the company all such further particulars, plans, specification books, vouchers, invoices, duplicates or copies thereof, documents, investigation reports (internal/external), proofs and information with respect to the claim and origin and cause of the fire and the circumstances under which the loss or damage occurred and any matter touching liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the company together with a declaration and oath or in other legal from of the truth of the claim and of any matters connected therewith.

No claim under this policy shall be payable unless the terms of this condition have been complied with.

i) The Company reserves the right to treat the claim as no claim if no information/documents are submitted by the insured with a period of 6 months from the date of loss.

ii) In no case whatsoever shall the Company be liable for any loss or damage after the expiration of 12 months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration; it being expressly agreed and declared that if the Company shall disclaim liability for any claim hereunder and such claim shall not within 12 calendar months from the date of the disclaimer have been made the subject matter of a suit in a court of law then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

5. On the happening of loss or damage to any of the property insured by this policy, the Company may:-

a) enter and take and keep possession of the building or premises where the loss or damage has happened.

b) take possession of or require to be delivered to it any property of the insured in the building or on the premises at the time of the loss or damage.

c) keep possession of any such property and examine, sort, arrange, remove or otherwise deal with the same.

d) sell any such property or dispose of the same for account of whom it may concern.
The powers conferred by this condition shall be exercisable by the Company any time until notice in writing is given by the insured that he makes no claim under the policy, or if any claim is made, until such claim is finally determined or withdrawn, and the company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the insured or diminish its rights to rely upon any of the conditions of this policy in answer to any claim etc.

If the insured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company, in the exercise of its powers hereunder, all benefits under this policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not.

6) If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by the insured or any on acting on his behalf to obtain any benefit under the policy or if the loss or damage be occasioned by the willful act, or with them connivance of the insured, all benefits under this policy be forfeited.

7) If the company at its option, reinstate or replace the property damaged or destroyed or any part thereof, instead of paying the amount of the loss or damages, or join with any other Company or Unsure(s) in so doing, the Company shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage not more than the sum insured by the Company thereon.

If the Company elect to reinstate or replace any property, the insured shall at his own expense furnish the Company with such plans. Specifications, measurements, quantities and such other particulars as the Company may require, and no acts done, or caused to be done, by the company with a view to reinstatement or replacement shall be deemed an election by the company to reinstate or replace.

If in any case the Company shall be unable to reinstate or repair the property hereby insured, because of any municipal or other regularizations in force affecting the alignment of streets or the construction of buildings or otherwise, the Company shall in every such case, only be liable to pay such sum as would be requisite to reinstate to its former condition.

8) The insured shall at the expense of the Company do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Company.

9) If at the time of any loss or damage happening to any property hereby insured there be any other subsisting insurance or insurances, whether effected by the insured or by any other person or persons covering the same property, this Company shall not be liable to pay or contribute more than its ratable proportion of such loss or damage.
10) If the property hereby insured shall at the breaking out of any insured peril, be collectively of greater value than the sum insured thereon, then the insured shall be considered as being his own insurer for the difference, and shall bear a ratable proportion of the loss accordingly. Every item, if more than one of the policy shall be separately subject to this condition. Provided, however that if the sum insured hereby on the property insured shall at the operation of any of the perils insured under this Policy or at the commencement of such destruction or damage be not less than 85% (eighty-five percent) of the collective value of the property insured, this condition shall be of no purpose and effect.

11) If any dispute or difference shall arise as to the quantum to be paid under this Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to or they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration the same shall be referred to a panel of three arbitrators, comprising of two arbitrators, one to be appointed by each of the parties to the dispute/difference and the third arbitrator to be appointed by each of the parties to the dispute/difference and the third arbitrator to be appointed by such two arbitrators and arbitrator shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996. It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as herein before provided, if the company has disputed or not accepted liability under or in respect of this policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such arbitrator/arbitrators of the amount of the loss or damage shall be first obtained.

12) At all times during the period of insurance of this policy the insurance cover will be maintained to the full extent of the respective sum insured in consideration of which, upon the settlement of any loss under this policy, pro rata premium for the unexpired period from the date of such loss to the expiry period of insurance for the amount of such loss shall be payable by the Insured to the Company.
IV) Amendment to the Central Capital Investment Subsidy Scheme, 2002

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

NOTIFICATION

New Delhi, 28th November, 2003.

No. 1(11)/2002-NER – In pursuance of the announcement by the Prime Minister on 19th April, 2003 at Srinagar for creation of one lakh employment and self employment opportunities in Jammu & Kashmir, the Government of India had set up a Task Force under Cabinet Secretary. The recommendations of Task Force were submitted to the Cabinet. To achieve this object of employment generation, the Cabinet has, inter-alia, approved following definition of the term ‘substantial expansion’ for the purpose of incentives/subsidies notified as per O.M. No. 1(13)/2000-NER dated 14.06.2002.

2. The Central Government, therefore, hereby makes the following amendment in the Central Capital Investment Subsidy Scheme, 2002 notified in the Notification of the Government of India in the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion No. 1(11)/2002-NER dated 22nd October, 2002. The definition of the term ‘Substantial Expansion’ appearing under para 5 (d) of the Scheme may be substituted by the following:-

“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.”

(S. Jagadeesan)
Joint Secretary
Amendment to the Central Interest Subsidy Scheme, 2002

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

NOTIFICATION
New Delhi, 28th November, 2003.

No. 1(11)/2002-NER – In pursuance of the announcement by the Prime Minister on 19th April, 2003 at Srinagar for creation of one lakh employment and self-employment opportunities in Jammu & Kashmir, the Government of India had set up a Task Force under Cabinet Secretary. The recommendations of Task Force were submitted to the Cabinet. To achieve this object of employment generation, the Cabinet has, inter-alia, approved following definition of the term ‘substantial expansion’ for the purpose of incentives/subsidies notified as per O.M. No. 1(13)/2000-NER dated 14.06.2002.

2. The Central Government, therefore, hereby makes amendment in the Central Interest Subsidy Scheme, 2002 notified in the Notification of the Government of India in the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion No. 1(11)/2002-NER dated 22nd October, 2002. The definition of the term ‘Substantial Expansion’ appearing under para 5(d) of the Scheme may be substituted by the following:-

“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.”

(S. Jagadeesan)
Joint Secretary
VI) Amendment to the Central Comprehensive Insurance Scheme, 2002

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

NOTIFICATION

New Delhi, 28th November, 2003.

No. 1(11)/2002-NER – In pursuance of the announcement by the Prime Minister on 19th April, 2003 at Srinagar for creation of one lakh employment and self employment opportunities in Jammu & Kashmir, the Government of India had set up a Task Force under Cabinet Secretary. The recommendations of Task Force were submitted to the Cabinet. To achieve this object of employment generation, the Cabinet has, inter-alia, approved following definition of the term ‘substantial expansion’ for the purpose of incentives/subsidies notified as per O.M. No. 1(13)/2000-NER dated 14.06.2002.

2. The Central Government, therefore, hereby makes amendment in the Central Comprehensive Insurance Scheme, 2002 notified in the Notification of the Government of India in the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion No. 1(11)/2002-NER dated 22nd October, 2002. The definition of the term ‘substantial expansion’ appearing under para 6 of the Scheme may be substituted by the following:-

“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.”

(S. Jagadeesan)
Joint Secretary
(VII) Central Excise Notification No. 56/2002 granting excise exemption to Industries in specified locations.

Government of India
Ministry of Finance and Company Affairs
(Department of Revenue)
New Delhi, dated the 14th November, 2002

NOTIFICATION
NO.56/2002-CENTRAL EXCISE

G.S.R. (E) :-- In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and sub-section (3) of section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of 1978), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods specified in the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), other than goods specified in Annexure I appended hereto, and cleared from a unit located in the Industrial Growth Centre, Industrial Infrastructure Development Centre or Export Promotion Industrial Park or Industrial Estate or Industrial Area or Commercial Estate, or Scheme Area, as the case may be, specified in Annexure - II appended hereto, from so much of the duty of excise or additional duty of excise, as the case may be, leviable thereon under any of the said Acts as is equivalent to the amount of duty paid by the manufacturer of goods, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002.

2. The exemption contained in this notification shall be given effect to in the following manner, namely:-
   (a) The manufacturer shall submit a statement of the duty paid, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002, to the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, by the 7th day of the next month in which the duty has been paid.
   (b) The Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, after such verification, as may be deemed necessary, shall refund the amount of duty paid, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002, during the month under consideration to the manufacturer by the 15th day of the next month.
   (c) If there is likely to be any delay in the verification, the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, shall refund the amount on provisional basis by the 15th day of the next month to the month under consideration, and thereafter may adjust the amount of refund by such amount as may be necessary in the subsequent refunds admissible to the manufacturer.

3. The exemption contained in this notification shall apply only to the following kind of units namely:-
   (a) New industrial units which have commenced their commercial production on or after the 14th day of June 2002.
   (b) Industrial units existing before the 14th day of June 2002, but which have undertaken substantial expansion by way of increase in installed capacity by not less than twenty five per cent on or after 14th day of June 2002.
4. The exemption contained in this notification shall apply to any of the said units for a period not exceeding ten years from the date of publication of this notification in the Official Gazette or from the date of commencement of commercial production whichever is later.
G.S.R. (E).—In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), and sub-section (3) of section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of 1978), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods specified in the Schedule appended hereto, other than goods specified in Annexure appended hereto, and cleared from a unit located in the State of Jammu and Kashmir, from so much of the duty of excise leviable thereon under any of the said Acts as is equivalent to the amount of duty paid by the manufacturer of goods other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002.

2. The exemption contained in this notification shall be given effect to in the following manner, namely:-

The manufacturer shall submit a statement of the duty paid, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002, to the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, by the 7th day of the next month in which the duty has been paid.

The Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, after such verification, as may be deemed necessary, shall refund the amount of duty paid, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002, during the month under consideration to the manufacturer by the 15th day of the next month.

If there is likely to be any delay in the verification, the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, shall refund the amount on provisional basis by the 15th day of the next month to the month under consideration, and thereafter may adjust the amount of refund by such amount as may be necessary in the subsequent refunds admissible to the manufacturer.

3. The exemption contained in this notification shall apply only to the following kind of units namely:-

New industrial units which have commenced their commercial production on or after the 14th day of June 2002.

Industrial units existing before the 14th day of June 2002, but which have undertaken substantial expansion by way of increase in installed capacity by not less than twenty five per cent on or after 14th day of June 2002.
4. The exemption contained in this notification shall apply to any of the said units for a period not exceeding ten years from the date of publication of this notification in the Official Gazette or from the date of commencement of commercial production whichever is later.

ANNEXURE

A- Cigarettes/ cigars of Tobacco;
B- Manufactured tobacco and substitutes thereof;
C- Soft drinks and their concentrates.

<table>
<thead>
<tr>
<th>S.N. No.</th>
<th>Goods manufactured by the following Activities or Industries</th>
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<tbody>
<tr>
<td>1</td>
<td>Food Processing and agro based industries (excluding conventional grinding / extraction units) such as:</td>
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<td>(a) Sauces, Ketchup;</td>
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<td>(b) Fruit Juices and fruit pulp;</td>
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<td>(c) Jams, jellies, vegetable juices, puree, pickles;</td>
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<td></td>
<td>(d) Fruit Waxing, packaging, grading</td>
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<tr>
<td>2</td>
<td>Leather Processing and Leather goods</td>
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<td>3</td>
<td>Tissue culture</td>
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<td>4</td>
<td>Silk Reeling Yarn, Yarn spun from silk waste and Woven fabrics of silk or silk waste</td>
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<tr>
<td>5</td>
<td>Wool and Woven fabrics of wool</td>
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<td>6</td>
<td>Woven fabrics of cotton</td>
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<td>7</td>
<td>Floriculture</td>
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<td>8</td>
<td>Medicinal herbs - processing</td>
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<td>9</td>
<td>Green House only in Ladakh</td>
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<td>10</td>
<td>Computer hardware / Electronics (integrated circuits and micro assemblies)</td>
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<td>11</td>
<td>Sports goods and articles and equipment for general physical exercise</td>
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<td>12</td>
<td>Auto Ancillaries</td>
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<tr>
<td>13</td>
<td>Eco- Tourism; Hotels, Houseboats, Resorts, adventure and leisure sports, amusement parks, cable car, Guesthouse only in Ladakh.</td>
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<td>14</td>
<td>Handicrafts</td>
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<tr>
<td>15</td>
<td>Precision engineering</td>
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<tr>
<td>16</td>
<td>Exploration of minerals</td>
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</tbody>
</table>

Explanation: For the removal of doubts, it is hereby declared that for the purpose of this notification, "mineral" does not include crude petroleum oils and the expression "Exploration of mineral" shall be construed accordingly.

F.No. 354/173/2000-TRU

(Aman Kumar Singh)
Under Secretary to the Government of India
G.S.R (E).- In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and sub-section (3) of section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of 1978), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods specified in the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), other than goods specified in Annexure I appended hereto, and cleared from a unit located in the Industrial Growth Centre, Industrial Infrastructure Development Centre or Export Promotion Industrial Park or Industrial Estate or Industrial Area or Commercial Estate, or Scheme Area, as the case may be, specified in Annexure - II appended hereto, from so much of the duty of excise or additional duty of excise, as the case may be, leviable thereon under any of the said Acts as is equivalent to the amount of duty paid by the manufacturer of goods, other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2002.

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ANNEXURE-I

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B- Manufactured tobacco and substitutes thereof;
C- Soft drinks and their concentrates.

(Aman Kumar Singh)
Under Secretary to the Government of India

Details of Khasra No. is available with General Manager of DICs / Office of the Central Exercise Department, Police Lane, Talab Tillo, Jammu / Office of the Managing Director, J&K SIDCO/ J&K SICOP.
To

Shri A. Sahasranaman,
Principal Secretary,
Industries & Commerce Department,
Govt. of J&K,
JAMMU.

Sub: Guidelines/Procedure for disbursement of Central Subsidies to the Industrial units in J&K.

Sir,

1. In continuation of this Department’s letter of even number dated 16.8.2003 notifying J&K, SIDCO as the nodal agency for disbursement of central subsidies I am directed to forward herewith the broad guidelines/procedure for disbursement of subsidies by SIDCO to individual schemes. It may, there, be ensured that the subsidy is disbursed to the eligible industrial units in accordance with the provisions of the relevant Scheme, as amended from time to time (copy enclosed). However, broad parameters for scrutiny of transport subsidy claims relating to the period prior to release of Rs. 1.00 crore to J&K, SIDCO letter of Shri S. Jagadeesan, Joint Secretary dated 28.01.2004 (copy enclosed) refers.

2. With reference to your letter No. Accts/I&C/TS/03 dated 2.12.2003; it is informed that the Govt. of J&K, SIDCO may formulate their own internal guidelines/procedure to ascertain genuineness of the subsidy claims.

3. The quarterly report/utilization certificate of funds released may also kindly be submitted from time to time, as per enclosed Performa. The information must be sent on a floppy also so that the same could be displayed on DIPP website.

Yours faithfully,

Sd/-
(PURAN CHAND)
UNDER SECRETARY TO GOVT OF INDIA
BROAD GUIDELINES/PROCEDURE FOR DISBURSEMENT OF CENTRAL SUBSIDIES TO BE FOLLOWED BY J&K, SIDCO

1. Subsidies may be disbursed by J&K, SIDCO to the eligible units on the basis of recommendations of the SLC in accordance with the provisions of the various schemes as amended from time to time.

2. Information regarding subsidy claims should be obtained by J&K, SIDCO from the Directorate of Industries in the enclosed relevant pro forma.

3. On receipt of claim papers, J&K SIDCO would scrutinize and examine the eligibility and genuineness of the claims in accordance with the provisions of Subsidy Scheme(s) (as amended from time to time) with reference to relevant original documents/information and would, thereafter, disburse the subsidy to the eligible units out of the funds at its disposal.

4. The scrutiny and disbursement of the subsidy claims should be done by J&K, SIDCO as far as possible within 3 months of receipt of the claims/recommendations from SLC/DLC.

5. Before disbursement of subsidy, J&K SIDCO must ensure that outstanding dues, if any, of State and Central Governments, Nationalized Banks and Government Financial Institutions, etc. are recovered from the eligible subsidy payable / admissible to the unit.

6. The details of disbursement are to be sent to DIPP in the prescribed pro forma (Annexure I, II and III) every quarter accompanied by certificate wherever required (within 15 days of the end of the quarter) along with the utilization certificate of funds disbursed to eligible units. Details should be sent in hard copy and floppy both. These details will be put on DIPP website also.

7. J&K, SIDCO may maintain separate accounts books for the disbursement under the respective subsidy schemes of DIPP.

8. In so far as Court cases relating to disbursement of subsidies are concerned, the particulars are to be brought immediately to the notice of DIPP along with the legal opinion/comments of the State Government/J&K, SWIDCO on the issue.

9. All the cases of disbursement would be subject to half-yearly audit by the Principal Accounts Office, M/O Commerce & Industry, Department of Industrial Policy & Promotion (DIPP). The original papers relating to the claims of subsidy are to be made available to the audit team by J&K, SIDCO. The cases may also be subjected to pre-audit as per discretion of the Department.

10. J&K, SIDCO must scrutinize during a financial year, 10% original claim papers of the units submitted to SLC.
BROAD PARAMETERS FOR SCRUTINY OF TRANSPORT SUBSIDY CLAIMS.

1. The unit should be registered with Directorate of Industries & Commerce.

2. The unit should be engaged in manufacturing activity (barring plantation, refineries and power generation).

3. The benefit is available for five years only from the date of commencement of production. (This period includes period of substantial expansion by the Unit).

4. The claims must be filed by the units within one year from the date of incurring of expenditure.

5. Transport Subsidy is not admissible on by-products.

6. Wood based units must fulfill conditions laid down by Supreme Court.

7. Transport subsidy is admissible for transportation of goods from the nearest designated rail head to the place of unit and vice-versa.

8. Transport subsidy is not to be paid on internal movement of raw material and finished goods.

9. Transport subsidy is not permissible on transportation of raw material/finished goods in “own vehicles”.

10. In the case of units engaged in cement production, transport subsidy on transportation of coke breeze is not permissible.

11. Transport subsidy is not permissible to floor mills if they have purchased wheat from Food Corporation of India.

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Note: the information regarding the transport subsidy claims may be obtained in the enclosed Performa accompanied by the certificate attached.
CERTIFICATE

Certificate that:-

1. All the particulars filed in the claim pro forma are in accordance with Transport Subsidy Scheme, 1971, as amended from time to time.
2. For Industrial Units where capital investment is more than Rs. 1.00 Lac, certificate of the Chartered Accountant has been furnished.
3. For Industrial Units having capital investment less than Rs. 1.00 lakh an officer of the State Govt. has verified all the vouchers and checked-up the claim with reference to the Central Transport Subsidy Scheme-1971 and has certified that the claim made is correct.
4. In the case of existing industrial units the conditions laid down sunder para 6 (x) of the scheme have been satisfied.
5. The claim made above does not contain any amount for internal movement as per para 6 (ii) and for cost of loading, un-loading and handling as per para (iii) of the Transport Subsidy Scheme-1971.
6. Subsidy has not been claimed on “by-products”.
7. Flour Mills wherever indicated in the claim have not purchased the wheat from the Food Corporation of India.
8. The Cement purchased by the Unit holder is non- levy cement required by the unit for manufacturing purpose.
9. There is no violation of the Supreme Court Orders dated 12.12.1996 by the plywood / wood based units.
10. The present subsidy claim relates to periods, subsidy in respect of which has not yet been reimbursed by the Government of India earlier.
11. The unit holders have submitted the claims within a period of one year of incurring of the expenditure.
12. No unit has claimed transport subsidy beyond the period of 5 years from the date of commencement of commercial productions.
13. I/We, undertake that if in-future, any reimbursement made by Government of India is found inadmissible, wholly or in part, the amount so found inadmissible would be refunded back with least possible delay.

Director of Industries-Cum-
Chairman, SLC on Central Transport
Subsidy/Competent Authority