

Jammu and Kashmir

Central Government launches the Industrial Policy for J&K

January 7, 2021

Relevant to all Mahindra Businesses

The larger picture

- Main purpose of the scheme is to generate employment which directly leads to the socio economic development of the region
- Aims at development of Manufacturing as well as Service Sector Units in J&K
- Scheme visualises larger role of UT of J&K

Key Features of the Scheme:

- Scheme is made attractive for both smaller and larger units. Smaller units with an investment in plant & machinery upto Rs. 50 crore will get a capital incentive upto Rs. 7.5 crore and get capital interest subvention at the rate of 6% for maximum 7 year.
- The scheme aims to take industrial development to the block level in UT of J&K, which is first time in any Industrial Incentive Scheme of the Government of India and attempts for a more sustained and balanced industrial growth in the entire UT
- Scheme has been simplified on the lines of ease of doing business by bringing one major incentive- GST Linked Incentive- that will ensure less compliance burden without compromising on transparency.
- Scheme envisages greater role of the UT of J&K in registration and implementation of the scheme while having proper checks and balances by having an independent audit agency before the claims are approved
- It is not a reimbursement or refund of GST but gross GST is used to measure eligibility for industrial incentive to offset the disadvantages that the UT of J&K face
- Earlier schemes though offered a plethora of incentives. However, the overall financial outflow was much lesser than the new scheme.

For Further Reading

1. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1686743>
2. <https://www.livemint.com/news/india/govt-approves-28-400-crore-package-to-boost-industries-in-jammu-and-kashmir-11610014671341.html>
3. https://www.business-standard.com/article/news-cm/central-government-sanctions-development-package-of-rs-80-000-crore-for-jammu-kashmir-120012300332_1.html