

POLICY FOR PROMOTION OF FOREIGN INVESTMENT IN INDUSTRIAL SECTOR IN JAMMU AND KASHMIR-2022

**Government of Jammu and Kashmir
Industries and Commerce Department
Civil Secretariat, Jammu**

Subject: Policy for Promotion of Foreign Investment in Jammu and Kashmir-2022.

Reference: Administrative Council Decision No 29/2/2022 dated 23.02.2022.

Government Order No: 33-JK(IND) of 2022

D a t e d : 03.03.2022

Sanction is hereby accorded to the rolling out of 'Policy for Promotion of Foreign Investment in Jammu and Kashmir-2022', as per annexure to this order, subject to following conditions:

1. The policy framework on FDI in place issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry and Department of Economic Affairs, Government of India, from time to time, shall be applicable.
2. The procedural guidelines, as notified by Government of India on FDI, read with procedural guidelines notified under Jammu and Kashmir Industrial Policy 2021-30 and Jammu and Kashmir Industrial Land Allotment Policy 2021-30, shall be applicable.

By order of the Government of Jammu and Kashmir.

Sd/-

(Ranjan Prakash Thakur)

Principal Secretary to the Government

No: IC/DIC/22/2022-07

Date: 03.03.2022

Copy to the:

1. Additional Chief Secretary, Finance Department.
2. Additional Chief Secretary, Home Department.
3. Additional Chief Secretary, Health and Medical Education Department.
4. Principal Resident Commissioner, J&K Government, New Delhi.
5. All Principal Secretaries to Government.
6. Principal Secretaries to Hon'ble Lieutenant Governor.
7. All Commissioner/ Secretaries to the Government.
8. Joint Secretary (J&K), Ministry of Home Affairs, Government of India.
9. Director General, J&K Institute of Management, Public Administration and Rural Development, Jammu.
10. Divisional Commissioner, Jammu/Kashmir.
11. All HoD's of Industries and Commerce Department.
12. All Deputy Commissioners
13. Director, Information.
14. Director, Archives, Archaeology and Museums
15. General Manager, Government Press, Jammu/Srinagar.
16. Private Secretary to the Hon'ble Lieutenant Governor.
17. Private Secretaries to Advisor (F)/(B) to Lieutenant Governor.
18. Private Secretary to the Chief Secretary.
19. Private Secretary to Principal Secretary to the Government, I&C Department.
20. In-charge website, I&C Department.
21. Notification file.


03.03.2022

(Sartaj Hussain Madni)

Deputy Secretary to the Government

CONTENTS

1. INTRODUCTION	3
2. OBJECTIVES	4
3. DURATION	5
4. APPLICABILITY	5
5. DEFINITIONS UNDER THE POLICY	5
6. DESIGNATED LAND BANK	6
7. APPLICATION	6
8. PROJECT APPRAISAL, EVALUATION, ALLOTMENT AND REGISTRATION	7
9. INCENTIVES AND SUPPORT	7
10. MISCELLANEOUS	8
11. APPENDICES	9



1. INTRODUCTION

- 1.1 Foreign Investment is considered as a major source of financial resource for the economic development. Foreign Investment flow into the country has grown consistently since liberalization and is an important component since it infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, competition and employment creation amongst other benefits.
- 1.2 The Government of India has put in place a policy framework on Foreign Investment, which is embodied in various Circulars of the Government. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India makes policy pronouncements on FDI through Consolidated FDI Policy Circular/Press Notes/Press Releases which are notified by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India as amendments to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under the Foreign Exchange Management Act, 1999 (42 of 1999) (FEMA). The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by the Reserve Bank of India (RBI). The regulatory framework, over a period of time, thus, consists of FEMA and Rules/Regulations there under, Consolidated FDI Policy Circular, Press Notes, Press Releases, Clarifications, etc
- 1.3 Under the above guiding framework (Appendix-I & II), Government of Jammu and Kashmir aspires to attract foreign investment in the region. The intent behind is to showcase Jammu and Kashmir as an investment friendly destination for foreign investors.



- 1.4 Jammu and Kashmir, being the northern most region of the country with mountainous terrain, and difficult neighbourhood presents a challenging situation for attracting investments. Despite these challenges, foreign investors have shown a remarkable interest in making gainful investments in the region.
- 1.5 In order to facilitate these prestigious investments, the policy for promotion of foreign investment in industrial sector is notified as a step towards easing the doing of business in Jammu and Kashmir. This Policy document has therefore been formulated with belief that it will complement the efforts to make a leap in industrialization of Jammu and Kashmir with participation of foreign investors.

2. OBJECTIVES

Jammu and Kashmir, by adopting this Policy aims to achieve the following objectives:

- 2.1 To attract and promote foreign investment in order to supplement domestic capital, technology and skills for accelerated economic growth and development.
- 2.2 To encourage, promote and facilitate more investment in enterprises and build a strong, responsive and vibrant business environment in the region through foreign investment.
- 2.3 To create employment opportunities for the unemployed youth.
- 2.4 To enable environment of "Ease of Doing Business" i.e. creating of conducive industrial environment.
- 2.5 To move more speedily towards transformation of its role from 'regulator' to 'facilitator' and from performer to enabler for the industrial sector.



- 2.6 To create new opportunities for creation of dedicated sector specific industrial parks.

3. **APPLICABILITY**

The policy shall be subject to instructions and guidelines issued by Government of India from time to time. Further any action taken or contemplated under the policy shall be void ab-initio, if in conflict with any other guiding principle on the subject of the Government.

4. **DURATION**

This policy shall remain in operation for ten years from the date of its adoption. However, the Policy shall be reviewed from time to time based on a critical assessment of feedback from stakeholders, and change in scope that is regarded necessary.

5. **DEFINITIONS UNDER THE POLICY**

Definition unless provided here shall have the same meaning as provided under the Jammu and Kashmir Industrial Policy 2021-30 read with Jammu and Kashmir Industrial Land Allotment Policy 2021-30. Unless otherwise provided under various instructions/ policies of Government of India and Government of Jammu and Kashmir—

- 5.1 **"Allotment"** as defined under Jammu and Kashmir Industrial Land Allotment Policy 2021-30;
- 5.2 **"Allottee"** as defined under Jammu and Kashmir Industrial Land Allotment Policy 2021-30;
- 5.3 **"Date of Operation"** means the date on which the infrastructure is ready to be used with all the required facilities in place, as certified by the Director, Industries and Commerce concerned;
- 5.4 **"Foreign Investment"** means an investment with a project cost of Rs 100.00 crore or more and with a minimum of 51% stakes held by a foreign entity as defined under Appendix-I & II of this Policy;



- 5.5 **"Land / Site"** as defined under Jammu and Kashmir Industrial Land Allotment Policy 2021-30;
- 5.6 **"Lessee"** means the transferee to whom the land is allotted;
- 5.7 **"Lessor"** means the concerned corporation which will allot land to the Lessee;
- 5.8 **"Lease Rent"** means the annual rent charged to Lessee during lease term as fixed by the Board of Directors of the Concerned Corporation;
- 5.9 **"Premium"** means land premium fixed by the Government from time to time;
- 5.10 **"Premises"** as defined under Jammu and Kashmir Industrial Land Allotment Policy 2021-30;
- 5.11 **"Processing Fee"** as defined under Jammu and Kashmir Industrial Land Allotment Policy 2021-30;

6. DESIGNATED LAND BANK

Government shall, from time to time, identify land parcels for development of Industrial Estates for exclusive grounding of foreign investments. This shall include vertical rise premises in the form of multipurpose buildings/complexes, with plug and play facilities.

7. APPLICATION

- 7.1 Applications qualifying under the definition of 'Foreign Investment' under clause 5.4 shall be dealt under this policy.
- 7.2 Department of Industries and Commerce shall upload vacant industrial land/space available in designated Industrial Estates/ Complexes on the Single Window Portal.
- 7.3 Land/Space availability advertisements, both in print and online, shall be issued by Department of Industries and

Industries and Commerce Department, Government of Jammu and Kashmir



Commerce/ Developing Agency concerned, inviting prospective entrepreneurs to apply online on the portal.

- 7.4 The procedure provided under the Jammu and Kashmir Industrial Land Allotment Policy 2021-30 shall apply to allotment process under this policy.

8. PROJECT APPRAISAL, EVALUATION, ALLOTMENT AND REGISTRATION

- 8.1 The allotment of premises to foreign entities in the designated Industrial Estates/Complexes shall be done by the designated Land Allotment Committees after appraisal by the Divisional Level Appraisal Committees strictly as per the provisions provided under the Jammu and Kashmir Industrial Land Allotment Policy 2021-30.
- 8.2 The procedure provided under the Jammu and Kashmir Industrial Policy 2021-30 shall apply to registration of business enterprises under this Policy.

9. INCENTIVES AND SUPPORT

- 9.1 Land has always acted as a limiting factor for setting up industry in Jammu and Kashmir. A separate land bank for foreign investment is hence driving force for attracting overseas investments.
- 9.2 Incentives and support to Units/business enterprises established under the policy shall be governed by various enactments and policies as notified by Government of India. Under the above guiding principles, such enterprises shall be entitled to incentives and support as provided under Jammu and Kashmir Industrial Policy 2021-30 read with New Central Sector Scheme for Industrial Development of Jammu and Kashmir, unless in conflict with any central law.



10. MISCELLANEOUS

Save as provided under the forgoing clauses, all the relevant processes and procedures as provided under Jammu and Kashmir Industrial Policy 2021-30 read with Jammu and Kashmir Industrial Land Allotment Policy 2021-30 shall apply.

Industries and Commerce Department, Government of Jammu and Kashmir



APPENDICES

1. APPENDIX-I	RBI MASTER CIRCULAR ON FDI ISSUED VIDE RBI/2007-2008/18 MASTER CIRCULAR NO.02/2007-08.
2. APPENDIX-II	DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE (DPIIT), CONSOLIDATED FDI POLICY CIRCULAR OF 2020.
3. APPENDIX-III	JAMMU AND KASHMIR INDUSTRIAL POLICY 2021-30 & PROCEDURAL GUIDELINES THERE UNDER.
4. APPENDIX-IV	NEW CENTRAL SECTOR SCHEME FOR INDUSTRIAL DEVELOPMENT OF JAMMU AND KASHMIR & PROCEDURAL GUIDELINES THERE UNDER.



RBI/2007-2008/18

Master Circular No.02/2007-08

July 2, 2007

To,

All Category - I Authorised Dealer banks

Madam / Sir,

Master Circular on Foreign Investment in India

Foreign investment in India is governed by sub-section (3) of section 6 of the Foreign Exchange Management Act, 1999 read with Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. The regulatory framework and instructions issued by the Reserve Bank of India have been compiled in this Master Circular. In addition to the above, this Master Circular also covers the following areas.

(i) Acquisition of immovable property which is regulated in terms of Section 6(3) (i) of Foreign Exchange Management Act, 1999 read with Notification No. FEMA 21/ 2000-RB dated May 3, 2000;

(ii) Establishment or Branch/Liaison Office in India, which is regulated in terms of Section 6(6) of Foreign Exchange Management Act, 1999 read with Notification No. FEMA 22/ 2000-RB dated May 3, 2000;

(iii) Investment in capital of partnership firms or proprietary concern which is regulated in terms of Section 2(h) of Section 47 of Foreign Exchange Management Act, 1999, read with Notification No. FEMA 24/2000-RB dated May 3, 2000.

2. This Master Circular consolidates the existing instructions issued by the Reserve Bank of India through AP (DIR Series) Circulars and Notifications under FEMA, in respect of the above areas. The list of underlying circulars/notifications is furnished in Appendix.

3. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2008 and be replaced by an updated Master Circular on the subject on that date.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager

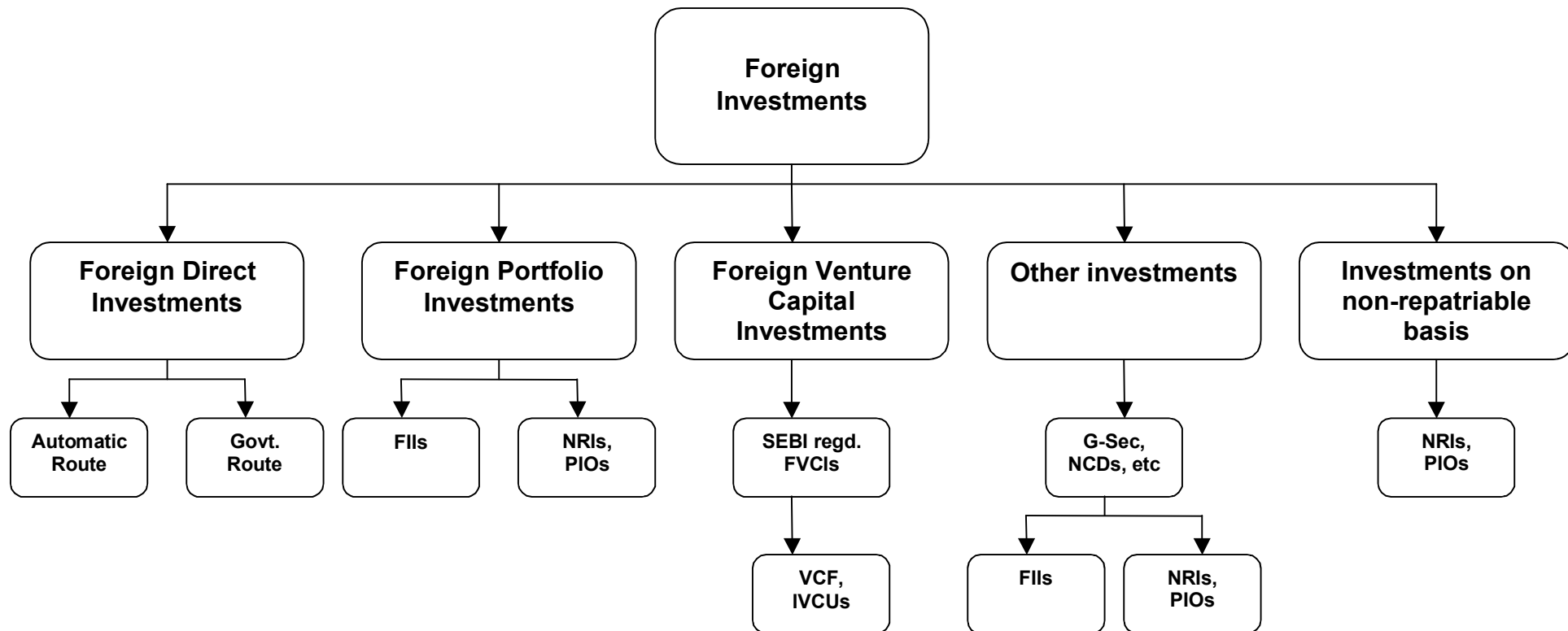
INDEX

PART – I	1
Foreign Investments in India—schematic representation:	1
Foreign Investment in India	1
Entry routes for investments in India	1
Prohibition on investment in India	2
Eligibility for Investing in India	2
Type of instruments	3
Investments in Small Scale Industrial units	4
Investments in EOUs/FTZs/ EPZs/HTPs and STPs	4
Investments in Asset Reconstruction Companies (ARCs)	4
Investment in infrastructure companies in the Securities Market	5
Issue of Rights / Bonus shares	5
Rights issue to erstwhile OCBs	5
Renunciation of rights by residents to non-residents	6
Acquisition of shares under Scheme of Amalgamation / merger	6
Issue of shares under Employees Stock Option Scheme	6
Reporting of FDI	7
Issue Price	9
Foreign Currency Account	9
Transfer of Shares and convertible debentures	9
Prior permission of RBI in certain cases for transfer of shares/ convertible debentures	11
Conversion of ECB / Lumpsum Fee/Royalty into Equity	12
Reporting Requirements	13
Remittance of sale proceeds	14
Remittance on winding up/ liquidation of Companies	14
Issue of shares by Indian companies under ADR / GDR	15
Two-way Fungibility Scheme	17
Sponsored ADR/GDR issue	18
Section-II: Foreign Portfolio Investments	19
Portfolio Investment Scheme	19
Investment by FIIs under PIS	19
Reporting of FII investments	23
Monitoring of investment position by RBI	25
Investments by Overseas Corporate Bodies (OCBs)	26
Section-III: Foreign Venture Capital Investments	27
Investments by Venture Capital Funds	27
Section-IV: Other Foreign Investments	28
Purchase of other securities by NRIs	28
Purchase of other securities by FIIs	28
Investment by MDBs	29
PART II	31
Acquisition and Transfer of Immovable Property in India	31
Purchase / Sale of Immovable Property by Foreign Embassies / Diplomats / Consulate General	32
Acquisition of Immovable Property for carrying on a permitted activity	32
Repatriation of sale proceeds	33
Prior permission for acquisition or transfer of immovable property in India by citizens of certain countries	33
PART III	34
Establishment of Branch/Liaison/Project Offices in India	34
Application to RBI	34
Liaison Offices	34
Liaison Office of foreign Insurance Companies	35
Branch Offices	35
Branch Office in SEZs	36
Branches of Banks	37

Project Offices.....	37
Opening of Foreign Currency Account.....	37
Intermittent remittances by Project Offices in India	38
General conditions	38
Closure of Offices.....	39
PART IV	40
Investment in Partnership Firm / Proprietary Concern	40
Investments with repatriation benefits	40
Investment by non-residents other than NRIs / PIO	40
Restrictions	40
Annex-1.....	41
Annex-2.....	42
Annex-3.....	50
Annex-4.....	55
Annex-5.....	56
Annex-6.....	57
Annex-7.....	75
Annex-8.....	78
Annex-9.....	80
APPENDIX	81

Part – I

Foreign Investments in India—schematic representation:



Section-I: Foreign Direct Investments

Foreign Investment in India	Foreign Investment in India is governed by the FDI policy announced by the Government of India and the provisions of the Foreign Exchange Management Act (FEMA) 1999. Reserve Bank has issued Notification No. FEMA 20/2000-RB dated May 3, 2000 which contains the Regulations in this regard. This notification has been amended from time to time.
Entry routes for investments in India	<p>Foreign investment is freely permitted in almost all sectors. Foreign Direct Investments (FDI) can be made under two routes—Automatic Route and Government Route. Under the Automatic Route, the foreign investor or the Indian company does not require any approval from the Reserve Bank or Government of India for the investment. Under the Government Route, prior approval of the Government of India, Ministry of Finance, Foreign Investment Promotion Board (FIPB) is required. Entry route for foreign investors as well as sector-specific investment limits in India are given in Annex-2.</p> <p>FDI Policy is formulated by the Government of India. The policy and procedures in respect of FDI in India is available in <i>"the Manual on Investing in India- Foreign Direct Investment, Policy & Procedures"</i>. This document is available in public domain and can be downloaded from the website of Ministry of Commerce and Industry, Department of Industrial Policy and Promotion—www.dipp.nic.in. FEMA Regulations prescribe the mode of investments i.e. manner of receipt of funds, issue of shares/convertible debentures and preference shares¹ and reporting of the investments to RBI.</p>

¹ It is clarified that "shares" mentioned in this Circular means equity shares, "convertible debentures" means fully and mandatorily convertible debentures and "preference shares" means fully and mandatorily convertible preference shares, cf. AP (DIR Series) Circular Nos.73 & 74 dated June 8, 2007.

Prohibition on investment in India	<p>Foreign investment in any form <u>is prohibited</u> in a company or a partnership firm or a proprietary concern or any entity, whether incorporated or not (such as Trusts) which is engaged or proposes to engage in the following activities:</p> <ul style="list-style-type: none"> (i) Business of chit fund, or (ii) Nidhi Company , or (iii) Agricultural or plantation activities, or (iv) Real estate business, or construction of farm houses (v) Trading in Transferable Development Rights (TDRs). <p>It is clarified that Real Estate Business does not include development of townships, construction of residential/commercial premises, roads or bridges. It is further clarified that partnership firms/proprietorship concerns having investments as per FEMA regulations are not allowed to engage in Print Media sector.</p> <p>In addition to the above, investment in the form of FDI is also <u>prohibited</u> in certain sectors such as:</p> <ul style="list-style-type: none"> (i) Retail Trading (ii) Atomic Energy (iii) Lottery Business (iv) Gambling and Betting <p>Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and Cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea plantations).</p>
Eligibility for Investing in India	<p>A person² resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India, (other than an</p>

² A "person" is defined under FEMA (Section 2 u) as:

- (a) an individual,
 - (b) a Hindu undivided family,
 - (c) a company,
 - (d) a firm,
 - (e) an association of persons or a body of individuals, whether incorporated or not,
 - (f) every artificial juridical person, not falling within any of the preceding sub-clauses, and
 - (g) any agency, office or branch owned or controlled by such person;
- "person resident outside India" means a person who is not resident in India;
 - "person resident in India" means—
 - (i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—

	<p>entity incorporated in Pakistan or Bangladesh) can invest in India, subject to the FDI Policy of the Government of India.</p> <p>Erstwhile OCBs, who have converted themselves into companies incorporated outside India can make fresh investments in India under the FDI Scheme provided they are not under the adverse notice of Reserve Bank / SEBI.</p>
Type of instruments	<p>Indian companies can freely issue equity shares / convertible debentures and preference shares subject to valuation norms prescribed under FEMA Regulations. Issue of other types of preference shares such as non-convertible, optionally convertible or partially convertible are considered as debt. As such, the guidelines applicable for External Commercial Borrowing (ECB), viz. eligible borrowers, recognised lenders, amount and maturity, end-use stipulations, etc. will apply to such issues. Since these instruments are denominated in rupees, the rupee interest rate will be based on the swap equivalent of LIBOR plus the spread permissible for ECBs of corresponding maturity. As far as Debentures are concerned, only those which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy.</p>

(A) a person who has gone out of India or who stays outside India, in either case—

- (a) for or on taking up employment outside India, or
- (b) for carrying on outside India a business or vocation outside India, or
- (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;

(B) a person who has come to or stays in India, in either case, otherwise than—

- (a) for or on taking up employment in India, or
- (b) for carrying on in India a business or vocation in India, or
- (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;

(ii) any person or body corporate registered or incorporated in India,

(iii) an office, branch or agency in India owned or controlled by a person resident outside India,

(iv) an office, branch or agency outside India owned or controlled by a person resident in India;

Investments in Small Scale Industrial units	<p>A foreign investor can invest in an Indian company which is a small scale industrial unit provided it is not engaged in any activity which is prohibited under the FDI policy. Such investments are subject to a limit of 24% of paid-up capital of the Indian company/SSI Unit. An SSI Unit can issue equity shares / fully convertible preference shares / fully convertible debentures more than 24% of its paid-up capital if:</p> <ul style="list-style-type: none"> a) It has given up its small scale status, b) It is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, and c) It complies with the sectoral caps specified in Annex-2. <p><i>It is clarified that the company/SSI Unit would be reckoned as having given up its SSI status, if the investment in plant and machinery exceeds the limits prescribed under the Micro, Small and Medium Enterprises Development Act, 2006.</i></p>
Investments in EOUs/FTZs/ EPZs/HTPs and STPs	<p>An SSI Unit, which is an Export Oriented Unit or a unit in Free Trade Zone or in Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park, issue of shares / convertible debentures / preference shares exceeding 24% of the paid-up capital upto the sectoral caps specified in Annex-2.</p>
Investments in Asset Reconstruction Companies (ARCs)	<p>Persons resident outside India (other than Foreign Institutional Investors (FIIs)), can invest in the equity capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank under the Government Route. <u>Automatic Route is not available for such investments</u>. Such investments have to be strictly in the nature of FDI and <u>investments by FIIs are not permitted</u>. FDI is restricted to 49% of the paid up capital of the ARC.</p> <p>However, FIIs registered with SEBI can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs can invest upto 49% of each tranche of scheme of SRs, subject to the condition that investment by a single FII in each tranche of</p>

<p><i>Renunciation of rights by residents to non-residents</i></p>	<p>erstwhile OCBs will have to take specific prior permission from the Reserve Bank³.</p> <p>However, bonus shares can be issued to erstwhile OCBs.</p> <p>Existing non-resident shareholders are allowed to apply for issue of additional shares / convertible debentures / preference shares over and above their rights entitlements. The investee company can allot the additional rights shares out of un-subscribed shares, subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral caps.</p>
<p>Acquisition of shares under Scheme of Amalgamation / merger</p>	<p>Mergers and amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/amalgamation. Once the scheme of merger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India subject to the condition that:</p> <ul style="list-style-type: none"> (i) The percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the sectoral cap. (ii) The transferor company or the transferee or the new company is not engaged in activities which are prohibited in terms of FDI policy.
<p>Issue of shares under Employees Stock Option Scheme</p>	<p>Listed Indian companies are allowed to issue shares under the Employees Stock Option Scheme (ESOPs), to its employees or employees of its joint venture or wholly owned subsidiary abroad, other than citizens of Pakistan. Shares under ESOPs can be issued directly or through a Trust subject to the condition that:</p> <ul style="list-style-type: none"> (i) The scheme has been drawn in terms of relevant regulations

³ Addressed to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai

	<p>issued by the Securities and Exchange Board of India; and</p> <p>(ii) The face value of the shares to be allotted under the scheme to the non-resident employees does not exceed 5 per cent of the paid-up capital of the issuing company.</p> <p>If the company is not listed, it has to follow the provisions of the Companies Act, 1956. The Indian company can issue ESOPs to employees who are resident outside India, <u>other than citizens of Pakistan and Bangladesh</u>. The issuing company is required to report the details of such issues to the concerned Regional Office of the Reserve Bank, within 30 days from the date of issue of shares under ESOPs.</p>
Reporting of FDI	<p>Reporting of inflow:</p> <p>An Indian company receiving investment from outside India for issuing shares / convertible debentures / preference shares under the FDI Scheme, should report the details of the inflow to the Reserve Bank not later than 30 days from the date of receipt. Details to be reported are:</p> <ul style="list-style-type: none"> (i) Name and address of the foreign investor/s, (ii) Date of receipt of funds in foreign currency and its rupee equivalent, (iii) Name and address of the Authorised Dealer through whom the funds have been received, and (iv) Details of Government approval for the investment, if any.
	<p>Reporting of issue of shares</p> <p>After issue of shares/convertible debentures/preference shares, the Indian company has to file Form FC-GPR enclosed in Annex-6, not later than 30 days from the date of issue. The form can be downloaded from the Reserve Bank's website http://www.rbi.org.in/Scripts/BS_ViewFemaForms.aspx.</p> <p>Part A of Form FC-GPR has to be duly filled up and signed by the Authorised Signatory and submitted to the Authorised Dealer of the</p>

company, who will forward it to the Reserve Bank.

While forwarding the Form, the Authorised Dealer will enclose a KYC Report on the foreign investor. Along with Part A of FC-GPR, the following documents has to be attached by the company:

(i) A certificate from the Company Secretary of the company certifying that

(a) all the requirements of the Companies Act, 1956 have been complied with;

(b) terms and conditions of the Government approval, if any, have been complied with;

(c) the company is eligible to issue shares under these Regulations; and

(d) the company has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration.

(ii) A certificate from Statutory Auditors or Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

Both the above reports have to be submitted to the concerned Regional Office of the Reserve Bank under whose jurisdiction the registered office of the company is situated.

Part-B of FC-GPR should be filed on an annual basis with the Reserve Bank⁴. This filing has to be done in the month of June every year, for all outstanding investment by way of FDI as well as Portfolio / other investments and by way of re-invested earnings for the previous April to March period. *[For example, all Indian companies who have received FDI, Portfolio investments, other investments (such as bonds, debentures etc.) from foreign investors during the*

⁴ Addressed to the Advisor, Balance of Payment Statistical Division, Department of Statistical Analysis & Computer Services, Reserve Bank of India, C9, 8th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051.

	<p><i>period April 2006 to March 2007, have to report in Part B of Form FC-GPR in the month of June 2007, along with their retained earnings during the period.]</i></p> <p>The above mentioned three stage reporting mechanism has to be followed wherever there is inflow of funds through normal banking channels or debit to NRE/FCNR account for investment purposes. Moreover, issue of bonus/rights shares or stock options to persons resident outside India directly or on amalgamation / merger with an existing Indian company, as well as issue of shares on conversion of ECB/royalty/lumpsum technical know-how fee has to be reported in Form FC-GPR.</p>
Issue Price	<p>Price of shares issued to persons resident outside India under the FDI Scheme, shall be worked out on the basis of SEBI guidelines in case of listed companies. In case of unlisted companies, valuation of shares has to be done by a Chartered Accountant in accordance with the guidelines issued by the erstwhile Controller of Capital Issues.</p>
Foreign Currency Account	<p>Indian companies which are eligible to issue shares to persons resident outside India under the FDI Scheme will be allowed to retain the share subscription amount in a foreign currency account, with the prior approval of RBI.</p>
Transfer of Shares and convertible debentures	<p>Foreign investors can also invest in Indian companies by purchasing/ acquiring existing shares from Indian shareholders or from other non-resident shareholders. General permission has been granted to non-residents / NRIs for acquisition of shares by way of transfer subject to the following:-</p> <ul style="list-style-type: none"> • A person resident outside India (Other than NRI and OCB) may transfer by way of <u>sale or gift</u> the shares or convertible debentures to any person resident outside India (including NRIs). • NRIs and erstwhile OCBs may transfer by way of <u>sale or gift</u> the shares or convertible debentures held by him or it to

	<p>another NRI.</p> <p><i>In both the above cases, if the transferee has previous venture or tie-up in India through investment/technical collaboration/trade mark agreement in the <u>same field</u> in which the Indian company, whose shares are being transferred, is engaged, he has to obtain prior permission of SIA/FIPB to acquire the shares. This restriction is, however, not applicable to the transfer of shares to International Financial Institutions (i.e. ADB, IFC, CDC, DEG) and transfer of shares to Indian company engaged in Information Technology Sector.</i></p> <ul style="list-style-type: none"> • A person resident outside India can transfer any security to a person resident in India by way of <u>gift</u>. • A person resident outside India can sell the shares and convertible debentures of an Indian company on a <u>recognized Stock Exchange</u> in India through a registered broker.
	<ul style="list-style-type: none"> • A person resident in India can transfer by way of sale, shares / convertible debentures (including transfer of subscriber's shares), of an Indian company in sectors other than financial service sector (i.e. Banks, NBFC, Insurance, ARCs and infrastructure providers in the securities market such as Stock Exchanges, Clearing Corporations, etc.) under private arrangement to a person resident outside India, subject to the guidelines given in Annex 3. • General permission is also available for transfer of shares / convertible debentures, by way of sale under private arrangement by a person resident outside India to a person resident in India, subject to the guidelines given in Annex 3. • The above General Permission also covers transfer by a resident to a non-resident of shares / convertible debentures of an Indian company, engaged in an activity earlier covered under the Government Route but now falling under Automatic Route of RBI, as well as transfer of shares by a non-resident to an Indian company under buy-back and / or capital

	<p>reduction scheme of the company. However, this General Permission is not available for transfer of shares / debentures of an entity engaged in any activity in <u>the financial service sector</u> (i.e. Banks, NBFCs, ARCs, Insurance and infrastructure providers in the securities market such as Stock Exchanges, Clearing Corporations, etc.),</p> <p>Reporting of transfer of shares between residents and non-residents and vice versa is to be done in Form FC-TRS (enclosed in Annex-7). This Form needs to be submitted to the AD Bank, which will forward the same to its link office. The link office will consolidate the Form and submit a report to RBI.</p> <p>AD Category – I banks have been given general permission to open Escrow account and Special account by non-resident corporates for open offers/ exit offers and delisting of shares. The relevant SEBI (SAST) Regulations or any other applicable SEBI Regulations / provisions of the Companies Act, 1956 will be applicable.</p>
Prior permission of RBI in certain cases for transfer of shares/ convertible debentures	<p>A person resident in India, who intends to transfer any security, by way of gift to a person resident outside India, has to obtain prior approval from Reserve Bank⁵. Reserve Bank considers the following factors while processing such applications:</p> <ul style="list-style-type: none"> • The transferee (donee) is eligible to hold such security under Schedule 1, 4 and 5 of Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time. • The gift does not exceed 5 per cent of the paid-up capital of the Indian company / each series of debentures/each mutual fund scheme. • The applicable sectoral cap / foreign direct investment (FDI) limit in the Indian company is not breached.

⁵ Addressed to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, 11th floor, Fort, Mumbai 400 001 along with the documents prescribed in Annex-4.

	<ul style="list-style-type: none"> • The transferor (donor) and the transferee (donee) are close relatives as defined in Section 6 of the Companies Act, 1956, as amended from time to time. The current list is reproduced in Annex 5. • The value of security to be transferred together with any security already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 25,000 during a calendar year. • Such other conditions as stipulated by Reserve Bank in public interest from time to time. <p>The following instances of transfer of shares from residents to non-residents by way of <u>sale</u> requires RBI approval:</p> <ul style="list-style-type: none"> • Transfer of shares or convertible debentures of an Indian company engaged in financial sector (i.e. Banks, NBFCs, Asset Reconstruction Companies, Insurance and infrastructure providers in the securities market such as Stock Exchanges, Clearing Corporations, etc.), • Transactions which attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. <p>The following instances of transfer of shares from residents to non-residents by way of <u>sale or otherwise</u> requires Government approval followed by permission from RBI:</p> <ul style="list-style-type: none"> • Transfer of shares of companies engaged in sectors falling under the Government Approval Route, • Transfer of shares resulting in foreign investments in the Indian company, breaching the sectoral cap applicable.
Conversion of ECB / Lumpsum Fee/Royalty into Equity	<p>Indian companies have been granted general permission for conversion of External Commercial Borrowings (ECB) into shares/preference shares, subject to the following conditions and reporting requirements.</p> <p>i) The activity of the company is covered under the Automatic</p>

	<p>Route for FDI or the company has obtained Government approval for foreign equity in the company,</p> <ul style="list-style-type: none"> ii) The foreign equity after conversion of ECB into equity is within the sectoral cap, if any, iii) Pricing of shares is as per SEBI regulations /erstwhile CCI guidelines/ in the case of listed/unlisted companies as the case may be. iv) Compliance with the requirements prescribed under any other statute and regulation in force.
	<p>The conversion facility is available for ECBs availed under the Automatic or Approval Route. This would also be applicable to ECBs irrespective of whether due for payment or not, as well as secured / unsecured loans availed from non-resident collaborators. General permission is also available for issue of shares/preference shares against lump-sum technical know-how fee, royalty, under automatic route or SIA / FIPB route, subject to pricing guidelines of SEBI/CCI and compliance with applicable tax laws.</p> <p>Units in Special Economic Zones (SEZs) are permitted to issue equity shares to non-residents against import of capital goods subject to the following :-</p> <ul style="list-style-type: none"> a) The valuation should be verified by a Committee consisting of Development Commissioner and the appropriate Customs officials. b) The SEZ unit issuing equity in the above manner should report the particulars of the shares issued in the Form FC-GPR.
Reporting Requirements	<p>Details of issue of shares against conversion of ECB has to be reported to the concerned Regional Office of the Reserve Bank, as indicated below:</p> <ul style="list-style-type: none"> i) In case of full conversion of ECB into equity, the company shall report the conversion in form FC-GPR to the concerned

	<p>Regional Office of the Reserve Bank as well as in form ECB-2 submitted to the Department of Statistical Analysis and Computer Services (DESACS), Reserve Bank of India, Bandra-Kurla Complex, Mumbai – 400 051, within seven working days from the close of month to which it relates. The words "ECB wholly converted to equity" shall be clearly indicated on top of the ECB-2 form. Once reported, filing of ECB-2 in the subsequent months is not necessary.</p>
	<p>ii) In case of partial conversion of ECB, the company shall report the converted portion in form FC-GPR to the concerned Regional Office as well as in form ECB-2 clearly differentiating the converted portion from the unconverted portion. The words "ECB partially converted to equity" shall be indicated on top of the ECB-2 form. In the subsequent months, the outstanding portion of ECB shall be reported in ECB-2 form to DESACS.</p>
Remittance of sale proceeds	<p>An authorised dealer bank can allow the remittance of sale proceeds of a security (net of applicable taxes) to the seller of shares resident outside India, provided the security has been held on repatriation basis, the sale of security has been made in accordance with the prescribed guidelines and NOC / tax clearance certificate has been produced.</p>
Remittance on winding up/ liquidation of Companies	<p>ADs have been allowed to remit, out of assets of Indian companies under liquidation under the provisions of the Companies Act, 1956 subject to any order issued by the court winding up the company or the official liquidator or the liquidator in case of voluntary winding up and also subject to tax compliance. ADs shall allow the remittance provided the applicant submits :-</p> <ul style="list-style-type: none"> (a) No objection or Tax clearance certificate from Income Tax authority for the remittance. (b) Auditor's certificate confirming that all liabilities in India have been either fully paid or adequately provided for.

	<p>(c) Auditor's certificate to the effect that the winding up is in accordance with the provisions of the Companies Act, 1956.</p> <p>(d) In case of winding up otherwise than by a court, an auditor's certificate to the effect that there is no legal proceedings pending in any court in India against the applicant or the company under liquidation and there is no legal impediment in permitting the remittance.</p>
Issue of shares by Indian companies under ADR / GDR	<p>Depository Receipts (DRs) are negotiable securities issued outside India by a Depository Bank, on behalf of an Indian company, which represent the local Rupee denominated equity shares of the company held as deposit by a Custodian Bank in India. DRs are traded in Stock Exchanges in the US, Singapore, Luxembourg etc. DRs listed and traded in the US markets are known as American Depository Receipts (ADRs) and those listed and traded elsewhere are known as Global Depository Receipts (GDRs). In the Indian context, DRs are treated as FDI.</p> <p>Indian companies can raise foreign currency resources abroad through the issue of ADRs/GDRs, in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government thereunder from time to time.</p> <p>The company can issue ADRs/GDRs if it is eligible to issue shares to persons resident outside India under the FDI Scheme. However, an Indian listed company, which is not eligible to raise funds from the Indian Capital Market including a company which has been restrained from accessing the securities market by the Securities and Exchange Board of India (SEBI) will not be eligible to issue ADRs/GDRs.</p> <p>Unlisted companies, which have not yet accessed the ADR/GDR route for raising capital in the international market would require prior or simultaneous listing in the domestic market, while seeking to issue such overseas instruments. Unlisted companies, which have already</p>

issued ADRs/GDRs in the international market, have to list in the domestic market on making profit or within three years of such issue of ADRs/GDRs, whichever is earlier.

ADRs/GDRs are issued on the basis of the ratio worked out by the Indian company in consultation with the Lead Manager to the issue. The proceeds so raised have to be kept abroad till actually required in India. Pending repatriation or utilisation of the proceeds, the Indian company can invest the funds in -

- Deposits with or Certificate of Deposit or other instruments offered by banks who have been rated by Standard and Poor, Fitch, IBCA or Moody's etc. and such rating not being less than the rating stipulated by Reserve Bank from time to time for the purpose,
- Deposits with branch outside India of an authorised dealer in India, and
- Treasury bills and other monetary instruments with a maturity or unexpired maturity of the instrument of one year or less.

There are no end-use restrictions except for a ban on deployment / investment of such funds in Real Estate or the Stock Market. There is no monetary limit upto which an Indian company can raise ADRs / GDRs.

Voting rights on shares issued under the Scheme shall be as per the provisions of Companies Act, 1956 and in a manner in which restrictions on voting rights imposed on ADR/GDR issues shall be consistent with the Company Law provisions. RBI regulations regarding voting rights in the case of banking companies will continue to be applicable to all shareholders exercising voting rights.

Erstwhile OCBs who are not eligible to invest in India through the portfolio route and entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to ADRs / GDRs issued by Indian companies.

	<p>The pricing of ADR / GDR issues should be made at a price not less than the higher of the following two averages:</p> <ul style="list-style-type: none"> (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date. <p>The “relevant date” means the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of section 81 (IA) of the Companies Act, 1956, to consider the proposed issue.</p> <p>The ADR / GDR proceeds can be utilised for first stage acquisition of shares in the disinvestment process of Public Sector Undertakings / Enterprises and also in the mandatory second stage offer to the public in view of their strategic importance.</p>
Two-way Fungibility Scheme	<p>A limited Two-way Fungibility scheme has been put in place by the Government of India for ADRs / GDRs.</p> <p>Under this scheme, a stock broker in India, registered with SEBI, can purchase shares of an Indian company from the market for conversion into ADRs/GDRs based on instructions received from overseas investors.</p> <p>Re-issuance of ADRs /GDRs would be permitted to the extent of ADRs / GDRs which have been redeemed into underlying shares and sold in the Indian market.</p>

Sponsored ADR/GDR issue	<p>An Indian company can also sponsor an issue of ADR / GDR. Under this mechanism, the company offers its resident shareholders a choice to submit their shares back to the company so that on the basis of such shares, ADRs / GDRs can be issued abroad.</p> <p>The proceeds of the ADR / GDR issue is remitted back to India and distributed among the resident investors who had offered their rupee denominated shares for conversion. These proceeds can be kept in Resident Foreign Currency (Domestic) accounts in India by the resident shareholders who have tendered such shares for conversion into ADR / GDR.</p>
Reporting of ADR/GDR Issues	<p>The Indian company issuing ADRs / GDRs has to furnish to the Reserve Bank, full details of such issue in the form enclosed in Annex-8, within 30 days from the date of closing of the issue. The company should also furnish a quarterly return in the form enclosed in Annex-9, to Reserve Bank within 15 days of the close of the calendar quarter.</p>

Section-II: Foreign Portfolio Investments

Portfolio Investment Scheme	<p>Foreign Institutional Investors (FIIs) registered with SEBI and Non-resident Indians (NRIs) are eligible to purchase shares and convertible debentures issued by Indian companies under the Portfolio Investment Scheme (PIS).</p> <p>The FIIs who have been granted registration by SEBI should approach their designated Authorised Dealer bank (known as Custodian Bank), for opening a foreign currency account and/or a Non Resident Special Rupee Account.</p> <p>NRIs can approach the designated branch of any AD bank authorised by RBI to administer the Portfolio Investment Scheme for permission to open a NRE/NRO account under the Scheme for routing investments.</p>
Investment by FIIs under PIS Shareholding	<p>Reserve Bank has given general permission to SEBI registered FIIs/sub-accounts to invest under the PIS.</p> <p>Total holding of each FII/sub account under this Scheme shall not exceed 10% of the total paid up capital or 10% of the paid up value of each series of convertible debentures issued by the Indian company.</p> <p>Total holdings of all FIIs/sub-accounts put together shall not exceed 24% of the paid-up capital or paid-up value of each series of convertible debentures. This limit of 24% can be increased to the sectoral cap / statutory limit as applicable to the Indian company concerned, by passing a resolution of its Board of Directors followed by a special resolution to that effect by its General Body.</p> <p>A domestic asset management company or portfolio manager, who is registered with SEBI as an FII for managing the fund of a sub-account can make investments under the Scheme on behalf of</p>

	<p>FII/sub-accounts can open a Foreign Currency denominated Account and / or a Special Non-Resident Rupee Account for the purpose. They can transfer sums from the foreign currency account to the rupee account for making genuine investments in securities in terms of the SEBI (FII) Regulations, 1995. The sums may be transferred from foreign currency account to rupee account at the prevailing market rate and the Authorised Dealer bank may transfer repatriable proceeds (after payment of tax) from the rupee account to the foreign currency account. The Special Non-Resident Rupee Account may be credited with the proceeds of sale of shares / debentures, dated Government securities, Treasury Bills etc., dividend, income received by way of interest, forward contracts booked etc., by compensation received towards sale / renouncement of right offerings of shares and income earned on securities lent under SEBI's Securities Lending Scheme, 1997 after deduction of appropriate tax, if any. Such credits are allowed, subject to the condition that the Authorized Dealer bank should obtain confirmation from the investee company / FII concerned that tax at source, wherever necessary, has been deducted from the gross amount of dividend / interest payable / approved income to the share / debenture / Government securities holder at the applicable rate, in accordance with the Income Tax Act. The Special Non-Resident Rupee Account may be debited for purchase of shares / debentures, dated Government securities, Treasury Bills etc., and for payment of fees to applicant FIIs' local Chartered Accountant / Tax Consultant where such fees constitute an integral part of their investment process.</p>
Private placement with FIIs	<p>SEBI registered FIIs have been permitted to purchase shares / convertible debentures of an Indian company through offer/private placement, subject to the ceilings prescribed above, i.e. individual FII/sub account—10% and all FIIs/sub-accounts put together—24% of the paid-up capital of the Indian company. Indian company is permitted to issue such shares provided that:</p> <p>(i) in the case of public offer, the price of shares to be</p>

	<p>issued is not less than the price at which shares are issued to residents and</p> <p>(ii) in the case of issue by private placement, the price is not less than the price arrived at in terms of SEBI guidelines or guidelines issued by the erstwhile Controller of Capital Issues, as applicable. Purchases can also be made of PCDs / FCDs/ Right Renunciations / Warrants / Units of Domestic Mutual Fund Schemes.</p>
Allocation of funds	<p>The SEBI registered FII shall restrict allocation of its total investment between equities and debt in the Indian capital market in the ratio of 70:30. The FII may form a 100% debt fund and get such fund registered with SEBI. Investment in debt securities by FIIs are subject to limits, if any, stipulated by SEBI in this regard.</p>
Reporting of FII investments	<p>An FII may invest in a particular share issue of an Indian company either under the FDI Scheme or the Portfolio Investment Scheme. The AD banks have to ensure that the FIIs who are purchasing the shares by debit to the special rupee accounts report these details separately in the LEC (FII) returns.</p> <p>The Indian company which has issued shares to FIIs under the FDI Scheme (for which the payment has been received directly into company's account) and the Portfolio Investment Scheme (for which the payment has been received from FIIs' account maintained with an Authorised Dealer bank in India) should report these figures separately under item no. 5 of Form FC-GPR (Post issue pattern of shareholding) so that the details could be suitably reconciled for statistical / monitoring purposes.</p> <p>A daily statement in respect of all transactions (except derivative trade) have to be submitted by the custodian bank in floppy / soft</p>

	copy in the prescribed format directly to Reserve Bank ⁶ to monitor the overall ceiling / sectoral cap / statutory ceiling.
Investments by Non Resident Indians (NRIs)	<p>NRIs are allowed to invest in shares of listed Indian companies in recognised Stock Exchanges under the PIS. NRIs can invest on repatriation and non-repatriation basis under PIS route upto 5% of the paid up capital / paid up value of each series of debentures of listed Indian companies. The aggregate paid-up value of shares / convertible debentures purchased by all NRIs cannot exceed 10% of the paid-up capital of the company / paid-up value of each series of debentures of the company. The aggregate ceiling of 10% can be raised to 24%, if the General Body of the Indian company passes a special resolution to that effect.</p> <p>The NRI investor has to take delivery of the shares purchased and give delivery of shares sold.</p> <p>Payment for purchase of shares and/or debentures on repatriation basis has to be made by way of inward remittance of foreign exchange through normal banking channels or out of funds held in NRE/FCNR account maintained in India. If the shares are purchased on non-repatriation basis, the NRIs can also utilise their funds in NRO account in addition to the above.</p> <p>The link office of the designated branch of an AD bank shall furnish to the Reserve Bank⁷, a report on a daily basis on PIS transactions undertaken by it, such report can be furnished on-line or on a floppy to RBI.</p>

⁶ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

⁷ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

	<p>Shares purchased by NRIs on the stock exchange under PIS cannot be transferred by way of sale under private arrangement or by way of gift to a person resident in India or outside India without prior approval of RBI.</p> <p>NRIs are allowed to invest in Exchange Trade Derivative Contracts approved by SEBI from time to time out of Rupee funds held in India on non-repatriation basis subject to the limits prescribed by SEBI.</p>
<p>Monitoring of investment position by RBI</p> <p><i>Caution List</i></p> <p><i>Ban List</i></p>	<p>Reserve Bank monitors the investment position of FIIs/NRIs in listed Indian companies, reported by Custodian Banks on a daily basis in Forms LEC (FII) and LEC(NRI).</p> <p>When the total holdings of FIIs/NRIs under the Scheme reach the trigger limit, which is 2% below the applicable limit, Reserve Bank will issue a notice to all designated branches of Authorised Dealer banks stating that any further purchases of shares of the particular Indian company will require prior approval of Reserve Bank. (For companies with paid-up capital of Rs. 1000 Crores and above, the trigger limit is 0.5% below the applicable limit). RBI gives case-by-case approvals to FIIs for purchase of shares of companies included in the Caution List. This is done on first-come-first-served basis.</p> <p>Once the shareholding by FIIs/NRIs reaches the overall ceiling / sectoral cap / statutory limit, Reserve Bank puts the company on the Ban List. Once a company is placed on the Ban List, no FII or NRI can purchase the shares of the company under the Portfolio Investment Scheme.</p>

**Investments
by Overseas
Corporate
Bodies
(OCBs)**

With effect from November 29, 2001, OCBs are not permitted to invest under the PIS in India. Further, the OCBs which have already made investments under the Portfolio Investment Scheme are allowed to continue holding such shares / convertible debentures till such time these are sold on the stock exchange. OCBs have been de-recognised as a class of investors in India with effect from September 16, 2003.

Section-III: Foreign Venture Capital Investments

Investments by Venture Capital Funds	<p>A SEBI registered Foreign Venture Capital Investor (FVCI) with specific approval from RBI under FEMA Regulations can invest in Indian Venture Capital Undertaking (IVCU) or Indian Venture Capital Fund (IVCF) or in a Scheme floated by such IVCFs subject to the condition that the VCF should also be registered with SEBI.</p> <p><i>An IVCU is defined as a company incorporated in India whose shares are not listed on a recognized stock exchange in India and which is not engaged in an activity under the negative list specified by SEBI. A VCF is defined as a fund established in the form of a trust, a company including a body corporate and registered under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 which has a dedicated pool of capital raised in a manner specified under the said Regulations and which invests in Venture Capital Undertakings in accordance with the said Regulations.</i></p> <p>FVCIs can purchase equity / equity linked instruments / debt / debt instruments, debentures of an IVCU or of a VCF through initial public offer or private placement in units of schemes / funds set up by a VCF. At the time of granting approval, RBI permits the FVCI to open a foreign currency account or rupee account with a designated branch of an AD bank.</p> <p>The purchase / sale of shares, debentures and units can be at a price that is mutually acceptable to the buyer and the seller.</p> <p>Authorised Dealers can offer forward cover to FVCIs to the extent of total inward remittance. In case the FVCI has made any remittance by liquidating some investments, original cost of the investments has to be deducted from the eligible cover.</p>
---	---

Section-IV: Other Foreign Investments

Purchase of other securities by NRIs	<p>1. On non-repatriation basis:</p> <p>NRIs can purchase shares/ convertible debentures issued by an Indian company on non-repatriation basis without any limit. Amount of consideration for such purchase shall be paid by inward remittance through normal banking channels from abroad or out of funds held in NRE / FCNR / NRO account maintained with the AD bank. NRI can also, without any limit, purchase on non-repatriation basis dated Government securities, treasury bills, units of domestic mutual funds, units of Money Market Mutual Funds. Government of India has notified that NRIs are not permitted to make Investments in Small Savings Schemes including PPF. In case of investment on non-repatriation basis, the sale proceeds shall be credited to NRO account. The amount invested under the scheme and the capital appreciation thereon will not be allowed to be repatriated abroad.</p> <p>2. On repatriation basis:</p> <p>A Non-resident Indian can purchase on repatriation basis, without limit, Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; bonds issued by a public sector undertaking (PSU) in India and shares in Public Sector Enterprises being disinvested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.</p>
Purchase of other securities by FIIs	<p>Foreign Institutional Investors can buy dated Government securities / treasury bills, listed non-convertible debentures /bonds issued by Indian companies and units of domestic mutual funds either directly from the issuer of such securities or through a registered stock broker on a recognized stock exchange in India. These purchases are subject to limits notified by SEBI.</p>

Investment by MDBs	A Multilateral Development Bank (MDB) which is specifically permitted by Government of India to float rupee bonds in India can purchase Government dated securities.
Foreign Investment in Tier I and Tier II instruments issued by banks in India	<p>FIIIs registered with SEBI and NRIs have been permitted to subscribe to the Perpetual Debt instruments (eligible for inclusion as Tier I capital) and Debt Capital instruments (eligible for inclusion as upper Tier II capital), issued by banks in India, subject to the following conditions.</p> <ul style="list-style-type: none"> a) Investment by all FIIIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual FII should not exceed the limit of 10 per cent of each issue. b) Investments by all NRIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 24 per cent of each issue and investments by a single NRI should not exceed 5 percent of the issue. c) Investment by FIIIs in Debt capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt. d) Investment by NRIs in Debt Capital instruments (Tier II) shall be in accordance with the extant policy for investment by NRIs in other debt instruments. <p>The issuing banks are required to ensure compliance with the conditions stipulated above at the time of issue. They are also required to comply with the guidelines notified by the Department of Banking Operations and Development (DBOD), Reserve Bank of India, from time to time.</p> <p>The issue-wise details of amount raised as Perpetual Debt Instruments qualifying for Tier I capital by the bank from FIIIs / NRIs</p>

	<p>are required to be reported in the prescribed format within 30 days of the issue to the Reserve Bank⁸.</p> <p>Investment by FIIs in Upper Tier II Instruments raised in Indian Rupees will be outside the limit prescribed by SEBI for investment in corporate debt instruments. However, investment by FIIs in these instruments will be subject to a separate ceiling of USD 500 million.</p> <p>The details of the secondary market sales / purchases by FIIs and the NRIs in these instruments on the floor of the stock exchange are to be reported by the custodians and designated banks respectively, to the Reserve Bank of India through the soft copy of the LEC Returns.</p>
--	--

⁸ Addressed to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

Part II
Acquisition and Transfer of Immovable Property in India.

Acquisition and Transfer of Immovable Property in India.	<p>A person resident outside India who is a citizen of India (NRI⁹) can acquire by way of purchase, any immovable property in India other than agricultural land/plantation property / farm house. He can transfer any immovable property other than agricultural or plantation property or farm house to:</p> <ul style="list-style-type: none"> a) A person resident outside India who is a citizen of India or b) A person of Indian origin resident outside India or c) A person resident in India. <p>He may transfer agricultural land / plantation property / farm house acquired by way of inheritance, only to Indian citizens permanently residing in India.</p> <p>Payment for acquisition of property can be made out of:</p> <ul style="list-style-type: none"> i) Funds received in India through normal banking channels by way of inward remittance from any place outside India or ii) Funds held in any non-resident account maintained in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the regulations made by Reserve Bank of India from time to time. <p>Such payment <u>cannot be made</u> either by traveller's cheque or by foreign currency notes or by other mode other than those specifically mentioned above.</p>
	<p>A person resident outside India who is a person of Indian Origin (PIO¹⁰) can acquire any immovable property in India other than agricultural land / farm house / plantation property :-</p>

⁹ It is clarified that a person resident outside India, who is a citizen of India is treated as NRI for the purpose of this part of the Circular.

¹⁰ 'A person of Indian origin' means an individual (not being a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan), who

(i) at any time, held Indian passport; or

(ii) who or either of whose father or whose grandfather was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955);

	<p>i. By way of purchase out of funds received by way of inward remittance through normal banking channels or by debit to his NRE / FCNR(B) / NRO account.</p> <p>ii. By way of gift from a person resident in India or a NRI or a PIO.</p> <p>By way of inheritance from a person resident in India or a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force or FEMA regulations at the time of acquisition of the property.</p>
	<p>A PIO may transfer any immoveable property other than agricultural land/Plantation property/farmhouse in India</p> <p>a) By way of sale to a person resident in India.</p> <p>b) By way of gift to a person resident in India or a Non resident Indian or a PIO.</p> <p>A PIO may transfer agricultural Land / Plantation property / farmhouse in India by way of sale or gift to person resident in India who is a citizen of India.</p>
Purchase / Sale of Immovable Property by Foreign Embassies / Diplomats / Consulate General	<p>Foreign Embassy / Consulate as well as Diplomatic personnel in India are allowed to purchase/ sell immovable property in India other than agricultural land/ plantation property / farm house provided (i) clearance from Government of India, Ministry of External Affairs is obtained for such purchase / sale, and (ii) the consideration for acquisition of immovable property in India is paid out of funds remitted from abroad through banking channel.</p>
Acquisition of Immovable Property for carrying on a permitted activity	<p>A branch, office or other place of business, (excluding a liaison office) in India of a foreign company established with requisite approvals wherever necessary, is eligible to acquire immovable property in India which is necessary for or incidental to carrying on such activity provided that all applicable laws, rules, regulations or directions in force are duly complied with. The entity / concerned person is required to file a declaration in the form IPI with the Reserve Bank, within ninety days from the date of such acquisition. The non-resident is eligible to transfer by way of mortgage the said immovable property to an AD bank as a security for any borrowing.</p>

Repatriation of sale proceeds	<p>In the event of sale of immovable property other than agricultural land / farm house / plantation property in India by NRI / PIO, the authorised dealer will allow repatriation of sale proceeds outside India provided;</p> <ul style="list-style-type: none"> i) the immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of FEMA Regulations; ii) the amount to be repatriated does not exceed (a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in Foreign Currency Non-Resident Account or (b) the foreign currency equivalent as on the date of payment, of the amount paid where such payment was made from the funds held in Non-Resident External account for acquisition of the property. iii) In the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties. <p>In the case of sale of immovable property purchased out of Rupee funds, ADs may allow the facility of repatriation of funds out of balances held by NRIs/PIO in their Non-resident Rupee (NRO) accounts upto US\$ 1 million per financial year subject to production of undertaking by the remitter and a certificate from the Chartered Accountant in the formats prescribed by the CBDT.</p>
Prior permission for acquisition or transfer of immovable property in India by citizens of certain countries	<p>No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan shall acquire or transfer immovable property in India, other than lease, not exceeding five years without prior permission of Reserve Bank. Foreign nationals of non-Indian origin resident outside India are not permitted to acquire any immovable property in India unless such property is acquired by way of inheritance from a person who was resident in India. Foreign Nationals of non Indian origin who have acquired immovable property in India by way of inheritance with the specific approval of RBI cannot transfer such property without prior permission of RBI.</p>

Part III

Establishment of Branch/Liaison/Project Offices in India

Application to RBI	<p>Companies incorporated outside India, desirous of opening a Liaison/Branch Office in India have to make an application in form FNC-1 to the Reserve Bank of India¹¹, along with the following documents:</p> <ul style="list-style-type: none"> • English version of the Certificate of Incorporation/ Registration or Memorandum & Articles of Association attested by Indian Embassy/ Notary Public in the Country of Registration. • Latest Audited Balance Sheet of the applicant entity.
Liaison Offices	<p>Companies which are incorporated outside India can establish Liaison Office in India with the specific approval of the Reserve Bank. A Liaison Office (also known as Representative Office) can undertake only liaison activities, i.e. it can act as a channel of communication between Head Office abroad and parties in India. It is not allowed to undertake any business activity in India and cannot earn any income in India. Expenses of such offices are to be met entirely through inward remittances of foreign exchange from the Head Office outside India. The role of such offices is, therefore, limited to collecting information about possible market opportunities and providing information about the company and its products to the prospective Indian customers. Permission to set up such offices is initially granted for a period of 3 years and this may be extended from time to time by the Regional Office of RBI under whose jurisdiction the office is set up. A Liaison Office can undertake the following activities in India:</p> <ol style="list-style-type: none"> i) Representing in India the parent company/group companies. ii) Promoting export import from/to India.

¹¹ Addressed to the Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Fort, Mumbai 400 001.

	<p>iii) Promoting technical/financial collaborations between parent/group companies and companies in India.</p> <p>iv) Acting as a communication channel between the parent company and Indian companies.</p> <p>Liaison/representative offices have to file an Annual Activity Certificate from a Chartered Accountant to the Regional Office of RBI. The Certificate is obtained to ensure that the Liaison Office has undertaken only those activities that have been approved by RBI.</p>
Liaison Office of foreign Insurance Companies	<p>Foreign Insurance companies can establish Liaison Offices in India after obtaining approval from the Insurance Regulatory and Development Authority. Such Insurance companies have been given general permission under FEMA for establishing Liaison Offices in India.</p>
Branch Offices	<p>Companies incorporated outside India and engaged in manufacturing or trading activities are allowed to set up Branch Offices in India with specific approval of the Reserve Bank. Such Branch Offices are permitted to represent the parent/group companies and undertaking the following activities in India:</p> <ul style="list-style-type: none"> (i) Export/Import of goods* (ii) Rendering professional or consultancy services. (iii) Carrying out research work, in which the parent company is engaged. (iv) Promoting technical or financial collaborations between Indian companies and parent or overseas group company. (v) Representing the parent company in India and acting as buying/selling agent in India. (vi) Rendering services in Information Technology and development of software in India. (vii) Rendering technical support to the products supplied by

	<p>parent/group companies.</p> <p>(viii) Foreign airline/shipping Company.</p> <p>* Retail trading activities of any nature is <u>not allowed</u> for a Branch Office in India.</p>
	<p>A branch office is not allowed to carry out manufacturing, processing activities in India, directly or indirectly. Branch Offices have to submit Annual Activity Certificate from a Chartered Accountant to RBI. The branch offices are permitted to acquire property for their own use and to carry out the permitted /incidental activities but not for leasing or renting out the property. However, entities from Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China are not allowed acquire immovable property in India even for a Branch Office. These entities are allowed to take such property on lease basis only. Entities from Nepal are allowed to establish only Liaison Offices in India. Profits earned by the Branch Offices are freely remittable from India, subject to payment of applicable taxes.</p>
Branch Office in SEZs	<p>RBI has given general permission to foreign companies for establishing branch/unit in Special Economic Zones (SEZs) to undertake manufacturing and service activities. The general permission is subject to the following conditions:</p> <ul style="list-style-type: none"> i) such units are functioning in those sectors where 100 per cent FDI is permitted, ii) such units comply with part XI of the Companies Act (Section 592 to 602), iii) such units function on a stand-alone basis, iv) in the event of winding-up of business and for remittance of winding-up proceeds, the branch shall approach an Authorised Dealer in Foreign Exchange with the documents mentioned in the paragraph below—"Closure of Office"—except the copy of RBI approval.

Branches of Banks	Foreign Banks do not require approval from RBI under FEMA, if such Bank has obtained necessary approval under the provisions of the Banking Regulation Act, 1949.
Project Offices	<p>Reserve Bank has granted general permission to foreign companies to establish Project Offices in India, provided they have secured a contract from an Indian company to execute a project in India, and</p> <ul style="list-style-type: none"> (a) the project is funded directly by inward remittance from abroad; or (b) the project is funded by a bilateral or multilateral International Financing Agency; or (c) the project has been cleared by an appropriate authority; or (d) a company or entity in India awarding the contract has been granted Term Loan by a Public Financial Institution or a bank in India for the project. <p>However, if the above criteria are not met, the foreign entity has to approach RBI to obtain approval.</p>
Opening of Foreign Currency Account	<p>ADs can open non-interest bearing Foreign Currency Account for Project Offices in India subject to the following:</p> <ul style="list-style-type: none"> a) The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority, b) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency, c) Each Project has only one Foreign Currency Account. d) The permissible debits to the account shall be payment of project related expenditure and credits shall be foreign currency receipts from the Project Sanctioning Authority, and remittances from parent/group company abroad or bilateral/multilateral international financing agency. e) The responsibility of ensuring that only the approved debits and credits are allowed in the Foreign Currency Account shall rest solely with the concerned branch of the AD. Further, the

<p>Intermittent remittances by Project Offices in India</p>	<p>Accounts shall be subject to 100 percent scrutiny by the Concurrent Auditor of the respective AD banks.</p> <p>f) The Foreign Currency account has to be closed at the completion of the Project.</p> <p>AD branch can permit intermittent remittances by Project Offices pending winding up / completion of the project provided they are satisfied with the bonafides of the transaction and subject to the following:</p> <p>a) The Project Office submits an Auditors' /Chartered Accountants' Certificate to the effect that sufficient provisions have been made to meet the liabilities in India including Income-Tax etc.</p> <p>b) An undertaking from the Project Office that the remittance will not, in any way, affect the completion of the Project in India and that any shortfall of funds for meeting any liability in India will be met by inward remittance from abroad.</p> <p>Inter Project transfer of funds requires prior permission of the concerned Regional Office of the Reserve Bank under whose jurisdiction the Project Office is situated.</p>
<p>General conditions</p>	<p>Partnership/Proprietary concerns set up abroad are not allowed to establish Branch/Liaison Offices in RBI.</p> <p>Branch/Liaison/Project Offices are allowed to open non-interest bearing current accounts in RBI. Such Offices are required to approach their Authorised Dealers for opening the accounts.</p> <p>Transfer of assets of Liaison/Branch Office to subsidiaries or other Liaison/Branch Offices is allowed with specific approval of the Central Office of RBI.</p>

Closure of Offices	<p>At the time of winding up of the Liaison Offices, the company has to approach the respective Regional Office with documents such as:</p> <ul style="list-style-type: none"> • Copy of the Reserve Bank's permission for establishing the Office in India; • Auditor's certificate,— <ul style="list-style-type: none"> • indicating the manner in which the remittable amount has been arrived and supported by a statement of assets and liabilities of the applicant, and indicating the manner of disposal of assets; • confirming that all liabilities in India including arrears of gratuity and other benefits to employees etc. of the branch/office have been either fully met or adequately provided for; • confirming that no income accruing from sources outside India (including proceeds of exports) has remained unrepatriated to India; • No-objection or Tax clearance certificate from Income-tax authority for the remittance; and • Confirmation from the applicant that no legal proceedings in any Court in India are pending and there is no legal impediment to the remittance. <p>Once RO's approval is obtained, ADs can allow remittance of surplus.</p> <p>At the time of closure of Branch Offices, the entities have to approach the Central Office for approval, with the same set of documents as mentioned above.</p>
---------------------------	---

Part IV

Investment in Partnership Firm / Proprietary Concern

Investment in Partnership Firm / Proprietary Concern	<p>A non-resident Indian¹² or a person of Indian origin¹³ resident outside India can invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided</p> <p>i) Amount is invested by inward remittance or out of NRE / FCNR / NRO account maintained with AD bank.</p> <p>ii) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business (i.e. dealing in land and immovable property with a view to earning profit or earning income there from) or print media sector.</p> <p>iii) Amount invested shall not be eligible for repatriation outside India.</p>
Investments with repatriation benefits	<p>NRIs / PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns/ partnership firms with repatriation benefits. The application will be decided in consultation with the Government of India.</p>
Investment by non-residents other than NRIs / PIO	<p>A person resident outside India other than NRIs / PIO may make an application and seek prior approval of Reserve bank for making investment by way of contribution to the capital of a firm or a proprietorship concern or any association of persons in India. The application will be decided in consultation with the Government of India.</p>
Restrictions	<p>An NRI or PIO is not allowed to invest in a firm or proprietorship concern engaged in any agricultural/plantation activity or real estate business i.e. dealing in land and immovable property with a view to earning profit or earning income therefrom or engaged in Print Media.</p>

¹² 'Non-Resident Indian (NRI)' means a person resident outside India who is a citizen of India or is a person of Indian origin;

¹³ 'Person of Indian Origin' means a citizen of any country other than Bangladesh or Pakistan or Sri Lanka, if

- a) he at any time held Indian passport; or
- b) he or either of his parents or any of his grand - parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b);

Annex-1	
Sectors/Activities prohibited/restricted under FDI Policy	
(A)	List of Activities for which Automatic Route of RBI for investment from person resident outside India is not available
1.	Petroleum Refining (except for private sector oil refining), Natural Gas / LNG Pipelines
2.	Investing companies in Infrastructure & Services Sector
3.	Defence and Strategic Industries
4.	Atomic Minerals
5.	Print Media
6.	Broadcasting
7.	Postal services
8.	Courier Services
9.	Establishment and Operation of satellite
10.	Development of Integrated Township
11.	Tea Sector
12.	Asset Reconstruction Companies
(B)	List of activities or items for which FDI is prohibited
1.	Retail Trading
2.	Atomic Energy
3.	Lottery Business
4.	Gambling and Betting
5.	Housing and Real Estate business
6.	Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and Cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea plantations)

Sectoral Cap on Investments by Persons Resident Outside India

Sector		Investment Cap	Description of Activity/Items/Conditions	
1.	Private Sector Banking	74%	Subject to guidelines issued by RBI from time to time	
2.	Non-Banking Financial Companies	100%	FDI /NRI investments allowed in the following 19 NBFC activities shall be as per the levels indicated below :	
			a)	Activities covered
				<ol style="list-style-type: none"> 1. Merchant Banking 2. Under writing 3. Portfolio Management Services 4. Investment Advisory Services 5. Financial Consultancy 6. Stock-broking 7. Asset Management 8. Venture Capital 9. Custodial Services 10. Factoring 11. Credit Reference Agencies 12. Credit Rating Agencies 13. Leasing & Finance 14. Housing Finance 15. Forex-broking 16. Credit Card Business 17. Money-changing Business 18. Micro-credit 19. Rural credit
			b)	Minimum Capitalisation norms for fund based NBFCs
			i)	for FDI upto 51%, US \$ 0.5 million to be brought in upfront
			ii)	If the FDI is above 51 % and upto 75 %, US \$ 5 million to be brought upfront
			iii)	If the FDI is above 75 % and upto 100 %, US \$ 50 million out of which \$ 7.5 million to be brought in upfront and the balance in 24 months
			c)	Minimum Capitalisation norms for non-fund based activities
				Minimum Capitalisation norm of US\$0.5 million is applicable in respect of non-fund based NBFCs with foreign investment.

			d)	Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US \$ 50 million as at b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)
			e)	Joint Venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e., (b)(i) and (b)(ii) above.
			f)	FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the Reserve Bank of India. RBI would issue appropriate guidelines in this regard.
3.	Insurance	26%	FDI upto 26% in the Insurance sector is allowed on the automatic route subject to obtaining license from Insurance Regulatory & Development Authority (IRDA)	
4.	Telecommunications	49%	i)	In basic, Cellular, Value Added Services, and Global Mobile Personal Communications by Satellite, FDI is limited to 49% subject to licensing and security requirements and adherence by the companies (who are investing and the companies in which the investment is being made) to the license conditions for foreign equity cap and lock-in period for transfer and addition of equity and other license provisions.
			ii)	ISP with gateways, radio paging and end-to-end bandwidth, FDI is permitted upto 74% with FDI, beyond 49% requiring Government approval. These services would be subject to licensing and security requirements.
			iii)	No equity cap is applicable to manufacturing activities.
			iv)	FDI upto 100% is allowed for the following activities in the telecom sector:
			a)	ISPs not providing gateways (both for satellite and submarine cables)
			b)	Infrastructure Providers providing dark fibre (IP Category 1)
			c)	Electronic Mail, and
			d)	Voice Mail
			The above would be subject to the following conditions:	
			a)	FDI upto 100% is allowed subject to the condition

				that such companies would divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world.
			b)	The above services would be subject to licensing and security requirements, wherever required
			c)	Proposal for FDI beyond 49% shall be considered by FIPB on case-to-case basis.
5.	(i)	Petroleum Refining (Private Sector)	100%	FDI permitted upto 100 % in case of private Indian companies.
	(ii)	Petroleum Product Marketing	100%	Subject to the existing sectoral policy and regulatory framework in the oil-marketing sector.
	(iii)	Oil Exploration in both small and medium sized fields	100%	Subject to and under the policy of Government on private participation in – a) exploration of oil and b) the discovered fields of national oil companies.
	(iv)	Petroleum Product Pipelines	100%	Subject to and under the Government Policy and regulations thereof.
6.	Housing and Real Estate		100%	ONLY NRIs are allowed to invest in the areas listed below:
			a)	Development of serviced plots and construction of built-up residential premises
			b)	Investment in real estate covering construction of residential and commercial premises including business centres and offices
			c)	Development of townships
			d)	City and regional level urban infrastructure facilities, including both roads and bridges
			e)	Investment in manufacture of building materials
			f)	Investment in participatory ventures in (a) to (e) above
			g)	Investment in housing finance institutions which is also opened to FDI as an NBFC.
7.	Coal and Lignite		i)	Private Indian companies setting up or operating power projects as well as coal and lignite mines for captive consumption are allowed FDI upto 100%.
			ii)	100% FDI is allowed for setting up coal processing plants subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.

			iii)	FDI upto 74% is allowed for exploration or mining of coal or lignite for captive consumption.
			iv)	In all the above cases, FDI is allowed upto 50% under the automatic route subject to the condition that such investment shall not exceed 49% of the equity of a PSU.
8.	Venture Capital Fund (VCF) and Venture Capital Company (VCC)			Offshore Venture Capital Funds/companies are allowed to invest in domestic venture capital undertaking as well as other companies through the automatic route, subject only to SEBI regulations and sector specific caps on FDI.
9.	Trading			Trading is permitted under automatic route with FDI upto 51% provided it is primarily export activities, and the undertaking is an export house/ trading house / super trading house/ star trading house. However, under the FIPB route:
			i)	100% FDI is permitted in case of trading companies for the following activities:
			a)	exports;
			b)	bulk imports with export/ ex-bonded warehouse sales;
			c)	cash and carry wholesale trading;
			d)	other import of goods or services provided at least 75% is for procurement and sale of the same group and not for third party use or onward transfer/ distribution/sales.
			ii)	The following kinds of trading are also permitted, subject to provisions of Exim Policy.
			a)	Companies for providing after sales services(that is not trading per se)
			b)	Domestic trading of products of JVs is permitted at the wholesale level for such trading companies who wish to market manufactured products on behalf of their Joint ventures in which they have equity participation in India
			c)	Trading of hi-tech items/items requiring specialised after sales service
			d)	Trading of items for social sector
			e)	Trading of hi-tech, medical and diagnostic items
			f)	Trading of items sourced from the small scale

					sector under which, based on technology provided and laid down quality specifications, a company can market that item under its brand name
				g)	Domestic sourcing of products for exports
				h)	Test marketing of such items for which a company has approval for manufacture provided such test marketing facility will be for a period of two years, and investment in setting up manufacturing facilities commences simultaneously with test marketing.
				i)	FDI upto 100% permitted for e-commerce activities subject to the condition that such companies would divest 26% of their equity in favour of the Indian public in five years, if these companies are listed in other parts of the world. Such companies would engage only in business to business (B2B) e-commerce and not in retail trading.
10.	Power	100%	FDI allowed upto 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and quantum of foreign direct investment.		
11.	Drugs & Pharmaceuticals	100%	FDI permitted upto 100% for manufacture of drugs and pharmaceuticals provided the activity does not attract compulsory licensing or involve use of recombinant DNA technology and specific cell/tissue targeted formulations. FDI proposals for the manufacture of licensable drugs and pharmaceuticals and bulk drugs produced by recombinant DNA technology and specific cell/tissue targeted formulations will require prior Govt. approval.		
12.	Road and highways, Ports and harbours	100%	In projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular tunnels, ports and harbours.		
13.	Hotel & Tourism	100%	The term hotels include restaurants, beach resorts and other tourist complexes providing accommodation and/ or catering and food facilities to tourists. Tourism related industry include travel agencies, tour operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wild life experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment, amusement, sports and health units for tourists and Convention/Seminar units and organisations.		
			For foreign technology agreements, automatic approval is granted if		
			i)	Upto 3% of the capital cost of the project is proposed to be paid for technical and consultancy	

			ii)	Upto 3% of the net turnover is payable for franchising and marketing/publicity support fee, and
				Upto 10% of gross operating profit is payable for management fee, including incentive fee.
14.	Mining	74%	i)	For exploration and mining of diamonds and precious stones FDI is allowed upto 74 % under automatic route
		100%	ii)	For exploration and mining of gold and silver and minerals other than diamonds and precious stones, metallurgy and processing FDI is allowed upto 100 % under automatic route
			iii)	Press Note 18 (1998 series) dated 14/12/98 would not be applicable for setting up 100 % owned subsidiaries in so far as the mining sector is concerned, subject to a declaration from the applicant that he has no existing joint venture for the same area and/or the particular mineral.
15.	Advertising	100%		Advertising sector - FDI upto 100% allowed on the automatic route
16.	Films	100%		Film Sector (Film production, exhibition and distribution including related services/products)
				FDI upto 100% allowed on the automatic route with no entry-level condition
17.	Airports	74%		Govt. approval required beyond 74%
18.	Mass Rapid Transport Systems	100%		FDI upto 100% is permitted on the automatic route in mass rapid transport system in all metros including associated real estate development
19.	Pollution Control & Management	100%		In both manufacture of pollution control equipment and consultancy for integration of pollution control systems is permitted on the automatic route
20.	Special Economic Zones	100%		All manufacturing activities except:
			i)	Arms and ammunition , Explosives and allied items of defence equipments, Defence aircrafts and warships,
			ii)	Atomic substances, Narcotics and Psychotropic Substances and hazardous Chemicals,
			iii)	Distillation and brewing of Alcoholic drinks and
			iv)	Cigarette/cigars and manufactured tobacco substitutes.
21.	Any other Sector/ Activity	100 %		if not included in Annexure A
22.	Air Transport Services (Domestic	100% for		No direct or indirect equity participation by foreign airlines is allowed

	Airlines)	NRIs 49% for others	
23.	<p>Townships, housing, built-up infrastructure and construction - development projects</p> <p>The sector would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure.</p>	100%	<p>The investment shall be subject to the following guidelines:</p> <p>(a) Minimum area to be developed under each project shall be as under :</p> <p>(i) In case of development of serviced housing plots - 10 hectares.</p> <p>(ii) In case of construction -development project - 50,000 sq.mtrs.</p> <p>(iii) In case of combination project, any one of the above two conditions.</p> <p>(b) The investment shall be subject to the following conditions:</p> <p>(i) Minimum capitalization of US \$ 10 Million for wholly owned subsidiaries and US \$ 5 Million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the Company.</p> <p>(ii) Original investment cannot be repatriated before a period of three years from completion of minimum capitalization. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.</p> <p>(c) At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor shall not be permitted to sell undeveloped plots.</p> <p>(d) The project shall conform to the norms and standards, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government / Municipal / Local Body concerned.</p> <p>(e) The investor shall be responsible for obtaining all necessary approvals, including those of the building / layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules / bye-laws / regulations of the State Government / Municipal / Local Body concerned.</p> <p>(f) The State Government / Municipal / Local Body concerned, which approves the building / development plans, shall monitor compliance of the above conditions by the developer.</p>

		<p>Note: For the purpose of these guidelines, "undeveloped plots" will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body / service agency before he would be allowed to dispose of serviced housing plots.</p>
--	--	---

Terms and conditions for Transfer of Shares/Convertible Debentures, by way of Sale, from a Person Resident in India to a Person Resident Outside India and from a Person Resident Outside India to a Person Resident in India

1.1 In order to address the concerns relating to pricing, documentation, payment/ receipt and remittance in respect of the shares/convertible debentures of an Indian company, other than a company engaged in financial service sector, transferred by way of sale; the parties involved in the transaction shall comply with the guidelines set out below.

1.2 Parties involved in the transaction are (a) seller (resident/non-resident), (b) buyer (resident/non-resident), (c) duly authorized agent/s of the seller and/or buyer, (d) Authorised Dealer bank (AD) branch and (e) Indian company, for recording the transfer of ownership in its books.

2. Pricing Guidelines

2.1 The under noted pricing guidelines are applicable to the following types of transactions:

- i. Transfer of shares, by way of sale under private arrangement by a person resident in India to a person resident outside India
- ii. Transfer of shares, by way of sale under private arrangement by a person resident outside India to a person resident in India

2.2 Transfer by Resident to Non-resident (i.e. to incorporated non-resident entity other than erstwhile OCB, foreign national, NRI, FII)

Price of shares transferred by way of sale by resident to a non-resident shall not be less than

- (a) the ruling market price, in case the shares are listed on stock exchange,
- (b) fair valuation of shares done by a Chartered Accountant as per the guidelines issued by the erstwhile Controller of Capital Issues, in case of unlisted shares.

The price per share arrived at should be certified by a Chartered Accountant.

2.3 Transfer by Non-resident (i.e. by incorporated non-resident entity, erstwhile OCB, foreign national, NRI, FII) **to Resident**

Sale of shares by a non-resident to resident shall be in accordance with Regulation 10 B (2) of Notification No. FEMA 20/2000-RB dated May 3, 2000 which as below:

(a) Where the shares of an Indian company are traded on stock exchange,

- i) The sale is at the prevailing market price on stock exchange and is effected through a merchant banker registered with Securities and Exchange Board of India or through a stock broker registered with the stock exchange;
- ii) if the transfer is other than that referred to in clause (i), the price shall be arrived at by

taking the average quotations (average of daily high and low) for one week preceding the date of application with 5 percent variation. Where, however, the shares are being sold by the foreign collaborator or the foreign promoter of the Indian company to the existing promoters in India with the objective of passing management control in favour of the resident promoters the proposal for sale will be considered at a price which may be higher by upto a ceiling of 25 percent over the price arrived at as above,

(b) Where the shares of an Indian company are not listed on stock exchange or are thinly traded,

i) if the consideration payable for the transfer does not exceed Rs.20 lakh per seller per company, at a price mutually agreed to between the seller and the buyer, based on any valuation methodology currently in vogue, on submission of a certificate from the statutory auditors of the Indian company whose shares are proposed to be transferred, regarding the valuation of the shares, and

ii) if the amount of consideration payable for the transfer exceeds Rs.20 lakh per seller per company, at a price arrived at, at the seller's option, in any of the following manner, namely:

A) a price based on earning per share (EPS linked to the Price Earning (P/E) multiple, or a price based on the Net Asset Value (NAV) linked to book value multiple, whichever is higher,

or

B) the prevailing market price in small lots as may be laid down by the Reserve Bank so that the entire shareholding is sold in not less than five trading days through screen based trading system

or

C) where the shares are not listed on any stock exchange, at a price which is lower of the two independent valuations of share, one by statutory auditors of the company and the other by a Chartered Accountant or by a Merchant Banker in Category 1 registered with Securities and Exchange Board of India.

Explanation:

1. A share is considered as thinly traded if the annualized trading turnover in that share, on main stock exchanges in India, during the six calendar months preceding the month in which application is made, is less than 2 percent (by number of shares) of the listed stock.

ii) For the purpose of arriving at Net Asset Value per share, the miscellaneous expenses carried forward, accumulated losses, total outside liabilities, revaluation reserves and capital reserves (except subsidy received in cash) shall be reduced from value of the total assets and the net figure so arrived at shall be divided by the number of equity shares issued and paid up. Alternatively, intangible assets shall be reduced from the equity capital and reserves (excluding

revaluation reserves) and the figure so arrived at shall be divided by the number of equity shares issued and paid up. The NAV so calculated shall be used in conjunction with the average BV multiple of Bombay Stock Exchange National Index during the calendar month immediately preceding the month in which application is made and BV multiple shall be discounted by 40 per cent.

iii) For computing the price based on Earning Per Share, the earning per share as per the latest balance sheet of the company shall be used in conjunction with the average Price Earning Multiple of Bombay Stock Exchange National Index for the calendar month preceding the month in which application is made and Price Earning shall be discounted by 40 per cent.

3. Responsibilities / Obligations of the parties

All the parties involved in the transaction would have the responsibility to ensure that the relevant regulations under FEMA are complied with and consequent on transfer of shares, the relevant individual limit/sectoral caps/foreign equity participation ceilings as fixed by Government are not breached. Settlement of transactions will be subject to payment of applicable taxes, if any.

4. Method of payment and remittance/credit of sale proceeds

4.1 The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a Foreign Institutional Investor (FII), payment should be made by debit to its Special Non-Resident Rupee Account. In case the buyer is a NRI, the payment may be made by way of debit to his NRE/FCNR (B) accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO accounts.

4.2. The sale proceeds of shares (net of taxes) sold by a person resident outside India) may be remitted outside India. In case of FII the sale proceeds may be credited to its special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE/FCNR(B) accounts and if the shares sold were held on non repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes.

4.3 The sale proceeds of shares (net of taxes) sold by an OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of OCBs whose accounts have been blocked by Reserve Bank.

5. Documentation

Besides obtaining a declaration in the enclosed form FC-TRS (in quadruplicate), the AD branch should arrange to obtain and keep on record the following documents:

5.1 For sale of shares by a person resident in India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- ii. Where Consent Letter has been signed by their duly appointed agent, the Power of Attorney Document executed by the seller/buyer authorizing the agent to purchase/sell shares.
- iii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India showing equity participation of residents and non-residents category-wise (i.e. NRIs/OCBs/foreign nationals/incorporated non-resident entities/FILs) and its percentage of paid up capital obtained by the seller/buyer or their duly appointed agent from the company, where the sectoral cap/limits have been prescribed.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. Copy of Broker's note if sale is made on Stock Exchange
- vi. Undertaking from the buyer to the effect that he is eligible to acquire shares/convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.
- vii. Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling as prescribed by SEBI has not been breached.

5.2. For sale of shares by a person resident outside India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred.
- ii. Where the Consent Letter has been signed by their duly appointed agent the Power of Attorney Document authorizing the agent to purchase/sell shares by the seller/buyer. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- iii. If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. The sale proceeds shall be credited NRE/NRO account, as applicable.

- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. No Objection/Tax Clearance Certificate from Income Tax authority/Chartered Account.
- vi. Undertaking from the buyer to the effect that the Pricing Guidelines have been adhered to.

6. Reporting requirements

6.1 For the purpose the Authorized Dealers may designate branches to specifically handle such transactions. These branches could be staffed with adequately trained staff for this purpose to ensure that the transactions are put through smoothly. The ADs may also designate a nodal office to coordinate the work at these branches and also ensure the reporting of these transactions to the Reserve Bank.

6.2 When the transfer is on private arrangement basis, on settlement of the transactions, the transferee/his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the form FC-TRS from the AD branch that the remittances have been received by the transferor/payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.

6.3 The actual inflows and outflows on account of such transfer of shares shall be reported by the AD branch in the R-returns in the normal course.

6.4 In addition the AD branch should submit two copies of the Form FC-TRS received from their constituents/customers together with the statement of inflows/outflows on account of remittances received/made in connection with transfer of shares, by way of sale, to IBD/FED/or the nodal office designated for the purpose by the bank in the enclosed proforma (which is to be prepared in MS-Excel format). The IBD/FED or the nodal office of the bank will in turn submit a consolidated monthly statement in respect of all the transactions reported by their branches together with a copies of the FC-TRS forms received from their branches to Foreign Exchange Department, Reserve Bank, Foreign Investment Division, Central Office, Mumbai in a soft copy (in MS- Excel) in by e-mail.

6.5 Shares purchased / sold by FIIs under private arrangement will be by debit /credit to their Special Non Resident Rupee Account. Therefore, the transaction should **also** be reported in (LEC FII) by the designated bank of the FII concerned.

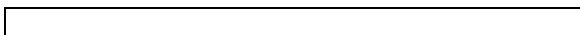
6.6 Shares/convertible debentures of Indian companies purchased under Portfolio Investment Scheme by NRIs, OCBs cannot be transferred, by way of sale under private arrangement.

6.7 On receipt of statements from the AD, the Reserve Bank may call for such additional details or give such directions as required from the transferor/transferee or their agents, if need be.

Documents to be submitted by a person resident in India for transfer of shares to a person resident outside India by way of gift

- i. Name and address of the transferor (donor) and the transferee (donee).
- ii. Relationship between the transferor and the transferee.
- iii. Reasons for making the gift.
- iv. In case of Government dated securities and treasury bills and bonds, a certificate issued by a Chartered Accountant on the market value of such security.
- v. In case of units of domestic mutual funds and units of Money Market Mutual Funds, a certificate from the issuer on the Net Asset Value of such security.
- vi. In case of shares and debentures, a certificate from a Chartered Accountant on the value of such securities according to the guidelines issued by the Securities & Exchange Board of India or the erstwhile CCI for listed companies and unlisted companies, respectively.
- vii. Certificate from the concerned Indian company certifying that the proposed transfer of shares/convertible debentures by way of gift from resident to the non-resident shall not breach the applicable sectoral cap/ FDI limit in the company and that the proposed number of shares/convertible debentures to be held by the non-resident transferee shall not exceed 5 per cent of the paid up capital of the company.¹⁴

¹⁴ AP (DIR Series) Circular No. 08 dated August 25, 2005



Definition of "relative" as given in Section 6 of Companies Act, 1956.

- ◆ A person shall be deemed to be a relative of another, if, and only if:
 - (a) they are members of a Hindu undivided family ; or
 - (b) they are husband and wife ; or
 - (c) the one is related to the other in the manner indicated in Schedule IA (as under)
 - 1. Father.
 - 2. Mother (including step-mother).
 - 3. Son (including step-son).
 - 4. Son's wife.
 - 5. Daughter (including step-daughter).
 - 6. Father's father.
 - 7. Father's mother.
 - 8. Mother's mother.
 - 9. Mother's father.
 - 10. Son's son.
 - 11. Son's son's wife.
 - 12. Son's daughter.
 - 13. Son's daughter's husband.
 - 14. Daughter's husband.
 - 15. Daughter's son.
 - 16. Daughter's son's wife.
 - 17. Daughter's daughter.
 - 18. Daughter's daughter's husband.
 - 19. Brother (including step-brother).
 - 20. Brother's wife.
 - 21. Sister (including step-sister).
 - 22. Sister's husband.

FC-GPR**PART - A**

(To be filed by the company through its Authorised Dealer Category – I bank with the Regional Office of the RBI under whose jurisdiction the Registered Office of the company making the declaration is situated as and when fresh investment in the Company is received, along with the following documents:

- i) A certificate from the Company Secretary of the company accepting investment from persons resident outside India*
- ii) A certificate from Statutory Auditors or Chartered Accountant indicating the manner of arriving at the price of shares issued to the persons resident outside India (as specified in para 9 B of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.)*

PAN Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of issue /transfer of
shares

--	--	--	--	--	--	--	--

No.	Particulars	(In Block Letters)
-----	-------------	--------------------

--

1.	<p data-bbox="267 100 349 132">Name</p> <p data-bbox="267 300 378 331">Address</p> <p data-bbox="267 548 339 579">State</p> <p data-bbox="267 646 802 711">Registration No. given by Registrar of Companies</p> <p data-bbox="267 730 802 831">Whether existing company or new company (strike off whichever is not applicable)</p> <p data-bbox="267 877 802 947">If existing company, give registration number allotted by RBI for FDI, if any</p>	

Fax	
Telephone	
e-mail	

2.

Description of the main business activity

NIC Code

--	--

Location of the project and NIC code for
the district where the project is located

[illegible]

Name

Address

Country

Constitution (specify whether Foreign National/Foreign Company/ FVCI / FII / NRI / PIO / others)

--	--

4	Particulars of Shares / Convertible Debentures Issued
(a)	<p>Nature and date of issue</p> <p><i>Nature of issue</i></p> <p><i>Date of issue</i></p> <p><i>Number of shares/ convertible debentures</i></p> <p>01 IPO / FPO</p> <p>02 Preferential allotment / private placement</p> <p>03 Rights</p> <p>04 Bonus</p> <p>05 Conversion of ECB</p> <p>06 Conversion of royalty (including lump sum payments)</p> <p>07 ESOPs</p>

08	Others (please specify)
Total	

(b)	Type of security issued					
	<i>Nature of security</i>	<i>Number</i>	<i>Maturity</i>	<i>Face value</i>	<i>Issue Price per share</i>	<i>Amount of inflow*</i>
	Equity					
	Convertible Debentures (CDs)					
	(a) Compulsorily CDs					
	(b) Optionally CDs					
	(c) Partially CDs					
	Preference shares (PS)					
	(a) Convertible PS					
	(b) Non-Convertible PS					
	Units of VCFs					
	Others					
	Total					

- | | |
|-----|--|
| i) | In case the issue price is greater than the face value please give break up of the premium received |
| ii) | * In case the issue is against conversion of ECB or royalty, a Chartered Accountant's Certificate certifying the amount of the outstanding on the date of conversion |

(c)	Break up of premium	Amount
	Control Premium	
	Non competition fee	
	Others*	
	Total	

* *please specify the nature*

(d)	Total inflow (in Rupees) on account of issue of shares to non-residents (including premium, if any) vide (i) Remittance through AD: (ii) Debit to NRE/FCNR A/c with Bank _____ (iii) Others Date of reporting of (i) above to RBI under Para 9 (1) A (i) of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time.	
(e)	Disclosure of fair value of shares issued**	
	We are a listed company and the market value of a share as on date of the issue is *	
	We are an un-listed company; and the fair value of a share is*	

** before issue of shares

*(Please indicate as applicable)

5. Post issue pattern of shareholding						
	Equity			Preference Shares/Convertible Debentures		
Investor category	No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a) Non-Resident						
Foreign Nationals						
Foreign Companies						
FIIIs						
FVCIs						
NRIs/PIOs						
Sub Total						
b) Resident						
Total						

DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY:

We hereby declare that:

1. We comply with the procedure for issue of shares as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3rd May 2000 as amended from time to time

2. The investment is within the sectoral policy/cap permissible under the Automatic Route of RBI and we fulfill all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable)

- a) Foreign entity(ies)-(other than individuals), to whom we have issued shares have existing joint venture or technology transfer or trade mark agreement in India in the same field. (Conditions stipulated in Press Note 1 of 2005 Series dated January 12, 2005 have been complied with).

OR

- b) Foreign entity(ies)-(other than individuals), to whom we have issued shares do not have any existing joint venture or technology transfer or trade mark agreement in India in the same field.
- c) We are/ are not an SSI unit & the investment limit of 24 % of paid-up capital has been observed/ requisite approvals have been obtained.
- d) Shares have been issued on rights basis and the shares are issued to non-residents at a price that is not lower than that at which shares have been issued to residents.

OR

- e) Shares issued are bonus shares.

OR

- f) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of demerger or otherwise of an Indian company, duly approved by a court in India.

OR

- g) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA/FIPB approval No. ----- dated -----
-----.

(Delete whichever is not applicable under signature)

(Signature of the Applicant)* : _____

(Name in Block Letters) : _____

(Designation of the signatory): _____

Place:

Date:

(* To be signed by Authorised signatory of the Company)

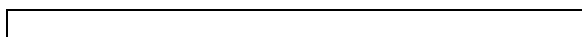
**CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY OF THE INDIAN COMPANY
ACCEPTING THE INVESTMENT:**

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000)

In respect of the abovementioned details, we certify the following :

1. All the requirements of the Companies Act, 1956 have been complied with.
2. Terms and conditions of the Government approval, if any, have been complied with.
3. The company is eligible to issue shares under these Regulations.
4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

(Name & Signature of the Company Secretary)
(Seal)



FC-GPR

PART-B

(i) This is an annual report to be submitted by 30th of June every year, pertaining to all investments by way of direct/portfolio/re-invested earnings/others in the Indian company made during the preceding financial year (April to March).

(i.e. the report in Part B submitted by 30th June 2007 will pertain to the investments made during the financial year April 2006 to March 2007).

(ii) To be submitted to the Director, Balance of Payment Statistical Division, Department of Statistical Analysis & Computer Services, Reserve Bank of India, C9, 8th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051; Tel: 2657 1265, 2657 2513)

PAN Number

[illegible]

Date _____

[illegible]

No.	Particulars	(In Block Letters)
1.	<p>Name</p> <p>Address</p> <p>State</p> <p>Registration No. given by the Registrar of Companies</p>	

--	--	--

--	--	--

2.	Name of the Contact Person: Tel. E-mail: Fax: Web site (if any):	
3.	Account closing date:	
4.	Details of changes if any, with regard to information furnished earlier (Change in name of company / Change of location, activities, etc.)	

5. Foreign Direct Investment (FDI)				
	Amount in Lakhs of Rupees			
	Foreign Liabilities In India [#]		Foreign Assets Outside India ^{##}	
	Outstanding at March end of Previous Year	Outstanding at March end of Current Year	Outstanding at March end of Previous Year	Outstanding at March end of Current Year
5.0 Equity Capital				
5.1 Other Capital ^{\$}				
5.2 Disinvestments during the year				
5.3 Retained earnings during the year				
6. Portfolio and Other Investment (PIS)				
<i>[Please furnish here the outstanding investments other than those mentioned under FDI above]</i>				
	Amount in Lakhs of Rupees			
	Foreign Liabilities In India		Foreign Assets Outside India	
	Outstanding at March end of Previous Year	Outstanding at March end of Current Year	Outstanding at March end of Previous Year	Outstanding at March end of Current Year
6.0 Equity Securities				
6.1 Debt Securities				
6.1.1 Bonds and Notes				
6.1.2 Money Market Instruments				
6.2 Disinvestments in India during the year				
7. Financial Derivatives (notional value)				
8. Other Investment				
8.1 Trade Credit				
8.1.1 Short Term				
8.1.2 Long Term				
8.2 Loans	see note [@] below			
8.3 Others				
8.3.1 Short Term				
8.3.2 Long Term				

[#] Please furnish the outstanding investments of **non-resident investors (Direct Investors)** who were holding **10 % or more** ordinary shares of **your Company** on the reporting date.

^{##} Please furnish here your investments outside the country in each of which **your Company** held **10 per cent or more** ordinary shares of that non-resident enterprise on the reporting date.

Use March-end market price/exchange rate.

^{\$} Other Capital transactions between the non-resident direct investor and investee / reporting company includes: i) Short Term Borrowing from overseas investors, ii) Long Term Borrowing from overseas investors, iii) Trade Credit, iv) Suppliers Credit, v) Financial Leasing, vi) Control Premium, vii) Non-Competition Fee in case of transactions not involving issue of shares, viii) Non-cash acquisition of shares against technical transfer, plant and machinery, goodwill, business development and similar considerations and ix) investment in immovable property made during the year.

@Note: As the details of the Loans availed by your company are collected through Authorised Dealers separately by Foreign Exchange Department of the RBI in ECB returns, the details of external loans availed by your company need not be filled in. However, the external loans extended by your company to WOS/JVs outside India should be reported.

--

9.	Persons employed during the year	
	Directly	
	Indirectly	
	Total	

Signature of the Applicant * : _____

Name in Block Letters : _____

Designation of the signatory : _____

Place: _____ Date: _____

(* To be signed by Authorised signatory of the Company)

Form FC-TRS				
Declaration regarding transfer of shares of by way of sale from resident to non resident/ non-resident to resident				
(to be submitted to the AD branch in quadruplicate)				
The following documents are enclosed (See Para 5 of Annex) <i>For sale of shares by a person resident in India</i> <ul style="list-style-type: none"> (i) Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document (ii) The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India (iii) Certificate indicating fair value of shares from a Chartered Accountant. (iv) Copy of Broker's note if sale is made on Stock Exchange. (v) Undertaking from the buyer to the effect that he is eligible to acquire shares/convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with. (vi) Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling as prescribed by SEBI has not been breached. <i>Additional documents in respect of sale of shares by a person resident outside India</i> <ul style="list-style-type: none"> (vii) If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. (viii) No Objection/Tax Clearance Certificate from Income Tax Authority/Chartered Account. 				
1	Name of the company			
	<i>Address (including e-mail ,telephone Number Fax no)</i>			
	<i>Activity</i>			
	<i>NIC Code No.</i>			
2	Whether FDI is allowed under Automatic route			
	Sectoral Cap under FDI Policy			
3	Nature of transaction			
	Transfer from resident to non resident			
	Transfer from non resident to resident			
4	Name of the buyer			
	Category (please tick appropriate category)	Individual	Company	FII
	In case of Company/FII etc please indicate the constitution of the company i.e. Limited company, registered partnership etc			Others
	Date and Place of Incorporation			
	<i>Address of the buyer (including e-mail ,telephone Number Fax no)</i>			
5	Name of the seller			
	Category	Individual	Company	FII
				Others(please

--

	(Please tick appropriate category)				specify)
	In case of Company/FII etc please indicate the constitution of the company i.e. Limited company, registered partnership etc				
	Date and Place of Incorporation				
	Address of the seller (including e-mail ,telephone Number Fax no)				
6	Particulars of earlier Reserve Bank/FIPB approvals				
7	Details regarding shares/convertible debentures to be transferred				
	<i>Date of the transaction</i>	<i>Number of shares</i>	<i>face value</i>	<i>Negotiated Price for the transfer**</i>	<i>Amount of consideration</i>
8	Foreign Investments in the company				
		<i>No of shares</i>	<i>Percentage</i>		
	Before the transfer				
	After the transfer				
9	Where the shares are listed on Stock Exchange				
	<i>If so Name of the Stock exchange</i>				
	<i>Price Quoted on the Stock exchange</i>				
	Where the shares are Unlisted				
	<i>Price as per Valuation guidelines*</i>				
	<i>Price as per Chartered Accountants Valuation report</i>				
*I **	CA Certificate to be attached				
Declaration by the transferor/transferee					
I/ We hereby declare that :					
(i)	(i) The particulars given above are true and correct to the best of my/our knowledge and belief				
(ii)	(ii) I/ We was/were holding the shares as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis				
(iii)	(iii) I/ We are eligible to acquire the shares of the company in terms of the FDI Policy. It is not a transfer relating to shares of a company engaged in financial services sector or a sector where general permission is not available				
(iv)	(iv) The Sectoral limit under the FDI Policy and the pricing guidelines have been adhered to				
Signature of the Declarant or his duly authorised agent					
Date:					

Note

*In respect of the transfer of shares from resident to non resident the declaration has to be signed by the non resident buyer
and*

In respect of the transfer of shares from non resident to resident the declaration has to be signed by the non resident seller

Certificate by the AD Branch

It is certified that the application is complete in all respects

The receipt /payment for the transaction is in accordance FEMA Regulations/ Reserve Bank guidelines

Signature

Name and Designation of the Officer

Date:

Name of the AD Branch

AD Branch Code

--

Return to be filed by an Indian Company who has arranged issue of GDR/ADR			
[Refer to paragraph 4(2) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000]			
Instructions : The form should be completed and submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai.			
1.	Name of the Company		
2.	Address of Registered Office		
3.	Address for Correspondence		
4.	Existing Business (please give the NIC Code of the activity in which the company is predominantly engaged)		
5.	Details of the purpose for which GDRs/ADRs have been raised. If funds are deployed for overseas investment, details thereof		
6.	Name and address of the Depository abroad		
7.	Name and address of the Lead/ Manager Investment/Merchant Banker		
8.	Name and address of the Sub-Managers to the issue		
9.	Name and address of the Indian Custodians		
10.	Details of FIPB approval (please quote the relevant NIC Code if the GDRs are being issued under the Automatic Route)		
11.	Whether any overall sectoral cap for foreign investment is applicable. If yes, please give details		
12.	Details of the Equity Capital		Before Issue
	(a)	Authorised Capital	
	(b)	Issued and Paid-up Capital	
	(i)	Held by persons Resident in India	
	(ii)	Held by foreign investors other than FIIs/NRIs/PIOs/ OCBs (a list of foreign investors holding more than 10 percent of the paid-up capital and number of shares held by each of them should be furnished)	

		(iii)	Held by NRIs/PIOs/OCBs		
		(iv)	Held by FIIs		
		Total Equity held by non-residents			
	(c)	Percentage of equity held by non-residents to total paid-up capital			
13.	Whether issue was on private placement basis. If yes, please give details of the investors and ADRs/GDRs issued to each of them				
14.	Number of GDRs/ADRs issued				
15.	Ratio of GDRs/ADRs to underlying shares				
16.	<u>Issue Related Expenses</u>				
	(a)	Fee paid/payable to Merchant Bankers/Lead Manager			
		(i)	Amount (in US\$, etc.)		
		(ii)	Amount as percentage to the total issue		
	(b)	Other expenses			
17.	Whether funds are kept abroad. If yes, name and address of the bank				
18.	Details of the listing arrangement				
	Name of Stock Exchange				
	Date of commencement of trading				
19.	The date on which ADRs/GDRs issue was launched				
20.	Amount raised (in US \$)				
21.	Amount repatriated (in US \$)				
Certified that all the conditions laid down by Government of India and Reserve Bank of India have been complied with.					
Chartered Accountant			Authorised Signatory of the Company		

Quarterly Return		
[Refer to paragraph 4(3) of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000]		
(to be submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai)		
1.	Name of the Company	
2.	Address	
3.	GDR/ADR issue launched on	
4.	Total No. of GDRs/ADRs issued	
5.	Total amount raised	
6.	Total interest earned till end of quarter	
7.	Issue expenses and commission etc.	
8.	Amount repatriated	
9.	Balance kept abroad - Details	
	(i) Banks Deposits	
	(ii) Treasury Bills	
	(iii) Others (please specify)	
10.	No. of GDRs still outstanding	
11.	Company's share price at the end of the quarter	
12.	GDR price quoted on overseas stock exchange as at the end of the quarter	
Certified that the funds raised through ADRs/GDRs have not been invested in stock market or real estate.		
Chartered Accountant		Authorised Signatory of the Company

**List of Circulars/Notifications which have been consolidated in the Master Circular
on Foreign Investments / Acquisition of Immovable property in India/
Establishment of Branch, Liaison and Project Offices in India
and investments in proprietary /partnership firms**

Notifications

Sl.No.	Notification	Date
1.	No. FEMA 32/2000-RB	December 26, 2000
2.	No. FEMA 35/2001-RB	February 16, 2001
3.	No. FEMA 41/2001-RB	March 2, 2001
4.	No. FEMA 45/2001-RB	September 20, 2001
5.	No. FEMA 46/2001-RB	November 29, 2001
6.	No. FEMA 50/2002-RB	February 20, 2002
7.	No. FEMA 55/2002-RB	March 7, 2002
8.	No. FEMA 62/2002-RB	May 13, 2002
9.	No. FEMA 64/2002-RB	June 29, 2002
10.	No. FEMA 65/2002-RB	June 29, 2002
11.	No. FEMA 76/2002-RB	November 12, 2002
12.	No. FEMA 85/2003-RB	January 17, 2003
13.	No. FEMA 93/2003-RB	June 9, 2003
14.	No. FEMA 94/2003-RB	June 18, 2003
15.	No. FEMA 100/2003-RB	October 3, 2003
16.	No. FEMA 101/2003-RB	October 3, 2003
17.	No. FEMA 106/2003-RB	October 27, 2003
18.	No. FEMA 108/2003-RB	January 1, 2004
19.	No. FEMA 111/2004-RB	March 6, 2004
20.	No.FEMA.118/2004-RB	June 29, 2004
21.	No.FEMA.122/2004-RB	August 30, 2004
22.	No.FEMA.125./2004-RB	November 27, 2004
23.	No.FEMA.130/2005-RB	March 17, 2005
24.	No.FEMA.131/2005-RB	March 17, 2005
25.	No.FEMA.138/2005-RB	July 22, 2005
26.	No. FEMA.136 /2005-RB	July 19, 2005
27.	No. FEMA.137/2005- RB	July 22, 2005
28.	No.FEMA.138/2005-RB	July 22, 2005
29.	No. FEMA.149/2006-RB	June 9, 2006

Circulars

Sl.No.	Circulars	Date
1.	A.P.DIR(Series) Circular No.14	September 26, 2000
2.	A.P.DIR(Series) Circular No.24	January 6, 2001
3.	A.P.DIR(Series) Circular No.26	February 22, 2001
4.	A.P.DIR(Series) Circular No.32	April 28, 2001
5.	A.P.DIR(Series) Circular No.13	November 29, 2001
6.	A.P.DIR(Series) Circular No.21	February 13, 2002
7.	A.P.DIR(Series) Circular No.29	March 11, 2002
8.	A.P.DIR(Series) Circular No.1	July 2, 2002
9.	A.P.DIR(Series) Circular No.5	July 15, 2002
10.	A.P.DIR(Series) Circular No.19	September 12, 2002
11.	A.P.DIR(Series) Circular No.35	November 1, 2002
12.	A.P.DIR(Series) Circular No.45	November 12, 2002
13.	A.P.DIR(Series) Circular No.46	November 12, 2002
14.	A.P.DIR(Series) Circular No.52	November 23, 2002
15.	A.P.DIR(Series) Circular No.56	November 26, 2002
16.	A.P.DIR(Series) Circular No.67	January 13, 2003
17.	A.P.DIR(Series) Circular No.68	January 13, 2003
18.	A.P.DIR(Series) Circular No.69	January 13, 2003
19.	A.P.DIR(Series) Circular No.75	February 3, 2003
20.	A.P.DIR(Series) Circular No.88	March 27, 2003
21.	A.P.DIR(Series) Circular No.101	May 5, 2003
22.	A.P.DIR(Series) Circular No.10	August 20, 2003
23.	A.P.DIR(Series) Circular No.13	September 1, 2003
24.	A.P.DIR(Series) Circular No.14	September 16, 2003
25.	A.P.DIR(Series) Circular No.19	September 23, 2003
26.	A.P.DIR(Series) Circular No.28	October 17, 2003
27.	A.P.DIR(Series) Circular No.35	November 14, 2003
28.	A.P.DIR(Series) Circular No.38	December 3, 2003
29.	A.P.DIR(Series) Circular No.39	December 3, 2003
30.	A.P.DIR(Series) Circular No.43	December 8, 2003
31.	A.P.DIR(Series) Circular No.44	December 8, 2003
32.	AP (DIR Series) Circular No.53	December 17, 2003
33.	A.P.DIR(Series) Circular No.54	December 20, 2003
34.	A.P.DIR(Series) Circular No.63	February 3, 2004
35.	A.P.DIR(Series) Circular No.67	February 6, 2004
36.	A.P.DIR(Series) Circular No.89	April 24, 2004
37.	A.P.DIR(Series) Circular No.11	September 13, 2004
38.	A.P.DIR(Series) Circular No.13	October 1, 2004
39.	A.P.DIR(Series) Circular No.15	October 1, 2004
40.	A.P.DIR(Series) Circular No.16	October 4, 2004
41.	A.P.DIR(Series) Circular No.39	April 25, 2005

42.	A.P.DIR(Series) Circular No.44	May 17, 2005
43.	AP (DIR Series) Circular No. 04	July 29, 2005
44.	A.P. (DIR Series) Circular No. 06	August 11, 2005
45.	A.P. (DIR Series) Circular No. 07	August 17, 2005
46.	A.P. (DIR Series) Circular No. 08	August 25, 2005
47.	A. P. (DIR Series) Circular No. 10	August 30, 2005
48.	A.P. (DIR Series) Circular No. 11	September 05, 2005
49.	A.P. (DIR Series) Circular No.16	November 11, 2005
50.	A.P.(DIR Series) Circular No. 24	January 25, 2006
51.	A.P.(DIR Series) Circular No. 4	July 28, 2006
52.	A.P.(DIR Series) Circular No. 5	August 16, 2006
53.	A.P.(DIR Series) Circular No. 12	November 16, 2006
54.	A.P.(DIR Series) Circular No. 25	December 22, 2006
55.	A.P.(DIR Series) Circular No. 32	February 8, 2007
56.	A.P.(DIR Series) Circular No. 40	April 20, 2007
57.	A.P.(DIR Series) Circular No. 62	May 24, 2007
58.	A.P.(DIR Series) Circular No. 65	May 31, 2007
59.	A.P.(DIR Series) Circular No. 73	June 8, 2007
60.	A.P.(DIR Series) Circular No. 74	June 8, 2007

APPENDIX-II

**Department for Promotion of Industry and Internal Trade
Ministry of Commerce and Industry
Government of India**

**Consolidated FDI Policy
(Effective from October 15, 2020)**

**Government of India
Ministry of Commerce & Industry
Department for Promotion of Industry and Internal Trade
(FDI Division)**

Consolidated FDI Policy Circular of 2020

Subject: Consolidated FDI Policy

The “Consolidated FDI Policy” is attached.

2. This Circular will take effect from October 15, 2020

**(Shailendra Singh)
Additional Secretary to the Government of India**

DPIIT File Number 5(2)/2020-FDI Policy Dated the October 15, 2020

Copy forwarded to:

1. Press Information Officer, Press Information Bureau- for giving wide publicity to the above circular.
2. NIC, DPIIT for uploading the Circular on DPIIT's website.
3. Department of Economic Affairs, Ministry of Finance, New Delhi.
4. Reserve Bank of India, Mumbai.
5. Hindi Section for Hindi Translation.

CONTENTS

Chapter 1: Intent and Objective	5
1.1 Intent and Objective.....	5
Chapter 2: Definitions.....	7
2.1 Definitions.....	7
Chapter 3: General Conditions on FDI.....	14
3.1 Eligible investors	14
3.2 Eligible investee entities.....	15
3.3 Instruments of investments, issue/ transfer of shares etc.....	18
3.4 Entry Routes for Investment.....	18
3.5 Caps on Investments.....	20
3.6 Entry Conditions on Investment.....	20
3.7 Other Conditions on Investment besides Entry Conditions.....	20
3.8 Foreign Investment into/ downstream Investment by eligible Indian entities	20
3.9 Remittance, Reporting and Violation.....	23
Chapter 4: Procedure for Government Approval.....	24
4.1 Competent Authority	24
4.2 Cases which do not require Fresh Approval.....	26
4.3 Online Filing of Applications for Government Approval.....	27
Chapter 5: Sector Specific Conditions on FDI	28
5.1 Prohibited Sectors	28
5.2 Permitted Sectors	28
Agriculture	30
5.2.1 Agriculture & Animal Husbandry	30
5.2.2 Plantation Sector.....	31
Mining and Petroleum & Natural Gas.....	31
5.2.3 Mining.....	31
5.2.4 Petroleum & Natural Gas.....	33
Manufacturing.....	34
5.2.5 Manufacturing:.....	34
5.2.6 Defence	34
Services Sector	36

5.2.7 Broadcasting	36
5.2.8 Print Media	37
5.2.9 Civil Aviation	39
5.2.10 Construction Development: Townships, Housing, Built-up Infrastructure.....	42
5.2.11 Industrial Parks	45
5.2.12 Satellites- establishment and operation	45
5.2.13 Private Security Agencies	45
5.2.14 Telecom Services	46
5.2.15 Trading	47
5.2.16 Railway Infrastructure.....	56
Financial Services.....	57
5.2.17 Asset Reconstruction Companies	57
5.2.18 Banking- Private Sector	58
5.2.19 Banking- Public Sector.....	58
5.2.20 Credit Information Companies (CIC)	59
5.2.21 Infrastructure Company in the Securities Market.....	59
5.2.22 Insurance	61
5.2.23 Pension Sector.....	63
5.2.24 Power Exchanges	64
5.2.25 White Label ATM Operations	64
5.2.26 Other Financial Services.....	65
Others.....	65
5.2.27 Pharmaceuticals.....	65
Annexures.....	68
Annexure-1 Types of Instruments	68
Annexure-2 Provisions Relating to Issue/Transfer of Shares.....	71
Annexure-3 Specific Conditions in Certain Cases.....	84
Annexure-4 Total Foreign Investment i.e. Direct and Indirect Foreign Investment in eligible Indian entities.....	88
Annexure-5 Remittance, Reporting and Violation.....	93
Annexure-6 Conditions for Broadcasting Sector	97
Annexure-7 Conditions for Industrial Parks.....	101

Annexure-8 Permissible limits under portfolio investment schemes through stock exchanges for /FPIs and NRIs.....	103
Annexure – 9 Certificate to be furnished by the Prospective Investor as well as the Prospective Recipient Entity	106
Abbreviations.....	107

CHAPTER 1: INTENT AND OBJECTIVE

1.1 Intent and Objective

- 1.1.1 Foreign Direct Investment (FDI) is considered as a major source of non-debt financial resource for the economic development. FDI flows into India have grown consistently since liberalization and are an important component of foreign capital since FDI infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, competition and employment creation amongst other benefits. Therefore, it is the intent and objective of the Government of India to attract and promote FDI in order to supplement domestic capital, technology and skills for accelerated economic growth and development. FDI, as distinguished from Foreign Portfolio Investment, has the connotation of establishing a 'lasting interest' in an enterprise that is resident in an economy other than that of the investor.
- 1.1.2 The Government has put in place a policy framework on FDI, which is transparent, predictable and easily comprehensible. This framework is embodied in the Circular on Consolidated FDI Policy, which may be updated on an annual basis, to capture and keep pace with the regulatory changes, effected in the interregnum. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India makes policy pronouncements on FDI through Consolidated FDI Policy Circular/Press Notes/Press Releases which are notified by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India as amendments to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under the Foreign Exchange Management Act, 1999 (42 of 1999) (FEMA). These notifications take effect from the date of issue of Press Notes/ Press Releases, unless specified otherwise therein. In case of any conflict, the relevant Notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by the Reserve Bank of India (RBI). The regulatory framework, over a period of time, thus, consists of FEMA and Rules/Regulations thereunder, Consolidated FDI Policy Circular, Press Notes, Press Releases, Clarifications, etc.
- 1.1.3 The present consolidation subsumes and supersedes all Press Notes/Press Releases/Clarifications/Circulars issued by the DPIIT, which were in force as on October 15, 2020 and reflects the FDI Policy as on October 15, 2020. This Circular accordingly will take effect from October 15, 2020 and will remain in force until

superseded in totality or in part thereof. Reference to any statute or legislation made in this Circular shall include modifications, amendments or re-enactments thereof.

- 1.1.4 Notwithstanding the rescission of earlier Press Notes/Press Releases/Clarifications/Circulars, anything done or any action taken or purported to have been done or taken under the rescinded Press Notes/Press Releases/Clarifications/Circulars prior to October 15, 2020, shall, in so far as it is not inconsistent with those Press Notes/Press Releases/Clarifications/Circulars, and applicable provisions under the FEMA and Rules/Regulations thereunder, be deemed to have been done or taken under the corresponding provisions of this circular and shall be valid and effective.

CHAPTER 2: DEFINITIONS

2.1 DEFINITIONS

- 2.1.1** *'AD Category-I Bank'* means a bank (Scheduled Commercial, State or Urban Cooperative) which is authorized under Section 10(1) of FEMA to undertake all current and capital account transactions according to the directions issued by the RBI from time to time.
- 2.1.2** *'Authorized Bank'* shall have the meaning assigned to it under the Foreign Exchange Management (Deposit) Regulations, 2016.
- 2.1.3** *'Authorized Dealer'* means a person authorized as an authorized dealer under sub-section (1) of section 10 of FEMA.
- 2.1.4** *'Automatic route'* means the entry route through which investment by a person resident outside India does not require the prior approval of the Reserve Bank of India or the Central Government.
- 2.1.5** *'Capital'* means equity shares; fully, compulsorily & mandatorily convertible preference shares; fully, compulsorily & mandatorily convertible debentures and warrants.
- Note:** The equity shares issued in accordance with the provisions of the Companies Act, as applicable, shall include equity shares that have been partly paid. Preference shares and convertible debentures shall be required to be fully paid, and should be mandatorily and fully convertible. Further, 'warrant' includes Share Warrant issued by an Indian Company in accordance with the regulations by the Securities and Exchange Board of India (SEBI) and the provisions of the Companies Act, 2013.
- 2.1.6** *'Capital account transaction'* means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India, and includes transactions as per Section 6 of FEMA.
- 2.1.7** *'Competent Authority'* means the concerned Administrative Ministry/Department empowered to grant government approval for foreign investment under the extant FDI Policy and FEMA Rules/Regulations.
- 2.1.8** *'Control'* shall include the right to appoint a majority of the directors or to control the management or policy decisions, exercisable by a person or persons acting

individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements. For the purposes of Limited Liability Partnership, ‘control’ will mean right to appoint majority of the designated partners, where such designated partners, with specific exclusion to others, have control over all the policies of the LLP.

- 2.1.9** *‘Convertible Note’* means an instrument issued by a startup company acknowledging receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares of such startup company, within a period not exceeding five years from the date of issue of the convertible note, upon occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument.
- 2.1.10** *‘Depository Receipt’* (DR) means a foreign currency denominated instrument, whether listed on an international exchange or not, issued by a foreign depository in a permissible jurisdiction on the back of eligible securities issued or transferred to that foreign depository and deposited with a domestic custodian and includes ‘global depository receipt’ as defined in the Companies Act, 2013.
- 2.1.11** *‘Domestic Custodian’* means a custodian of securities registered with the SEBI in accordance with the SEBI (Custodian of Securities) Regulations, 1996.
- 2.1.12** *‘Domestic Depository’* means a custodian of securities registered with the SEBI and authorised by the issuing entity to issue Indian depository receipts.
- 2.1.13** *‘ESOP’* means ‘Employees’ stock option’ as defined under the Companies Act, 2013 and issued in accordance with the Companies Act, 2013 and SEBI regulations, as applicable.
- 2.1.14** *‘Erstwhile Overseas Corporate Body’* (OCB) means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty percent by non-resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by non-resident Indians directly or indirectly but irrevocably and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the regulations under FEMA.
- 2.1.15** *‘Foreign Currency Convertible Bond’* (FCCB) means a bond issued under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository

Receipt Mechanism) Scheme, 1993, as amended from time to time.

- 2.1.16** *‘FDI’ or ‘Foreign Direct Investment’* means investment through capital instruments by a person resident outside India in an unlisted Indian company; or in ten per cent or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company;

Note:- In case an existing investment by a person resident outside India in capital instruments of a listed Indian company falls to a level below ten percent, of the post issue paid-up equity capital on a fully diluted basis, the investment shall continue to be treated as FDI;

Explanation: - Fully diluted basis means the total number of shares that would be outstanding if all possible sources of conversion are exercised

- 2.1.17** *‘Foreign Investment’* means any investment made by a person resident outside India on a repatriable basis in capital instruments of an Indian company or to the capital of a LLP;

Explanation: - If a declaration is made by a person as per the provisions of the Companies Act, 2013 about a beneficial interest being held by a person resident outside India, then even though the investment may be made by a resident Indian citizen, the same shall be counted as foreign investment;

Note:- A person resident outside India may hold foreign investment either as FDI or as FPI in any particular Indian company;

- 2.1.18** *‘FDI linked performance conditions’* means the sector specific conditions for companies receiving foreign investment.

- 2.1.19** *‘FEMA’* means the Foreign Exchange Management Act, 1999 (42 of 1999).

- 2.1.20** *‘Foreign Portfolio Investment’* means any investment made by a person resident outside India through capital instruments where such investment is less than ten percent of the post issue paid-up share capital on a fully diluted basis of a listed Indian company or less than ten percent of the paid-up value of each series of capital instrument of a listed Indian company.

- 2.1.21** *‘Foreign Portfolio Investor’* (FPI)¹ means a person registered in accordance with the provisions of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.

¹For details please refer to SEBI (FPI) Regulations, 2019, as amended from time to time and the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 as amended from time to time. Foreign Portfolio Investor/FPI wherever

- 2.1.22** *'FVCI'* means a Foreign Venture Capital Investor incorporated and established outside India and registered with the SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
- 2.1.23** *'Government Approval'* means the approval from the erstwhile Secretariat for Industrial Assistance (SIA), Department for Promotion of Industry and Internal Trade, Government of India and/ or the erstwhile Foreign Investment Promotion Board (FIPB) and/ or Competent Authority (Administrative Ministry/Department) of the Policy, as the case may be.
- 2.1.24** *'Government Route'* means the entry route through which investment by a person resident outside India requires prior Government approval and foreign investment received under this route shall be in accordance with the conditions stipulated by the Government in its approval
- 2.1.25** *'Group Company'* means two or more enterprises which, directly or indirectly, are in a position to:
- (i) exercise twenty-six percent or more of voting rights in other enterprise; or
 - (ii) appoint more than fifty percent of members of Board of Directors in the other enterprise.
- 2.1.26** *'Holding Company'* shall have the same meaning as assigned to it under the Companies Act, as amended from time to time.
- 2.1.27** *'Indian Company'* means a company incorporated in India under the Companies Act, as applicable.
- 2.1.28** *'Investment'* means to subscribe, acquire, hold or transfer any security or unit issued by a person resident in India.

Explanation:-

- (i) Investment shall include to acquire, hold or transfer depository receipts issued outside India, the underlying of which is a security issued by a person resident in India;
- (ii) for the purpose of LLP, investment shall mean capital contribution or acquisition or transfer of profit shares;

used in this document, shall have the meaning and implications as specified under the said regulations/Rules, particularly during the transition period as prescribed in these Regulations.

- 2.1.29** *'Investment Vehicle'* shall mean an entity registered and regulated under relevant regulations framed by SEBI or any other authority designated for the purpose and shall include (i) Real Estate Investment Trusts (REITs) governed by the SEBI (REITs) Regulations, 2014, (ii) Infrastructure Investment Trusts (InvIts) governed by the SEBI (InvIts) Regulations, 2014, and (iii) Alternative Investment Funds (AIFs) governed by the SEBI (AIFs) Regulations, 2012
- 2.1.30** *'Investing Company'* means an Indian Company holding only investments in other Indian company(ies), directly or indirectly, other than for trading of such holdings/securities.
- 2.1.31** *'Investment on repatriable basis'* means investment, the sale or maturity proceeds of which, net of taxes, are eligible to be repatriated out of India and the expression 'investment on non-repatriable basis' shall be construed accordingly.
- 2.1.32** *'Joint Venture'* (JV) means an Indian entity incorporated in accordance with the laws and regulations in India in whose capital a non-resident entity makes an investment.
- 2.1.33** *'Limited Liability Partnership or LLP'* means a Limited Liability Partnership firm, formed and registered under the Limited Liability Partnership Act, 2008.
- 2.1.34** *'Listed Indian company'* means an Indian company which has any of its equity instruments or debt instruments listed on a recognised stock exchange in India and the expression "unlisted Indian company" shall be construed accordingly.
- 2.1.35** *'Manufacture'*, with its grammatical variations, means a change in a non-living physical object or article or thing- (a) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or (b) bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure.
- 2.1.36** *'Non-resident entity'* means a 'person resident outside India' as defined under FEMA.
- 2.1.37** *'Non-Resident Indian'* (NRI) means an individual resident outside India who is a citizen of India.
- 2.1.38** *'OCI' or 'Overseas Citizen of India'* means an individual resident outside India who is registered as an Overseas Citizen of India Cardholder under section 7A of the Citizenship Act, 1955 (57 of 1955).
- 2.1.39** A company is considered as *'Owned'* by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian

companies, which are ultimately owned and controlled by resident Indian citizens. A Limited Liability Partnership will be considered as owned by resident Indian citizens if more than 50% of the investment in such an LLP is contributed by resident Indian citizens and/or entities which are ultimately 'owned and controlled by resident Indian citizens' and such resident Indian citizens and entities have majority of the profit share.

2.1.40 *'Person'* includes-

- (i) an individual,
- (ii) a Hindu undivided family,
- (iii) a company,
- (iv) a firm,
- (v) an association of persons or a body of individuals whether incorporated or not,
- (vi) every artificial juridical person, not falling within any of the preceding sub-clauses, and
- (vii) any agency, office, or branch owned or controlled by such person.

2.1.41 *'Person resident in India'* means-

- (i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include-
 - (A) A person who has gone out of India or who stays outside India, in either case-
 - (a) for or on taking up employment outside India, or
 - (b) for carrying on outside India a business or vocation outside India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
 - (B) A person who has come to or stays in India, in either case, otherwise than-
 - (a) for or on taking up employment in India; or
 - (b) for carrying on in India a business or vocation in India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
- (ii) any person or body corporate registered or incorporated in India,
- (iii) an office, branch or agency in India owned or controlled by a person resident outside India,

(iv) an office, branch or agency outside India owned or controlled by a person resident in India.

- 2.1.42** *'Person resident outside India'* means a person who is not a Person resident in India.
- 2.1.43** *'RBI'* means the Reserve Bank of India established under the Reserve Bank of India Act, 1934.
- 2.1.44** *'Resident Entity'* means 'Person resident in India' excluding an individual.
- 2.1.45** *'Resident Indian Citizen'* shall be interpreted in line with the definition of 'person resident in India' as per FEMA, 1999, read in conjunction with the Indian Citizenship Act, 1955.
- 2.1.46** *'SEBI'* means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- 2.1.47** *'SEZ'* means a Special Economic Zone as defined in Special Economic Zone Act, 2005.
- 2.1.48** *'Startup Company'* means a private company incorporated under the Companies Act, 2013 and identified under G.S.R. 127(E) dated 19th February, 2019 issued by the DPIIT, Ministry of Commerce and Industry.
- 2.1.49** *'Sweat Equity Shares'* means sweat equity shares defined under the Companies Act, 2013.
- 2.1.50** *'Total Foreign Investment'* means the total of foreign investment and indirect foreign investment and the same will be reckoned on a fully diluted basis.
- 2.1.51** *'Transferable Development Rights'* (TDR) shall have the meaning assigned to it in the regulations made under subsection (2) of section 6 of FEMA.
- 2.1.52** *'Unit'* shall mean beneficial interest of an investor in an Investment Vehicle
- 2.1.53** *'Venture Capital Fund'* (VCF) means a fund established in the form of a trust, a company including a body corporate and registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

CHAPTER 3: GENERAL CONDITIONS ON FDI

3.1 ELIGIBLE INVESTORS

- 3.1.1 (a) A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.
- (b) In the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the para 3.1.1(a), such subsequent change in beneficial ownership will also require Government approval.
- 3.1.2 NRIs resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in the capital of Indian companies on repatriation basis, subject to the condition that the amount of consideration for such investment shall be paid only by way of inward remittance in free foreign exchange through normal banking channels.
- 3.1.3 OCBs have been derecognized as a class of investors in India with effect from September 16, 2003. Erstwhile OCBs which are incorporated outside India and are not under the adverse notice of RBI can make fresh investments as incorporated non-resident entities in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.
- 3.1.4 A company, trust and partnership firm incorporated outside India and owned and controlled by NRIs can invest in India with the special dispensation as available to NRIs under the FDI Policy.
- 3.1.5 Foreign Portfolio Investors (FPI) may make investments in the manner and subject to the terms and conditions specified in Schedule II of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

- 3.1.6 Registered FPIs and NRIs can invest/trade through a registered broker in the capital of Indian Companies on recognised Indian Stock Exchanges as per the applicable Schedule under the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.
- 3.1.7 A Foreign Venture Capital Investor (FVCI) may make investments in the manner and subject to the terms and conditions specified in Schedule VII of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.
- 3.1.8 An NRI or an OCI may subscribe to National Pension System governed and administered by Pension Fund Regulatory and Development Authority (PFRDA), provided such subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act. The annuity/ accumulated saving will be repatriable.

3.2 ELIGIBLE INVESTEE ENTITIES

3.2.1 Indian Company

Indian companies can issue capital against FDI.

3.2.2 Partnership Firm/Proprietary Concern

- (i) A Non-Resident Indian (NRI) can invest in the capital of a firm or a proprietary concern in India on non-repatriation basis provided;
 - (a) Amount is invested by inward remittance or out of NRE/FCNR(B)/NRO account maintained with Authorized Dealers/ Authorized banks.
 - (b) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business or print media sector.
 - (c) Amount invested shall not be eligible for repatriation outside India.
- (ii) Investments with repatriation option: NRIs may seek prior permission of Reserve Bank for investment in sole proprietorship concerns/ partnership firms with repatriation option. The application will be decided in consultation with the Government of India.
- (iii) Investment by non-residents other than NRIs: A person resident outside India other than NRIs may make an application and seek prior approval of Reserve Bank for making investment in the capital of a firm or a proprietorship concern

or any association of persons in India. The application will be decided in consultation with the Government of India.

- (iv) Restrictions: An NRI is not allowed to invest in a firm or proprietorship concern engaged in any agricultural/plantation activity or real estate business or print media.

3.2.3 **Trusts**

Investment by a person resident outside India is not permitted in Trusts other than in 'VCF' registered and regulated by SEBI and 'Investment vehicle'.

3.2.4 **Limited Liability Partnerships (LLPs)**

Foreign Investment in LLPs is permitted subject to the following conditions:

- (i) Foreign Investment is permitted under the automatic route in Limited Liability Partnership (LLPs) operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions.
- (ii) An Indian company or an LLP, having foreign investment, is also permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route and there are no FDI-linked performance conditions.
- (iii) Conversion of an LLP having foreign investment and operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions, into a company is permitted under automatic route. Similarly, conversion of a company having foreign investment and operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions, into an LLP is permitted under automatic route.
- (iv) Foreign Investment in LLP is subject to the compliance of the conditions of LLP Act, 2008.

3.2.5 **Investment Vehicle**

An entity being 'investment vehicle' registered and regulated under relevant regulations framed by SEBI or any other authority designated for the purpose

including Real Estate Investment Trusts (REITs) governed by the SEBI (REITs) Regulations, 2014, Infrastructure Investment Trusts (InvIts) governed by the SEBI (InvIts) Regulations, 2014, Alternative Investment Funds (AIFs) governed by the SEBI (AIFs) Regulations, 2012 is permitted to receive foreign investment from a person resident outside India (other than an individual who is citizen of or any other entity which is registered / incorporated in Pakistan or Bangladesh) in the manner and subject to the terms and conditions specified under Schedule VIII of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

3.2.6 **Startup Companies**

Start-ups can issue equity or equity linked instruments or debt instruments to FVCI against receipt of foreign remittance, as per the Schedule VII of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. In addition, start-ups can issue convertible notes to person resident outside India subject to the following conditions:

- (i) A person resident outside India (other than an individual who is citizen of Pakistan or Bangladesh or an entity which is registered/incorporated in Pakistan or Bangladesh), may purchase convertible notes issued by an Indian startup company for an amount of twenty-five lakh rupees or more in a single tranche.

Explanation: For the purpose of this Regulation, a 'startup company' means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number G.S.R. 127(E) dated 19th February, 2019 issued by the DPIIT, Ministry of Commerce and Industry, and as amended from time to time.

- (ii) A startup company engaged in a sector where foreign investment requires Government approval may issue convertible notes to a non-resident only with approval of the Government.

Explanation: For the purpose of this regulation, the issue of shares against such convertible notes shall have to be in accordance with the Schedule I of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

- (iii) A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE / FCNR (B) / Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

Provided that an escrow account for the above purpose shall be closed immediately after the requirements are completed or within a period of six

months, whichever is earlier. However, in no case continuance of such escrow account shall be permitted beyond a period of six months.

- (iv) NRIs may acquire convertible notes on non-repatriation basis in accordance with Schedule IV of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.
- (v) A person resident outside India may acquire or transfer, by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance applicable pricing guidelines under FEMA. Prior approval from the Government shall be obtained for such acquisitions or transfers in case the startup company is engaged in a sector which requires Government approval.
- (vi) The startup company issuing convertible notes shall be required to furnish reports as prescribed by the RBI.

3.2.7 Other Entities

FDI in resident entities other than those mentioned above is not permitted.

3.3 INSTRUMENTS OF INVESTMENTS, ISSUE/TRANSFER OF SHARES ETC.

- 3.3.1 Types of instruments for investment and provisions relating to issue/ transfer of shares are given at **Annexure 1** & **Annexure 2** respectively. Further, specific conditions of compliance for certain cases are given in **Annexure-3**.

3.4 ENTRY ROUTES FOR INVESTMENT

- 3.4.1 Investments can be made by non-residents in the equity shares/ fully, compulsorily and mandatorily convertible debentures/ fully, compulsorily and mandatorily convertible preference shares of an Indian company, through the Automatic Route or the Government Route. Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment. Under the Government Route, prior approval of the Government of India is required. Proposals for foreign investment under Government Route, are considered by respective Administrative Ministry/ Department.
- 3.4.2 Foreign investment in sectors/ activities under government approval route will be subject to government approval where:
 - (i) An Indian company is being established with foreign investment and is not owned by a resident entity or

- (ii) An Indian company is being established with foreign investment and is not controlled by a resident entity or
- (iii) The control of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/ passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition etc. or
- (iv) The ownership of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/ passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition etc.
- (v) It is clarified that foreign investment shall include all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedule I (FDI), II (FPI), III (NRI), VI (LLPs), VII (FVCI), VIII(Investment Vehicles) and IX (DRs) of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. FCCBs and DRs having underlying of instruments which can be issued under Schedule IX, being in the nature of debt, shall not be treated as foreign investment. However, any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment.
- (vi) Investment by NRIs under Schedule IV of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will be deemed to be domestic investment at par with the investment made by residents.
- (vii) A company, trust and partnership firm incorporated outside India and owned and controlled by non-resident Indians will be eligible for investments under Schedule IV of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and such investment will also be deemed domestic investment at par with the investment made by residents.

3.5 CAPS ON INVESTMENTS

- 3.5.1 Investments can be made by person resident outside India in the capital of a resident entity only to the extent of the percentage of the total capital as specified in the FDI policy. The caps in various sector(s) are detailed in Chapter 5 of this Circular.

3.6 ENTRY CONDITIONS ON INVESTMENT

- 3.6.1 Investments by non-residents can be permitted in the capital of a resident entity in certain sectors/activity with entry conditions. Such conditions may include norms for minimum capitalization, lock-in period, etc. The entry conditions in various sectors/activities are detailed in Chapter 5 of this Circular.

3.7 OTHER CONDITIONS ON INVESTMENT BESIDES ENTRY CONDITIONS

- 3.7.1 Besides the entry conditions on foreign investment, the investment/investors are required to comply with all relevant sectoral laws, regulations, rules, security conditions, and state/local laws/regulations.
- 3.7.2 Establishment of branch office, liaison office or project office or any other place of business in India shall be governed by the Foreign Exchange Management (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations, 2016. Further, acquisition or transfer of immovable property in India by citizens of certain countries shall be regulated as per the relevant provisions under the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.

3.8 FOREIGN INVESTMENT INTO/DOWNSTREAM INVESTMENT BY ELIGIBLE INDIAN ENTITIES

- 3.8.1 The Guidelines for calculation of total foreign investment, both direct and indirect in an Indian company/LLP, at every stage of investment, including downstream investment, have been detailed in **Annexure-4**.
- 3.8.2 For the purpose of this chapter,
- (i) 'Downstream investment' means indirect foreign investment, by an eligible Indian entity, into another Indian Company/LLP, by way of subscription or

acquisition. Annexure-4 provides the guidelines for calculation of indirect foreign investment, with conditions specified in paragraph 1.2 (v).

(ii) 'Foreign Investment' would have the same meaning as in Annexure-4.

3.8.3 Foreign investment into an Indian company engaged only in the activity of investing in the capital of other Indian company(ies) (regardless of its ownership or control):

3.8.3.1 Foreign Investment in Investing Companies registered as Non-Banking Financial Companies (NBFC) with the RBI, being overall regulated, would be under 100% automatic route.

3.8.3.2 Foreign Investment in Core Investment Companies (CICs) and other investing companies, engaged in the activity of investing in the capital of other Indian company(ies)/LLPs, is permitted under Government approval route. CICs will have to additionally follow RBI's regulatory framework for CICs.

3.8.3.3 For undertaking activities which are under automatic route and without foreign investment linked performance conditions, Indian company which does not have any operations and also does not have any downstream investments, will be permitted to have infusion of foreign investment under automatic route. However, approval of the Government will be required for such companies for infusion of foreign investment for undertaking activities which are under Government route, regardless of the amount or extent of foreign investment. Further, as and when such a company commences business(s) or makes downstream investment, it will have to comply with the relevant sectoral conditions on entry route, conditionalities and caps.

Note: Foreign investment into other Indian companies/LLPs would be in accordance/compliance with the relevant sectoral conditions on entry route, conditionalities and caps.

3.8.4 Downstream investment by an eligible Indian entity which is not owned and/or controlled by resident entity(ies)

3.8.4.1 Downstream investment by an eligible Indian entity, which is not owned and/or controlled by resident entity(ies), into another Indian company, would be in accordance/compliance with the relevant sectoral conditions on entry route,

conditionalities and caps, with regard to the sectors in which the latter Indian company is operating.

Note: Downstream investment/s made by a banking company, as defined in clause(c) of Section 5 of the Banking Regulation Act, 1949, incorporated in India, which is owned and/or controlled by non-residents/a non-resident entity/non-resident entities, under Corporate Debt Restructuring (CDR), or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

3.8.4.2 Downstream investments by eligible Indian entities/LLPs will be subject to the following conditions:

- (i) Such an entity is required to notify its downstream investment to RBI in Form DI as well as on Foreign Investment Facilitation Portal in the form available at www.fifp.gov.in within 30 days of such investment, even if capital instruments have not been allotted along with the modality of investment in new/existing ventures (with/without expansion programme);
- (ii) Downstream investment by way of induction of foreign investment in an existing Indian Company to be duly supported by a resolution of the Board of Directors as also a share-holders agreement, if any;
- (iii) Issue/transfer/pricing/valuation of capital shall be in accordance with applicable FEMA/SEBI guidelines;
- (iv) For the purpose of downstream investment, the eligible Indian entities making the downstream investments would have to bring in requisite funds from abroad and not leverage funds from the domestic market. This would, however, not preclude downstream companies/LLPs, with operations, from raising debt in the domestic market. Downstream investments through internal accruals are permissible, subject to the provisions of paragraphs 3.8.3 and 3.8.4.1. For the purposes of foreign investment policy, internal accruals will mean as profits transferred to reserve account after payment of taxes.

3.9 REMITTANCE, REPORTING AND VIOLATION

- 3.9.1 The Government has provided elaborated scheme for remittance, reporting and violation of FDI policy. These are available at [Annexure-5](#).

CHAPTER 4: PROCEDURE FOR GOVERNMENT APPROVAL

4.1 COMPETENT AUTHORITY

4.1.1 Following are the Competent Authorities for grant of approval for foreign investment for sectors/activities requiring Government approval:

S. No.	Activity/ sector	Administrative Ministry/ Department
(i)	Mining	Ministry of Mines
(ii)	Defence	
	a) Items requiring Industrial Licence under the Industries (Development & Regulation) Act, 1951, and/or Arms Act, 1959 for which the powers have been delegated by Ministry of Home Affairs to DPIIT	Department of Defence Production, Ministry of Defence
	b) Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959	Ministry of Home Affairs
(iii)	Broadcasting	Ministry of Information & Broadcasting
(iv)	Print Media/Digital Media	
(v)	Civil Aviation	Ministry of Civil Aviation
(vi)	Satellites	Department of Space
(vii)	Telecommunication	Department of Telecommunications
(viii)	Private Security Agencies	Ministry of Home Affairs
(ix) (a)	Applications involving investments from an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country {as required in terms of Press Note 3 of 2020 read with Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 dated 22.04.2020}	Concerned Administrative Ministry/Department as identified by the DPIIT

(ix)(b)	Cases pertaining to sectors/activities under Government approval route requiring security clearance as per the extant Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, FDI Policy and security guidelines, as amended from time to time	Nodal Administrative Ministries/Departments
(x)	Trading (Multi Brand Retail Trading and Food Product retail trading)	Department for Promotion of Industry and Internal Trade
(xi)	FDI proposals by Non-Resident Indians (NRIs)/ Export Oriented Units requiring approval of the Government	Concerned Administrative Ministry/Department as identified by the DPIIT
(xii)	Applications relating to issue of equity shares under the FDI policy under the Government route for import of capital goods/machinery/equipment (excluding second-hand machinery)	
(xiii)	Applications relating to issue of equity shares for pre-operative/pre-incorporation expenses (including payments of rent etc.)	
(xiv)	Financial services activity which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight	Department of Economic Affairs
(xv)	Applications for foreign investment into a Core Investment Company or an Indian company engaged only in the activity of investing in the capital of other India Company(ies)	
(xvi)	Banking (Public and Private)	Department of Financial Services
(xvii)	Pharmaceuticals	Department of Pharmaceuticals

4.1.2 In respect of sectors/activities which are presently under automatic route but required Government approval earlier as per the extant policy during the relevant

period, concerned administrative Ministry/Department would be the Competent Authorities for the grant of post-facto approval for foreign investment.

- 4.1.3 In respect of applications in which there is a doubt about the Administrative Ministry/Department concerned, DPIIT shall identify the Administrative Ministry/Department where the application will be processed.
- 4.1.4 Proposals for foreign investment would be examined by Competent Authorities as per the Standard Operating Procedure laid down by DPIIT (available at <http://www.fifp.gov.in/Forms/SOP.pdf>).
- 4.1.5 In case of proposals involving total foreign equity inflow of more than Rs 5000 crore, Competent Authority shall place the same for consideration of Cabinet Committee on Economic Affairs (CCEA).
- 4.1.6 The CCEA would also consider the proposals which may be referred to it by the Minister-in-charge of the concerned Competent Authority.
- 4.1.7 In respect of proposals where the Competent Authority proposes to reject the proposals or in cases where conditions for approval are stipulated in addition to the conditions laid down in the FDI policy or sectoral laws/regulations, concurrence of DPIIT shall compulsorily be sought by the Competent Authority.²
- 4.1.8 The monitoring of the compliance of conditions under the FDI approvals, including the past cases approved by the Government, shall be done by the concerned Administrative Ministries/Departments.

4.2 CASES WHICH DO NOT REQUIRE FRESH APPROVAL

- 4.2.1 Companies may not require fresh approval of the Government for bringing in additional foreign investment into the same entity, in the following cases:
 - (i) Entities, the activities of which had earlier required the prior approval of the Government and which had, accordingly, earlier obtained the prior approval of the Government for their initial foreign investment but subsequently such activities/sectors have been placed under automatic route;
 - (ii) Entities, the activities of which had sectoral caps earlier and which had, accordingly, earlier obtained the prior approval of the Government for their

² Please refer to clarification dated 27.04.2018 issued by DPIIT in this regard which can be accessed at https://fifp.gov.in/Forms/SOP_Clarification.pdf

initial foreign investment but subsequently such caps were removed/increased and the activities placed under the automatic route; provided that such additional investment along with the initial/original investment does not exceed the sectoral caps;

- (iii) Additional foreign investment into the same entity where the prior approval of the Government had been obtained earlier for the initial/original foreign investment due to requirements of Press Note 18 of 1998 or Press Note 1 of 2005 and the prior approval of the Government under the FDI policy is not required for any other reason/purpose; and
- (iv) Additional foreign investment up to cumulative amount of Rs 5000 crore into the same entity within an approved foreign equity percentage/or into a wholly owned subsidiary.

4.3 ONLINE FILING OF APPLICATIONS FOR GOVERNMENT APPROVAL

- 4.3.1 Guidelines for e-filing of applications, filing of amendment applications and instructions to applicants are available at the Foreign Investment Facilitation Portal (www.fifp.gov.in).

CHAPTER 5: SECTOR SPECIFIC CONDITIONS ON FDI

5.1 PROHIBITED SECTORS

FDI is prohibited in:

- a) Lottery Business including Government/private lottery, online lotteries, etc.
- b) Gambling and Betting including casinos etc.
- c) Chit funds
- d) Nidhi company
- e) Trading in Transferable Development Rights (TDRs)
- f) Real Estate Business or Construction of Farm Houses
'Real estate business' shall not include development of townships, construction of residential /commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations 2014.
- g) Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- h) Activities/sectors not open to private sector investment e.g.(I) Atomic Energy and (II) Railway operations (other than permitted activities mentioned in para 5.2).

Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business, Gambling and Betting activities.

5.2 PERMITTED SECTORS

- a) In the following sectors/activities, FDI up to the limit indicated against each sector/activity is allowed, subject to applicable laws/regulations; security and other conditionalities. In sectors/activities not listed below, FDI is permitted up to 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities. Wherever there is a requirement of minimum capitalization, it shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor. Amount

paid by the transferee during post-issue transfer of shares beyond the issue price of the share, cannot be taken into account while calculating minimum capitalization requirement.

- b) Sectoral cap i.e. the maximum amount which can be invested by foreign investors in an entity, unless provided otherwise, is composite and includes all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedules I (FDI), II (FPI), III (NRI), VI (LLPs), VII (FVCI), VIII (Investment Vehicles), and IX (DRs), respectively, of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. FCCBs and DRs having underlying of instruments which can be issued under Schedule IX, being in the nature of debt, shall not be treated as foreign investment. However, any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.
- c) Foreign investment in sectors under Government approval route resulting in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities will be subject to Government approval. Foreign investment in sectors under automatic route but with conditionalities, resulting in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities, will be subject to compliance of such conditionalities.
- d) The sectors which are already under 100% automatic route and are without conditionalities would not be affected.
- e) Notwithstanding anything contained in paragraphs a) and c) above, portfolio investment, up to aggregate foreign investment level as permitted under Schedule II of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will not be subject to either Government approval or compliance of sectoral conditions, as the case may be, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as laid down in the FDI policy.
- f) Total foreign investment, direct and indirect, in an entity will not exceed the sectoral/statutory cap.

- g) Any existing foreign investment already made in accordance with the policy in existence would not require any modification to conform to amendments introduced through Press Note 8 (2015 Series).
- h) Wherever the foreign investor wishes to specify a particular auditor/audit firm having international network for the Indian investee company, then audit of such investee companies should be carried out as joint audit wherein one of the auditors should not be part of the same network.
- i) The onus of compliance of above provisions will be on the investee company.

AGRICULTURE

5.2.1 AGRICULTURE & ANIMAL HUSBANDRY

Sector/Activity	% of Equity/ FDI Cap	Entry Route
a) Floriculture, Horticulture, and Cultivation of Vegetables & Mushrooms under controlled conditions; b) Development and Production of seeds and planting material; c) Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, Apiculture; and d) Services related to agro and allied sectors	100%	Automatic
Note: Besides the above, FDI is not allowed in any other agricultural sector/activity		

5.2.1.1 OTHER CONDITIONS

- I. The term “under controlled conditions” covers the following:
 - (i) ‘Cultivation under controlled conditions’ for the categories of floriculture, horticulture, cultivation of vegetables and mushrooms is the practice of cultivation wherein rainfall, temperature, solar radiation, air humidity and culture medium are controlled

artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro-climatic conditions are regulated anthropogenically.

5.2.2 PLANTATION SECTOR

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.2.1 (i) Tea sector including tea plantations (ii) Coffee plantations (iii) Rubber plantations (iv) Cardamom plantations (v) Palm oil tree plantations (vi) Olive oil tree plantations Note: Besides the above, FDI is not allowed in any other plantation sector/activity.	100%	Automatic

5.2.2.2 OTHER CONDITION

Prior approval of the State Government concerned is required in case of any future land use change.

MINING AND PETROLEUM & NATURAL GAS

5.2.3 MINING

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.3.1 Mining and Exploration of metal and non-metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; subject to the Mines and Minerals (Development & Regulation) Act, 1957.	100%	Automatic
5.2.3.2 Coal & Lignite	100%	Automatic

<p>(1) Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957.</p> <p>(2) Setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.</p> <p>(3) For sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time and other relevant Acts on the subject.</p>		
<p>5.2.3.3 Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities 5.2.3.3.1 Mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957).</p>	100%	Government

5.2.3.3.2 OTHER CONDITIONS

- (i) FDI for separation of titanium bearing minerals & ores will be subject to the following additional conditions viz.:

- (A) value addition facilities are set up within India along with transfer of technology;
- (B) disposal of tailings during the mineral separation shall be carried out in accordance with Rules framed by the Atomic Energy Regulatory Board such as Atomic Energy (Radiation Protection) Rules, 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987.
- (ii) FDI will not be allowed in mining of “prescribed substances” listed in the Notification No. S.O. 61(E), dated 18.1.2006, issued by the Department of Atomic Energy.
- (iii) “Associated Processing Infrastructure” as contained at Para 5.2.3.2 above includes coal washery, crushing, coal handling, and separation (magnetic and non-magnetic)

CLARIFICATION:

- (1) For titanium bearing ores such as Ilmenite, Leucoxene and Rutile, manufacture of titanium dioxide pigment and titanium sponge constitutes value addition. Ilmenite can be processed to ‘produce’ Synthetic Rutile or Titanium Slag as an intermediate value-added product.
- (2) The objective is to ensure that the raw material available in the country is utilized for setting up downstream industries and the technology available internationally is also made available for setting up such industries within the country. Thus, if with the technology transfer, the objective of the FDI Policy can be achieved, the conditions prescribed at (i) (A) above shall be deemed to be fulfilled.

5.2.4 PETROLEUM & NATURAL GAS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.4.1 Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG Regasification infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector	100%	Automatic

and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies.		
5.2.4.2 Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic

MANUFACTURING

5.2.5 MANUFACTURING

5.2.5.1 Subject to the provisions of the FDI policy, foreign investment in ‘manufacturing’ sector is under automatic route. Manufacturing activities may be either self-manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval.

5.2.5.2 Notwithstanding the FDI policy provisions on trading sector, 100% FDI under Government approval route is allowed for retail trading, including through e-commerce, in respect of food products manufactured and/or produced in India.

5.2.6 DEFENCE

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.6.1 Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951 and Manufacturing of small arms and ammunition under the Arms Act, 1959	100%	Automatic up to 74% Government route beyond 74% wherever it is likely to result in access to modern technology or for

		other reasons to be recorded
--	--	------------------------------

5.2.6.2 OTHER CONDITIONS

- (i) FDI up to 74% under automatic route shall be permitted for companies seeking new industrial licenses.
- (ii) Infusion of fresh foreign investment up to 49%, in a company not seeking industrial license or which already has Government approval for FDI in Defence, shall require mandatory submission of a declaration with the Ministry of Defence in case change in equity /shareholding pattern or transfer of stake by existing investor to new foreign investor for FDI up to 49%, within 30 days of such change. Proposal for raising FDI beyond 49% from such companies will require Government approval.
- (iii) Licence applications will be considered by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.
- (iv) Foreign investment in the sector is subject to security clearance by the Ministry of Home Affairs and as per guidelines of the Ministry of Defence.
- (v) Investee company should be structured to be self-sufficient in the areas of product design and development. The investee/joint venture company along with the manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.
- (vi) Foreign Investments in the Defence Sector shall be subject to scrutiny on grounds of National Security and Government reserves the right to review any foreign investment in the Defence Sector that affects or may affect national security.

SERVICES SECTOR

5.2.7 BROADCASTING

5.2.7.1 BROADCASTING CARRIAGE SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.7.1.1 (1)Teleports (setting up of up-linking HUBs/ Teleports); (2)Direct to Home (DTH); (3)Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability); (4)Mobile TV ; (5)Headend-in-the Sky Broadcasting Service (HITS)	100%	Automatic
5.2.7.1.2 Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))	100%	Automatic
Note: Infusion of fresh foreign investment, beyond 49% in a company not seeking license/permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require Government approval.		

5.2.7.2 BROADCASTING CONTENT SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.7.2.1 Terrestrial Broadcasting FM (FM Radio), subject to such terms and conditions, as specified from time to time, by Ministry of Information & Broadcasting, for grant of permission for setting up of FM Radio stations	49%	Government
5.2.7.2.2 Up-linking of 'News & Current Affairs' TV Channels	49%	Government
5.2.7.2.3 Uploading/Streaming of News & Current Affairs through Digital Media	26%	Government
5.2.7.2.4 Up-linking of Non- 'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Automatic

5.2.7.3 Detailed guidelines on the Broadcasting Sector are given in **Annexure-6**.

5.2.8 PRINT MEDIA

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.8.1 Publishing of newspaper and periodicals dealing with news and current affairs	26%	Government
5.2.8.2 Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Government

5.2.8.2.1 OTHER CONDITIONS

(i) 'Magazine', for the purpose of these guidelines, will be defined as a periodical publication, brought out on non-daily basis, containing public news or comments on public news.

(ii) Foreign investment would also be subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news and current affairs issued by the Ministry of Information & Broadcasting on 4.12.2008, as amended from time to time.

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.8.3 Publishing/printing of scientific and technical magazines/specialty journals/ periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%	Government
5.2.8.4 Publication of facsimile edition of foreign newspapers	100%	Government
5.2.8.4.1 Other Conditions (i) FDI should be made by the owner of the original foreign newspapers whose facsimile edition is proposed to be brought out in India. (ii) Publication of facsimile edition of foreign newspapers can be undertaken only by an entity incorporated or registered in India under the provisions of the Companies Act, as applicable. (iii) Publication of facsimile edition of foreign newspaper would also be subject to the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31.3.2006, as amended from time to time.		

5.2.9 CIVIL AVIATION

5.2.9.1 AIRPORTS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
(a) Greenfield projects	100%	Automatic
(b) Existing projects	100%	Automatic

5.2.9.2 AIR TRANSPORT SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
(1) (a) Scheduled Air Transport Service*/ Domestic Scheduled Passenger Airline (b) Regional Air Transport Service	100%	Automatic up to 49% (Automatic up to 100% for NRIs) Government route beyond 49%
(2) Non-Scheduled Air Transport Services	100%	Automatic
(3) Helicopter services/seaplane services requiring DGCA approval	100%	Automatic

**As per Schedule XI of Aircraft Rules, 1937, Air Operator Certificate to operate Scheduled air transport services (including Domestic Scheduled Passenger Airline or Regional Air Transport Service) may be granted to a company or a body corporate provided that: -*

- (a) it is registered and has its principal place of business within India;*
- (b) the Chairman and at least two-thirds of its Directors are citizens of India; and*
- (c) its substantial ownership and effective control is vested in Indian nationals*

5.2.9.3 OTHER SERVICES UNDER CIVIL AVIATION SECTOR

Sector/Activity	% of Equity/ FDI Cap	Entry Route
(1) Ground Handling Services subject to sectoral regulations and security clearance	100%	Automatic
(2) Maintenance and Repair organizations; flying training institutes; and technical training institutions.	100%	Automatic

DEFINITIONS: The Civil Aviation sector includes Airports, Scheduled and Non-Scheduled domestic passenger airlines, Helicopter services/Seaplane services, Ground Handling Services, Maintenance and Repair organizations; Flying training institutes; and Technical training institutions.

For the purposes of the Civil Aviation sector:

- (i) “Airport” means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;
- (ii) “Aerodrome” means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure of aircraft, and includes all buildings, sheds, vessels, piers and other structures thereon or pertaining thereto;
- (iii) “Air transport service” means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or series of flights;
- (iv) “Air Transport Undertaking” means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward;
- (v) “Aircraft component” means any part, the soundness and correct functioning of which, when fitted to an aircraft, is essential to the continued airworthiness or safety of the aircraft and includes any item of equipment;
- (vi) “Helicopter” means a heavier-than-air aircraft supported in flight by the reactions of the air on one or more power driven rotors on substantially vertical axis;

- (vii) “Scheduled air transport service” means an air transport service undertaken between the same two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognizably systematic series, each flight being open to use by members of the public;
- (viii) “Non-Scheduled air transport service” means any service which is not a scheduled air transport service;
- (ix) “Seaplane” means an aeroplane capable normally of taking off from and alighting solely on water;
- (x) “Ground Handling” means (i) ramp handling, (ii) traffic handling both of which shall include the activities as specified by the Ministry of Civil Aviation through the Aeronautical Information Circulars from time to time, and (iii) any other activity specified by the Central Government to be a part of either ramp handling or traffic handling.

OTHER CONDITIONS

- (a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services.
- (b) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services, as per the limits and entry routes mentioned above.
- (c) Foreign airlines are also allowed to invest in the capital of Indian companies, operating scheduled and non-scheduled air transport services, up to the limit of 49% of their paid-up capital. Such investment would be subject to the following conditions:
 - (i) It would be made under the Government approval route,
 - (ii) The 49% limit will subsume FDI and FPI investment,
 - (iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations,

- (iv) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment and
 - (v) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation.
- (d) In addition to the above conditions, foreign investment in M/s Air India Ltd. shall be subject to the following conditions:
- (i) Foreign investment(s) in M/s Air India Ltd., including that of foreign airline(s) shall not exceed 49% either directly or indirectly except in case of those NRIs, who are Indian Nationals, where foreign investment(s) is permitted up to 100% under automatic route.
 - (ii) Substantial ownership and effective control of M/s Air India Ltd. shall continue to be vested in Indian Nationals as stipulated in Aircraft Rules, 1937.
- (e) FDI in Civil Aviation is subject to provisions of Aircraft Rules, 1937, as amended from time to time.

NOTE:

- (i) The FDI limits/entry routes mentioned at paragraph 5.2.9.2(1) and 5.2.9.2 (2) above, are applicable in the situation where there is no investment by foreign airline. Any investment by foreign airlines in companies operating in Air Transport Services, including in M/s Air India Limited, shall be subject to para (b) and (c) above.
- (ii) The dispensation for those NRIs, who are Indian Nationals regarding FDI up to 100% will also continue in respect of the investment regime specified at para (c) (ii) and (d) above.

5.2.10 CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.10.1	100%	Automatic

Construction-development projects (which would include development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships)		
---	--	--

5.2.10.2

Each phase of the construction development project would be considered as a separate project for the purposes of FDI policy. Investment will be subject to the following conditions:

- (A) (i) The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage.
- (ii) Notwithstanding anything contained at (A) (i) above, a foreign investor will be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock-in-period of three years, calculated with reference to each tranche of foreign investment has been completed. Further, transfer of stake from one non-resident to another non-resident, without repatriation of investment will neither be subject to any lock-in period nor to any government approval.
- (B) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.
- (C) The Indian investee company will be permitted to sell only developed plots. For the purposes of this policy “developed plots” will mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available.
- (D) The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/Municipal/Local Body concerned.

(E) The State Government/Municipal/Local Body concerned, which approves the building/development plans, will monitor compliance of the above conditions by the developer.

NOTE:

- (i) It is clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs).

“Real estate business” means dealing in land and immovable property with a view to earning profit there from and does not include development of townships, construction of residential/ commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships. Further, earning of rent/ income on lease of the property, not amounting to transfer, will not amount to real estate business.

- (ii) Condition of lock-in period at (A) above will not apply to Hotels & Tourist Resorts, Hospitals, Special Economic Zones (SEZs), Educational Institutions, Old Age Homes and investment by NRIs.

- (iii) Completion of the project will be determined as per the local bye-laws/rules and other regulations of State Governments.

- (iv) It is clarified that 100% FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres. Consequent to foreign investment, transfer of ownership and/or control of the investee company from residents to non-residents is also permitted. However, there would be a lock-in-period of three years, calculated with reference to each tranche of FDI, and transfer of immovable property or part thereof is not permitted during this period.

- (v) “Transfer”, in relation to FDI policy on the sector, includes –

- (a) the sale, exchange or relinquishment of the asset; or
- (b) the extinguishment of any rights therein; or
- (c) the compulsory acquisition thereof under any law; or

(d) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); or

(e) any transaction, by acquiring shares in a company or by way of any agreement or any arrangement or in any other manner whatsoever, which has the effect of transferring, or enabling the enjoyment of, any immovable property.

(vi) Notwithstanding anything contained in Para 5.2.10 above, it is clarified that real-estate broking service does not amount to real estate business and 100% foreign investment is allowed in the activity under automatic route.

5.2.11 INDUSTRIAL PARKS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Industrial Parks -new and existing	100%	Automatic

5.2.11.1 Other conditions for investment in Industrial Parks are at **Annexure-7**.

5.2.12 SATELLITES- ESTABLISHMENT AND OPERATION

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Satellites- establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO	100%	Government

5.2.13 PRIVATE SECURITY AGENCIES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Private Security Agencies	74%	Automatic up to 49% Government

		route beyond 49% and up to 74%
--	--	--------------------------------------

5.2.13.1 OTHER CONDITIONS

(1) FDI in Private Security Agencies is subject to compliance with Private Security Agencies (Regulation) (PSAR) Act, 2005, as amended from time to time.

(2) For the purposes of FDI policy on the sector, terms "Private Security Agencies", "Private Security" and "Armoured Car Service" will have the same meaning as provided under PSAR Act, 2005, which is reproduced as under:

"Private Security Agency" means a person or body of persons other than a government agency, department or organisation engaged in the business of providing private security services including training to private security guards or their supervisor or providing private security guards to any industrial or business undertaking or a company or any other person or property;

"Private Security" means security provided by a person, other than a public servant, to protect or guard any person or property or both and includes provision of armoured car service;

"Armoured Car Service" means the service provided by deployment of armed guards along with armoured car and such other related services which may be notified by the Central Government or as the case may be, the State Government from time to time.

5.2.14 TELECOM SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Telecom Services (including Telecom Infrastructure Providers Category-I)	100%	Automatic up to 49%
All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified Access Services, Unified License (Access Services), Unified License, National/International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services		Government route beyond 49%

(PMRTS), Global Mobile Personal Communications Services (GMPCS), All types of ISP licenses, Voice Mail/Audiotex/UMS, Resale of IPLC, Mobile Number Portability Services, Infrastructure Provider Category-I (providing dark fibre, right of way, duct space, tower) except Other Service Providers.		
---	--	--

5.2.14.1 OTHER CONDITION

FDI in Telecom sector is subject to observance of licensing and security conditions by licensee as well as investors as notified by the Department of Telecommunications (DoT) from time to time, except “Other Service Providers”, which are allowed 100% FDI on the automatic route.

5.2.15 TRADING

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.15.1 Cash & Carry Wholesale Trading/Wholesale Trading (including sourcing from MSEs)	100%	Automatic

5.2.15.1.1 DEFINITION: Cash & Carry Wholesale trading/Wholesale trading, would mean sale of goods/merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers. Wholesale trading would, accordingly, imply sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. The yardstick to determine whether the sale is wholesale or not would be the type of customers to whom the sale is made and not the size and volume of sales. Wholesale trading would include resale, processing and thereafter sale, bulk imports with ex-port/ex-bonded warehouse business sales and B2B e-Commerce.

5.2.15.1.2 GUIDELINES FOR CASH & CARRY WHOLESALE TRADING/WHOLESALE TRADING (WT):

- (a) For undertaking WT, requisite licenses/registration/ permits, as specified under the relevant Acts/Regulations/Rules/Orders of the State Government/Government Body/Government Authority/Local Self-Government Body under that State Government should be obtained.
- (b) Except in case of sales to Government, sales made by the wholesaler would be considered as 'cash & carry wholesale trading/wholesale trading' with valid business customers, only when WT are made to the following entities:
 - (I) Entities holding applicable tax registration; or
 - (II) Entities holding trade licenses i.e. a license/registration certificate/membership certificate/registration under Shops and Establishment Act, issued by a Government Authority/Government Body/Local Self-Government Authority, reflecting that the entity/person holding the license/ registration certificate/ membership certificate, as the case may be, is itself/ himself/herself engaged in a business involving commercial activity; or
 - (III) Entities holding permits/license etc. for undertaking retail trade (like tehbazari and similar license for hawkers) from Government Authorities/Local Self Government Bodies; or
 - (IV) Institutions having certificate of incorporation or registration as a society or registration as public trust for their self-consumption.

Note: An entity, to whom WT is made, may fulfill any one of the 4 conditions at (b) (I) to (IV) above.

- (c) Full records indicating all the details of such sales like name of entity, kind of entity, registration/license/ permit etc. number, amount of sale etc. should be maintained on a day to day basis.
- (d) WT of goods would be permitted among companies of the same group. However, such WT to group companies taken together should not exceed 25% of the total turnover of the wholesale venture.
- (e) WT can be undertaken as per normal business practice, including extending credit facilities subject to applicable regulations.

(f) A wholesale/cash & carry trader can undertake retail trading, subject to the conditions as applicable. An entity undertaking wholesale/cash and carry as well as retail business will be mandated to maintain separate books of accounts for these two arms of the business and duly audited by the statutory auditors. Conditions of the FDI policy for wholesale/cash and carry business and for retail business have to be separately complied with by the respective business arms.

5.2.15.2 E-COMMERCE ACTIVITIES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
E-commerce activities	100%	Automatic

5.2.15.2.1 Subject to provisions of FDI Policy, e-commerce entities would engage only in Business to Business (B2B) e-commerce and not in Business to Consumer (B2C) e-commerce.

5.2.15.2.2 DEFINITIONS:

- i) **E-commerce-** E-commerce means buying and selling of goods and services including digital products over digital & electronic network.
- ii) **E-commerce entity-** E-commerce entity means a company incorporated under the Companies Act 1956 or the Companies Act 2013 or a foreign company covered under section 2 (42) of the Companies Act, 2013 or an office, branch or agency in India as provided in section 2 (v) (iii) of FEMA 1999, owned or controlled by a person resident outside India and conducting the e-commerce business.
- iii) **Inventory based model of e-commerce-** Inventory based model of e-commerce means an e-commerce activity where inventory of goods and services is owned by e-commerce entity and is sold to the consumers directly.
- iv) **Marketplace based model of e-commerce-** Marketplace based model of e-commerce means providing of an information technology platform by an e-commerce entity on a digital & electronic network to act as a facilitator between buyer and seller.

5.2.15.2.3 GUIDELINES FOR FOREIGN DIRECT INVESTMENT ON E-COMMERCE SECTOR

- i) 100% FDI under automatic route is permitted in marketplace model of e-commerce.

- ii) FDI is not permitted in inventory-based model of e-commerce.

5.2.15.2.4 OTHER CONDITIONS

- i) Digital & electronic network will include network of computers, television channels and any other internet application used in automated manner such as web pages, extranets, mobiles etc.
- ii) Marketplace e-commerce entity will be permitted to enter into transactions with sellers registered on its platform on B2B basis.
- iii) E-commerce marketplace may provide support services to sellers in respect of warehousing, logistics, order fulfillment, call centre, payment collection and other services.
- iv) E-commerce entity providing a marketplace will not exercise ownership or control over the inventory i.e. goods purported to be sold. Such an ownership or control over the inventory will render the business into inventory-based model. Inventory of a vendor will be deemed to be controlled by e-commerce marketplace entity if more than 25% of purchases of such vendor are from the marketplace entity or its group companies.
- v) An entity having equity participation by e-commerce marketplace entity or its group companies, or having control on its inventory by e-commerce marketplace entity or its group companies, will not be permitted to sell its products on the platform run by such marketplace entity.
- vi) In marketplace model goods/services made available for sale electronically on website should clearly provide name, address and other contact details of the seller. Post sales, delivery of goods to the customers and customer satisfaction will be responsibility of the seller.
- vii) In marketplace model, payments for sale may be facilitated by the e-commerce entity in conformity with the guidelines of the Reserve Bank of India.
- viii) In marketplace model, any warrantee/ guarantee of goods and services sold will be responsibility of the seller.
- ix) E-commerce entities providing marketplace will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field. Services should be provided by e-commerce marketplace entity or other entities in which e-commerce marketplace entity has direct or indirect equity participation or common

control, to vendors on the platform at arm's length and in a fair and non-discriminatory manner. Such services will include but not limited to fulfilment, logistics, warehousing, advertisement/ marketing, payments, financing etc. Cash back provided by group companies of marketplace entity to buyers shall be fair and non-discriminatory. For the purposes of this clause, provision of services to any vendor on such terms which are not made available to other vendors in similar circumstances will be deemed unfair and discriminatory.

- x) Guidelines on cash and carry wholesale trading as given in para 5.2.15.1.2 above will apply on B2B e-commerce.
- xi) e-commerce marketplace entity will not mandate any seller to sell any product exclusively on its platform only.
- xii) E-commerce marketplace entity with FDI shall have to obtain and maintain a report of statutory auditor by 30th of September every year for the preceding financial year confirming compliance of the e-commerce guidelines.

Subject to the conditions of FDI policy on services sector and applicable laws/regulations, security and other conditionalities, sale of services through e-commerce will be under automatic route.

5.2.15.3 SINGLE BRAND PRODUCT RETAIL TRADING

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Single Brand Product Retail Trading	100%	Automatic

(1) Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.

(2) FDI in Single Brand product retail trading would be subject to the following conditions:

- (a) Products to be sold should be of a 'Single Brand' only.

- (b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.
- (c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.
- (d) A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'single brand' product retail trading in the country for the specific brand, either directly by the brand owner or through a legally tenable agreement executed between the Indian entity undertaking single brand retail trading and the brand owner.
- (e) In respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods procured, beginning 1st April of the year of the commencement of SBRT business (i.e. opening of the first store or start of online retail, whichever is earlier). Thereafter, SBRT entity shall be required to meet the 30% local sourcing norms on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single-brand product retail trading.
- (f) For the purpose of meeting local sourcing requirement laid down at para (e) above, all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. SBRT entity is also permitted to set off sourcing of goods from India for global operations against the mandatory sourcing requirement of 30%. For this purpose, 'sourcing of goods from India for global operations' shall mean value of goods sourced from India for global operations for that single brand (in INR terms) in a particular financial year directly by the entity undertaking SBRT or its group companies

(resident or non-resident), or indirectly by them through a third party under a legally tenable agreement.

- (g) An SBRT entity operating through brick and mortar stores can also undertake retail trading through e-commerce. However, retail trading through e-commerce can also be undertaken prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail.

NOTE:

- (i) Conditions mentioned at Para 5.2.15.3 (2) (b) & 5.2.15.3 (2) (d) will not be applicable for undertaking SBRT of Indian brands.
- (ii) Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.
- (iii) Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of the first store or start of online retail, whichever is earlier for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, provisions of Para 5.2.15.3 (2) (e) will be applicable. A Committee under the Chairmanship of Secretary, DPIIT, with representatives from NITI Aayog, concerned Administrative Ministry and independent technical expert(s) on the subject will examine the claim of applicants on the issue of the products being in the nature of 'state-of-art' and 'cutting-edge' technology where local sourcing is not possible and give recommendations for such relaxation.

5.2.15.4 MULTI BRAND RETAIL TRADING

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Multi Brand Retail Trading	51%	Government

(1) FDI in multi brand retail trading, in all products, will be permitted, subject to the following conditions:

- (i) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.
- (ii) Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.
- (iii) At least 50% of total FDI brought in the first tranche of US \$ 100 million, shall be invested in 'back-end infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on front-end units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, ware-house, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of backend infrastructure. Subsequent investment in backend infrastructure would be made by the MBRT retailer as needed, depending upon its business requirements.
- (iv) At least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant & machinery not exceeding US \$ 2.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. The 'small industry' status would be reckoned only at the time of first engagement with the retailer, and such industry shall continue to qualify as a 'small industry' for this purpose, even if it outgrows the said investment of US \$ 2.00 million during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years' total value of the manufactured/processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.
- (v) Self-certification by the company, to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.
- (vi) Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per 2011 Census or any other cities as per the decision of the respective State Governments, and may also cover an area of 10 kms around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas

as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.

- (vii) Government will have the first right to procurement of agricultural products.
- (viii) The above policy is an enabling policy only and the State Governments/Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. The list of States/Union Territories which have conveyed their agreement is at (2) below. Such agreement, in future, to permit establishment of retail outlets under this policy, would be conveyed to the Government of India through the Department for Promotion of Industry and Internal Trade and additions would be made to the list at (2) below accordingly. The establishment of the retail sales outlets will be in compliance of applicable State/Union Territory laws/ regulations, such as the Shops and Establishments Act etc.
- (ix) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi-brand retail trading.

(2) List of States/Union Territories as mentioned in Paragraph 5.2.15.4(1)(viii)

1. Andhra Pradesh
2. Assam
3. Delhi
4. Haryana
5. Himachal Pradesh
6. Jammu & Kashmir
7. Karnataka
8. Maharashtra
9. Manipur
10. Rajasthan
11. Uttarakhand
12. Daman & Diu and Dadra and Nagar Haveli (Union Territories)

5.2.15.5 DUTY FREE SHOPS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Duty Free Shops	100%	Automatic
(i) Duty Free Shops would mean shops set up in custom bonded area at International		

Airports/International Seaports and Land Custom Stations where there is transit of international passengers.

(ii) Foreign investment in Duty Free Shops is subject to compliance of conditions stipulated under the Customs Act, 1962 and other laws, rules and regulations.

(iii) Duty Free Shop entity shall not engage into any retail trading activity in the Domestic Tariff Area of the country.

5.2.16 RAILWAY INFRASTRUCTURE

Sector/Activity	% of Equity/ FDI Cap	Entry Route
<p>Railway Infrastructure</p> <p>Construction, operation and maintenance of the following:</p> <p>(i) Suburban corridor projects through PPP, (ii) High speed train projects, (iii) Dedicated freight lines, (iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) Railway Electrification, (vi) Signaling systems, (vii) Freight terminals, (viii) Passenger terminals, (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and (x) Mass Rapid Transport Systems.</p>	100%	Automatic
<p>NOTE:</p> <p>(i) Foreign Direct Investment in the abovementioned activities open to private sector participation including FDI is subject to sectoral guidelines of Ministry of Railways.</p> <p>(ii) Proposals involving FDI beyond 49% in sensitive areas from security point of view, will be brought by the Ministry of Railways before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.</p>		

FINANCIAL SERVICES

Foreign investment in other financial services, other than those indicated below, would require prior approval of the Government.

5.2.17 ASSET RECONSTRUCTION COMPANIES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.17.1 'Asset Reconstruction Company' (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).	100%	Automatic

5.2.17.2 OTHER CONDITIONS

- (i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank of India, up to 100% on the automatic route.
- (ii) Investment limit of a sponsor in the shareholding of an ARC will be governed by the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time. Similarly, investment by institutional / non-institutional investors will also be governed by the said Act, as amended from time to time.
- (iii) The total shareholding of an individual FPI shall be below 10% of the total paid-up capital.
- (iv) FPIs can invest in the Security Receipts (SRs) issued by ARCs. /FPIs may be allowed to invest up to 100 per cent of each tranche in SRs issued by ARCs, subject to directions/guidelines of Reserve Bank of India. Such investment should be within the relevant regulatory cap as applicable.
- (v) All investments would be subject to provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time.

5.2.18 BANKING- PRIVATE SECTOR

Sector/Activity	% of Equity FDI Cap	Entry Route
5.2.18.1 Banking- Private Sector	74%	Automatic up to 49% Government route beyond 49% and up to 74%.

5.2.18.2 OTHER CONDITIONS

- (1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by /FPIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs, and continue to include IPOs, Private placements, GDR/ADRs and acquisition of shares from existing shareholders.
- (2) The aggregate foreign investment in a private bank from all sources will be allowed up to a maximum of 74 per cent of the paid-up capital of the Bank. At all times, at least 26 per cent of the paid-up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.
- (3) The stipulations as above will be applicable to all investments in existing private sector banks also.
- (4) Other conditions in respect of permissible limits under portfolio investment schemes through stock exchanges for /FPIs and NRIs, setting-up of a subsidiary by foreign banks and limits in respect of voting rights are at **Annexure-8**.

5.2.19 BANKING- PUBLIC SECTOR

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.19.1 Banking- Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970/80. This ceiling (20%) is	20%	Government

also applicable to the State Bank of India and its associate Banks.		
---	--	--

5.2.20 CREDIT INFORMATION COMPANIES (CIC)

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.20.1 Credit Information Companies	100%	Automatic

5.2.20.2 OTHER CONDITIONS

- (1) Foreign investment in Credit Information Companies is subject to the Credit Information Companies (Regulation) Act, 2005.
- (2) Foreign investment is permitted subject to regulatory clearance from RBI.
- (3) Such /FPI investment would be permitted subject to the conditions that:
 - (a) A single entity should directly or indirectly hold below 10% equity.
 - (b) Any acquisition in excess of 1% will have to be reported to RBI as a mandatory requirement; and
 - (c) /FPIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.

5.2.21 INFRASTRUCTURE COMPANY IN THE SECURITIES MARKET

Sector/Activity	% of Equity FDI Cap	Entry Route
5.2.21.1 Infrastructure companies in Securities Markets, namely, stock exchanges, commodity exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49%	Automatic

5.2.21.2 OTHER CONDITIONS

(i) Foreign investment, including investment by FPIs, will be subject to the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations 2012, and Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, and other Guidelines/Regulations issued by the Central Government, SEBI and the Reserve Bank of India from time to time.

(ii) Words and expressions used herein and not defined in these regulations but defined in the Companies Act, 2013 (18 of 2013) or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the Depositories Act, 1996 (22 of 1996) or in the concerned Regulations issued by SEBI shall have the same meanings respectively assigned to them in those Acts/ Regulations.

DEFINITIONS:

(1) Futures trading in commodities are regulated under the Forward Contracts (Regulation) Act, 1952. Commodity Exchanges, like Stock Exchanges, are infrastructure companies in the commodity futures market. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it was decided to allow foreign investment in Commodity Exchanges.

(2) For the purposes of this chapter,

- (i) "Commodity Exchange" is a recognized association under the provisions of the Forward Contracts (Regulation) Act, 1952, as amended from time to time, to provide exchange platform for trading in forward contracts in commodities.
- (ii) "recognized association" means an association to which recognition for the time being has been granted by the Central Government under Section 6 of the Forward Contracts (Regulation) Act, 1952
- (iii) "Association" means any-body of individuals, whether incorporated or not, constituted for the purposes of regulating and controlling the business of the sale or purchase of any goods and commodity derivative.
- (iv) "Forward contract" means a contract for the delivery of goods and which is not a ready delivery contract.
- (v) "Commodity derivative" means-
 - a contract for delivery of goods, which is not a ready delivery contract; or

- a contract for differences which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified in consultation with SEBI by the Central Government, but does not include securities.

5.2.22 INSURANCE

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.22.1 Insurance Company	49%	Automatic
5.2.22.2 Intermediaries or Insurance Intermediaries including insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, Surveyors and Loss Assessors and such other entities, as may be notified by the Insurance Regulatory and Development Authority of India from time to time.	100%	Automatic

5.2.22.3 OTHER CONDITIONS

- No Indian Insurance company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed forty-nine percent of the paid-up equity capital of such Indian Insurance company.
- The foreign investment up to forty-nine percent of the total paid-up equity of the Indian Insurance Company shall be allowed on the automatic route subject to approval/verification by the Insurance Regulatory and Development Authority of India.
- Foreign investment in this sector shall be subject to compliance with the provisions of the Insurance Act, 1938 and the condition that Companies receiving FDI shall obtain necessary license / approval from the Insurance Regulatory & Development Authority of India for undertaking insurance and related activities.

- (d) An Indian Insurance company shall ensure that its ownership and control remains at all times in the hands of resident Indian entities as determined by Department of Financial Services/ Insurance Regulatory and Development Authority of India as per the rules/regulation issued by them from time to time.
- (e) Foreign portfolio investment in an Indian Insurance company shall be governed by the provisions contained in Chapter-IV, Rule 10 and 11 read with Schedule II of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
- (f) Any increase in foreign investment in an Indian Insurance company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA Regulations.
- (g) The foreign equity investment cap of 100 percent shall apply on the same terms as above to insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, Surveyors and Loss Assessors and such other entities, as may be notified by the Insurance Regulatory and Development Authority of India from time to time. However, the condition of Indian owned and controlled, as specified in Clause (d) above, shall not be applicable to Intermediaries and Insurance Intermediaries and composition of the Board of Directors and key management persons shall be as specified by the concerned regulators from time to time.
- (h) The foreign direct investment proposals shall be allowed under the automatic route subject to verification by the Authority and the foreign investment in intermediaries or insurance intermediaries shall be governed by the same terms as provided under rules 7 and 8 of the Indian Insurance Companies (Foreign Investment) Rules, 2015, as amended from time to time:
 Provided that where an entity like a bank, whose primary business is outside the insurance area, is allowed by the Insurance Regulatory and Development Authority of India to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e., non-insurance related) business must remain above 50 percent of their total revenues in any financial year.
- (i) The insurance intermediary that has majority shareholding of foreign investors shall undertake the following:
 - i. be incorporated as a limited company under the provisions of the Companies Act, 2013;
 - ii. at least one from among the Chairman of the Board of Directors or the Chief Executive Officer or Principal Officer or Managing Director of the insurance intermediary shall be a resident Indian citizen;
 - iii. shall take prior permission of the Authority for repatriating dividend;

- iv. shall bring in the latest technological, managerial and other skills;
 - v. shall not make payments to the foreign group or promoter or subsidiary or interconnected or associate entities beyond what is necessary or permitted by the Authority;
 - vi. shall make disclosures in the formats to be specified by the Authority of all payments made to its group or promoter or subsidiary or interconnected or associate entities;
 - vii. composition of the Board of Directors and key management persons shall be as specified by the concerned regulators;
- (j) The provisions of paragraphs (i) (b) and (d) of Annexure 8 relating to 'Banking-Private Sector', shall be applicable in respect of bank promoted insurance companies.
- (k) Terms 'Control', 'Equity Share Capital', 'Foreign Direct Investment' (FDI), 'Foreign Investors', 'Foreign Portfolio Investment', 'Indian Insurance Company', 'Indian Company', 'Indian Control of an Indian Insurance Company', 'Indian Ownership', 'Non-resident Entity', 'Public Financial Institution', 'Resident Indian Citizen', 'Total Foreign Investment' will have the same meaning as provided in Notification No. G.S.R 115 (E), dated 19th February, 2015 issued by Department of Financial Services and regulations issued by Insurance Regulatory and Development Authority of India from time to time.

5.2.23 PENSION SECTOR

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Pension Sector	49%	Automatic

OTHER CONDITIONS

- (i) Foreign investment in the Pension Funds is allowed as per the Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013.
- (ii) Foreign Investment in Pension Funds will be subject to the condition that entities bringing in foreign equity investment as per Section 24 of the PFRDA Act shall obtain necessary registration from the Pension Fund Regulatory and Development Authority and comply with other requirements as per the PFRDA Act, 2013 and Rules and Regulations framed under it for so participating in Pension Fund Management activities in India.

- (iii) An Indian pension fund shall ensure that its ownership and control remains at all times in the hands of resident Indian entities as determined by the Government of India/PFRDA as per the rules/regulation issued by them from time to time.

5.2.24 POWER EXCHANGES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.24.1 Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.	49%	Automatic

5.2.24.2 OTHER CONDITIONS

- (i) No non-resident investor/entity, including persons acting in concert, will hold more than 5% of the equity in these companies; and
- (ii) The foreign investment would be in compliance with SEBI Regulations; other applicable laws/regulations; security and other conditionalities.

5.2.25 WHITE LABEL ATM OPERATIONS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
White Label ATM Operations	100%	Automatic

OTHER CONDITIONS

- (i) Any non-bank entity intending to set up WLAs should have a minimum net worth of Rs. 100 crore as per the latest financial year's audited balance sheet, which is to be maintained at all times.
- (ii) In case the entity is also engaged in any 'Other Financial Services' as laid down at Para 5.2.26 below, then the foreign investment in the company setting up WLA, shall also have to comply with the minimum capitalization norms, if any, for foreign investments in such 'Other Financial Services'.

- (iii) FDI in the WLAO will be subject to the specific criteria and guidelines issued by RBI vide Circular No. DPSS.CO.PD.No. 2298/02.10.002/2011-2012, as amended from time to time.

5.2.26 OTHER FINANCIAL SERVICES

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.26.1 Financial Services activities regulated by financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulator as may be notified by the Government of India.	100%	Automatic

5.2.26.2 OTHER CONDITIONS

- i. Foreign investment in 'Other Financial Services' activities shall be subject to conditionalities, including minimum capitalization norms, as specified by the concerned Regulator/Government Agency.
- ii. 'Other Financial Services' activities need to be regulated by one of the Financial Sector Regulators. In all such financial services activity which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment up to 100% will be allowed under Government approval route subject to conditions including minimum capitalization as may be decided by the Government.
- iii. Any activity which is specifically regulated by an Act, the foreign investment limits will be restricted to those levels/limit that may be specified in that Act, if so mentioned.
- iv. Downstream investments by any of these entities engaged in "Other Financial Services" will be subject to the extant sectoral regulations and provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.

OTHERS

5.2.27 PHARMACEUTICALS

Sector/Activity	% of Equity/ FDI Cap	Entry Route
-----------------	-------------------------	-------------

5.2.27.1 Greenfield	100%	Automatic
5.2.27.2 Brownfield	100%	Automatic up to 74% Government route beyond 74%

5.2.27.3 OTHER CONDITIONS

- (i) 'Non-compete' clause would not be allowed in automatic or government approval route except in special circumstances with the approval of the Government.
- (ii) The prospective investor and the prospective investee are required to provide a certificate along with the application for foreign investment as per [Annexure-9](#).
- (iii) Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval.
- (iv) FDI in brownfield pharmaceuticals, under both automatic and government approval routes, is further subject to compliance of following conditions:
 - (a) The production level of National List of Essential Medicines (NLEM) drugs and/or consumables and their supply to the domestic market at the time of induction of FDI, being maintained over the next five years at an absolute quantitative level. The benchmark for this level would be decided with reference to the level of production of NLEM drugs and/or consumables in the three financial years, immediately preceding the year of induction of FDI. Of these, the highest level of production in any of these three years would be taken as the level.
 - (b) R&D expenses being maintained in value terms for 5 years at an absolute quantitative level at the time of induction of FDI. The benchmark for this level would be decided with reference to the highest level of R&D expenses which has been incurred in any of the three financial years immediately preceding the year of induction of FDI.
 - (c) The administrative Ministry will be provided complete information pertaining to the transfer of technology, if any, along with induction of foreign investment into the investee company.

- (d) The administrative Ministry (s) i.e. Ministry of Health and Family Welfare, Department of Pharmaceuticals or any other regulatory Agency/Development as notified by Central Government from time to time, will monitor the compliance of conditionalities.

NOTE:

- i. FDI up to 100%, under the automatic route is permitted for manufacturing of medical devices. The above mentioned conditions will, therefore, not be applicable to greenfield as well as brownfield projects of this industry.
- ii. Medical device means -
 - (a) any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software, intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes of -
 - (i) diagnosis, prevention, monitoring, treatment or alleviation of any disease or disorder;
 - (ii) diagnosis, monitoring, treatment, alleviation or assistance for, any injury or disability;
 - (iii) investigation, replacement or modification or support of the anatomy or of a physiological process;
 - (iv) supporting or sustaining life;
 - (v) disinfection of medical devices;
 - (vi) control of conception,
 - (vii) and which does not achieve primary intended action in or on the human body or animals by any pharmacological or immunological or metabolic means, but which may be assisted in its intended function by such means;
 - (b) an accessory to such an instrument, apparatus, appliance, material or other article;
 - (c) in-vitro diagnostic device which is a reagent, reagent product, calibrator, control material, kit, instrument, apparatus, equipment or system, whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes by means of examination of specimens derived from the human bodies or animals.

ANNEXURES

Annexure-1

Types of Instruments

1. Indian companies can issue equity shares, fully, compulsorily and mandatorily convertible debentures and fully, compulsorily and mandatorily convertible preference shares subject to pricing guidelines/valuation norms prescribed under FEMA Regulations. The price/conversion formula of convertible capital instruments should be determined upfront at the time of issue of the instruments. The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such instruments, in accordance with the extant FEMA rules/regulations [as per any internationally accepted pricing methodology on arm's length basis for the unlisted companies and valuation in terms of SEBI (ICDR) Regulations, for the listed companies].
 - 1.1 Optionality clauses are allowed in equity shares, fully, compulsorily and mandatorily convertible debentures and fully, compulsorily and mandatorily convertible preference shares under FDI scheme, subject to the following conditions:
 - (a) There is a minimum lock-in period of one year which shall be effective from the date of allotment of such capital instruments.
 - (b) After the lock-in period and subject to FDI Policy provisions, if any, the non-resident investor exercising option/right shall be eligible to exit without any assured return, as per pricing/valuation guidelines issued under FEMA from time to time.
2. Other types of Preference shares/Debentures i.e. non-convertible, optionally convertible or partially convertible for issue of which funds have been received on or after May 1, 2007 are considered as debt. Accordingly, all norms applicable for ECBs relating to eligible borrowers, recognized lenders, amount and maturity, end-use stipulations, etc. shall apply. Since these instruments would be denominated in rupees, the rupee interest rate will be based on the swap equivalent of London Interbank Offered Rate (LIBOR) plus the spread as permissible for ECBs of corresponding maturity.
3. The inward remittance received by the Indian company vide issuance of DRs and FCCBs are treated as FDI and counted towards FDI.
4. **Acquisition of Warrants and Partly Paid Shares** - An Indian Company may issue warrants and partly paid shares to a person resident outside India subject to terms and conditions as stipulated by the Reserve Bank of India in this behalf, from time to time.
5. **Issue of Foreign Currency Convertible Bonds (FCCBs) and Depository Receipts (DRs)**

- a) FCCBs/DRs may be issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and DR Scheme 2014 respectively, as per the guidelines issued by the Government of India there under from time to time.
 - b) DRs are foreign currency denominated instruments issued by a foreign Depository in a permissible jurisdiction against a pool of permissible securities issued or transferred to that foreign depository and deposited with a domestic custodian.
 - c) In terms of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 as amended from time to time, a person will be eligible to issue or transfer eligible securities to a foreign depository, for the purpose of converting the securities so purchased into depository receipts in terms of Depository Receipts Scheme, 2014 and guidelines issued by the Government of India thereunder from time to time.
 - d) A person can issue DRs, if it is eligible to issue eligible instruments to person resident outside India under relevant Schedules under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.
 - e) The aggregate of eligible securities which may be issued or transferred to foreign depositories, along with eligible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such eligible securities under the relevant regulations framed under FEMA, 1999.
 - f) The pricing of eligible securities to be issued or transferred to a foreign depository for the purpose of issuing depository receipts should not be at a price less than the price applicable to a corresponding mode of issue or transfer of such securities to domestic investors under the relevant regulations framed under FEMA, 1999.
 - g) The issue of depository receipts as per DR Scheme 2014 shall be reported to the Reserve Bank by the domestic custodian as per the reporting guidelines for DR Scheme 2014.
6. (i) **Two-way Fungibility Scheme:** A limited two-way Fungibility scheme has been put in place by the Government of India for ADRs/GDRs. Under this Scheme, a stock broker in India, registered with SEBI, can purchase shares of an Indian company from the market for conversion into ADRs/GDRs based on instructions received from overseas investors. Re-issuance of ADRs/GDRs would be permitted to the extent of ADRs/GDRs which have been redeemed into underlying shares and sold in the Indian market.
- (ii) **Sponsored ADR/GDR issue:** An Indian company can also sponsor an issue of ADR/GDR. Under this mechanism, the company offers its resident shareholders a choice to submit their shares back to the company so that on the basis of such shares, ADRs/GDRs can be issued abroad. The proceeds of the ADR/GDR issue are remitted back to India and

distributed among the resident investors who had offered their Rupee denominated shares for conversion. These proceeds can be kept in Resident Foreign Currency (Domestic) accounts in India by the resident shareholders who have tendered such shares for conversion into ADRs/GDRs.

*Annexure-2***Provisions Relating to Issue/ Transfer of Shares**

1. The capital instruments should be issued within 60 days from the date of receipt of the inward remittance received through normal banking channels including escrow account opened and maintained for the purpose or by debit to the NRE/FCNR (B) account of the non-resident investor. In case, the capital instruments are not issued within 60 days from the date of receipt of the inward remittance or date of debit to the NRE/FCNR (B) account, the amount of consideration so received should be refunded within fifteen days from the date of completion of sixty days to the non-resident investor by outward remittance through normal banking channels or by credit to the NRE/FCNR (B) account, as the case may be. Non-compliance with the above provision would be reckoned as a contravention under FEMA and would attract penal provisions. In exceptional cases, delay in refund of the amount of consideration may be considered by the RBI, on the merits of the case.
2. **Issue price of shares**
 Price of shares issued to persons resident outside India under the FDI Policy, shall not be less than –
 - a. the price worked out in accordance with the SEBI guidelines, as applicable, where the shares of the company are listed on any recognised stock exchange in India;
 - b. the fair valuation of shares done by a SEBI registered Merchant Banker or a Chartered Accountant as per any internationally accepted pricing methodology on arm's length basis, where the shares of the company are not listed on any recognised stock exchange in India; and
 - c. the price as applicable to transfer of shares from resident to non-resident as per the pricing guidelines laid down by the Reserve Bank from time to time, where the issue of shares is on preferential allotment.

However, where non-residents (including NRIs) are making investments in an Indian company in compliance with the provisions of the Companies Act, as applicable, by way of subscription to its Memorandum of Association, such investments may be made at face value subject to their eligibility to invest under the FDI scheme.
3. **Foreign Currency Account**
 Indian companies which are eligible to issue shares to persons resident outside India under the FDI Policy may be allowed to retain the share subscription amount in a Foreign Currency Account, in accordance with RBI guidelines..
4. **Transfer of shares and convertible debentures**
 - (i) Subject to FDI sectoral policy (relating to sectoral caps and entry routes), applicable laws and other conditionalities including security conditions, non-resident investors

can also invest in Indian companies by purchasing/acquiring existing shares from Indian shareholders or from other non-resident shareholders. General permission has been granted to non-residents/NRIs for acquisition of shares by way of transfer subject to the following:

- (a) A person resident outside India (other than NRI and erstwhile OCB) may transfer by way of sale or gift, the shares or convertible debentures to any person resident outside India (including NRIs). Government approval is not required for transfer of shares in the investee company from one non-resident to another non-resident in sectors which are under automatic route. In addition, approval of Government will be required for transfer of stake from one non-resident to another non-resident in sectors which are under Government approval route.
- (b) NRIs may transfer by way of sale or gift the shares or convertible debentures held by them to another NRI.
- (c) A person resident outside India can transfer any security to a person resident in India by way of gift.
- (d) A person resident outside India can sell the shares and convertible debentures of an Indian company on a recognized Stock Exchange in India through a stock broker registered with stock exchange or a merchant banker registered with SEBI.
- (e) A person resident in India can transfer by way of sale, shares/ convertible debentures (including transfer of subscriber's shares), of an Indian company under private arrangement to a person resident outside India, subject to the guidelines given in para 5.2 and **Section 1 of this Annexure**.
- (f) General permission is also available for transfer of shares/convertible debentures, by way of sale under private arrangement by a person resident outside India to a person resident in India, subject to the guidelines given in para 5.2 and **Section 1 of this Annexure**.
- (g) The above General Permission also covers transfer by a resident to a non-resident of shares/convertible debentures of an Indian company, engaged in an activity earlier covered under the Government Route but now falling under Automatic Route, as well as transfer of shares by a non-resident to an Indian company under buyback and/or capital reduction scheme of the company.
- (h) The Form FC-TRS should be submitted to the AD Category-I Bank, within 60 days of transfer of capital instruments or receipt / remittance of funds whichever is earlier. The onus of submission of the Form FC-TRS within the given timeframe would be on the resident transferor/transferee or the person resident outside India holding capital instruments on a non-repatriable basis, as the case may be. Transfer of equity instruments on a recognised stock exchange by a

person resident outside India shall be reported by such person in Form FC-TRS. However, in cases where the NR investor, including an NRI, acquires shares on the stock exchanges under the FDI scheme, the person resident outside India would have to file form FC-TRS with the AD Category-I bank.

- (ii) The sale consideration in respect of equity instruments purchased by a person resident outside India, remitted into India through normal banking channels, shall be subjected to a Know Your Customer (KYC) check by the remittance receiving AD Category-I bank at the time of receipt of funds. In case, the remittance receiving AD Category-I bank is different from the AD Category-I bank handling the transfer transaction, the KYC check should be carried out by the remittance receiving bank and the KYC report be submitted by the customer to the AD Category-I bank carrying out the transaction along with the Form FC-TRS.
- (iii) A person resident outside India including a Non-Resident Indian investor who has already acquired and continues to hold the control in accordance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations can acquire shares of a listed Indian company on the stock exchange through a registered broker under FDI scheme provided that the original and resultant investments are in line with the extant FDI policy and FEMA regulations in respect of sectoral cap, entry route, mode of payment, reporting requirement, documentation, etc.
- (iv) **Escrow:** AD Category-I banks have been given general permission to open Escrow account and Special account of non-resident corporate for open offers/exit offers and delisting of shares. The relevant SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST) Regulations or any other applicable SEBI Regulations/provisions of the Companies Act, as applicable will be applicable. AD Category-I banks have also been permitted to open and maintain, without prior approval of RBI, **non-interest bearing** Escrow accounts in Indian Rupees in India on behalf of residents and/or non-residents, towards payment of share purchase consideration and/or provide Escrow facilities for keeping securities to facilitate FDI transactions subject to the terms and conditions specified by RBI. SEBI authorised Depository Participants have also been permitted to open and maintain, without prior approval of RBI, Escrow accounts for securities subject to the terms and conditions as specified by RBI. In both cases, the Escrow agent shall necessarily be an AD Category-I bank or SEBI authorised Depository Participant (in case of securities' accounts). These facilities will be applicable for both issue of fresh shares to the non-residents as well as transfer of shares from/to the non-residents.

- (v) In case of transfer of shares between a resident buyer and a non-resident seller or vice-versa, not more than twenty five per cent of the total consideration can be paid by the buyer on a deferred basis within a period not exceeding eighteen months from the date of the transfer agreement. For this purpose, if so agreed between the buyer and the seller, an escrow arrangement may be made between the buyer and the seller for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the transfer agreement or if the total consideration is paid by the buyer to the seller, the seller may furnish an indemnity for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the payment of the full consideration.

Provided the total consideration finally paid for the shares must be compliant with the applicable pricing guidelines.

5. Prior permission of RBI in certain cases for transfer of capital instruments

5.1 Except cases mentioned in paragraph 5.2 below, the following cases require prior approval of RBI:

- (i) Transfer of capital instruments from resident to non-residents by way of sale where:
 - (a) Transfer is at a price which falls outside the pricing guidelines prescribed under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 from time to time and the transaction does not fall under the exception given in para 5.2.
 - (b) Transfer of capital instruments by the non-resident acquirer involving deferment of payment of the amount of consideration. Further, in case approval is granted for a transaction, the same should be reported in Form FC-TRS, to an AD Category-I bank for necessary due diligence, within 60 days from the date of receipt of the full and final amount of consideration.
- (ii) Transfer of any capital instrument, by way of gift by a person resident in India to a person resident outside India. While forwarding applications to Reserve Bank for approval for transfer of capital instruments by way of gift, the documents mentioned in **Section 2 of this Annexure** should be enclosed. Reserve Bank considers the following factors while processing such applications:
 - (a) The proposed transferee (donee) is eligible to hold such capital instruments under the relevant Schedules under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.

- (b) The gift does not exceed 5 per cent of the paid-up capital of the Indian company/each series of debentures/each mutual fund scheme.
- (c) The applicable sectoral cap limit in the Indian company is not breached.
- (d) The transferor (donor) and the proposed transferee (donee) are close relatives as defined in **Section 2 (77) of Companies Act, 2013**, as amended from time to time. The current list is reproduced in **Section 3 of this Annexure**.
- (e) The value of capital instruments to be transferred together with any capital instruments already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 50,000 during the financial year.
- (f) Such other conditions as stipulated by Reserve Bank in public interest from time to time.
- (iii) Transfer of shares from NRI to non-resident.

5.2 In the following cases, approval of RBI is not required:

A. Transfer of shares from a Non-Resident to Resident under the FDI scheme where the pricing guidelines under FEMA, 1999 are not met provided that:

- i. The original and resultant investment are in line with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation, etc.;
- ii. The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST, buy back); and
- iii. Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.

B. Transfer of shares from Resident to Non-Resident:

i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that:

- a) the requisite approval of the Government has been obtained; and
- b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.

ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.

iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that:

- a) The resultant FDI is in compliance with the extant FDI policy and FEMA rules/regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.;
- b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST); and
- c) Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.

iv) where the investee company is in the financial sector provided that:

- a) Any 'fit and proper/due diligence' requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and
- b) The FDI policy and FEMA rules/regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with.

6. Conversion of ECB/Lump sum Fee/Royalty etc. into Equity

- (i) Indian companies have been granted general permission for conversion of External Commercial Borrowings (ECB) (excluding those deemed as ECB) in convertible foreign currency into equity shares/fully compulsorily and mandatorily convertible preference shares, subject to the following conditions and reporting requirements:
 - (a) The activity of the company is covered under the Automatic Route for FDI or the company has obtained Government approval for foreign equity in the company;
 - (b) The foreign equity after conversion of ECB into equity is within the sectoral cap, if any;
 - (c) Pricing of shares is as per the provision of para 2 above;
 - (d) Compliance with the requirements prescribed under any other statute and regulation in force; and

- (e) The conversion facility is available for ECBs availed under the Automatic or Government Route and is applicable to ECBs, due for payment or not, as well as secured/unsecured loans availed from non-resident collaborators.
- (ii) General permission is also available for issue of shares/preference shares against lump sum technical know-how fee, royalty due for payment, subject to entry route, sectoral cap and pricing guidelines (as per the provision of para 2 above) and compliance with applicable tax laws. Further, issue of equity shares against any other funds payable by the investee company, remittance of which does not require prior permission of the Government of India or Reserve Bank of India under FEMA, 1999 or any rules/ regulations framed or directions issued thereunder, or has been permitted by the Reserve Bank under the Act or the rules and regulations framed or directions issued thereunder is permitted, provided that:
 - (I) The equity shares shall be issued in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time;
Explanation: Issue of shares/convertible debentures that require Government approval in terms of paragraph 3 of Schedule I of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 or import dues deemed as ECB or trade credit or payable against import of second hand machinery shall continue to be dealt in accordance with extant guidelines;
 - (II) The issue of equity shares under this provision shall be subject to tax laws as applicable to the funds payable and the conversion to equity should be net of applicable taxes.
- (iii) A wholly owned subsidiary set up in India by a non-resident entity, operating in a sector where 100 percent foreign investment is allowed in the automatic route and there are no FDI linked conditionalities, may issue equity shares or preference shares or convertible debentures or warrants to the said non-resident entity against pre-incorporation/ pre-operative expenses incurred by the said non-resident entity up to a limit of five percent of its capital or USD 500,000 whichever is less, subject to the condition that within thirty days from the date of issue of equity instruments but not later than one year from the date of incorporation or such time as the Reserve Bank permits, the Indian company shall report the transaction to the Reserve Bank as per the reporting requirements as specified by the Reserve Bank..
- (iv) Issue of equity shares for sectors requiring Government approval under the FDI policy is allowed under the Government route for the following:
 - (I) import of capital goods/ machinery/ equipment (excluding second-hand machinery), subject to compliance with the following conditions:
 - (a) Any import of capital goods/machinery etc., made by a resident in India, has to be in accordance with the Export/Import Policy issued by Government of India/as defined by DGFT/FEMA provisions relating to imports.

- (b) The application clearly indicating the beneficial ownership and identity of the Importer Company as well as overseas entity.
- (c) Applications complete in all respects, for conversions of import payables for capital goods into FDI being made within 180 days from the date of shipment of goods.
- (II) pre-operative/ pre-incorporation expenses (including payments of rent etc.), subject to compliance with the following conditions:
 - (a) Submission of FIRC for remittance of funds by the overseas promoters for the expenditure incurred.
 - (b) Verification and certification of the pre-incorporation/ pre-operative expenses by the statutory auditor.
 - (c) Payments should be made by the foreign investor to the company directly or through the bank account opened by the foreign investor as provided under FEMA Regulations.
 - (d) The applications, complete in all respects, for capitalization being made within the period of 180 days from the date of incorporation of the company.

General conditions:

- (i) All requests for conversion should be accompanied by a special resolution of the company.
- (ii) Government's approval would be subject to applicable pricing guidelines under FEMA and appropriate tax clearance.
- (iii) For sectors under automatic route, issue of equity shares against import of capital goods/ machinery/ equipment (excluding second-hand machinery) and pre-operative/ pre-incorporation expenses (including payments of rent etc.) is permitted under automatic route subject to compliance with respective conditions mentioned above, and reporting to RBI in form FC-GPR as per procedure prescribed under the FDI policy.

SECTION 1

Terms and conditions for Transfer of Shares/Convertible Debentures, by way of Sale, from a Person Resident in India to a Person Resident Outside India and from a Person Resident Outside India to a Person Resident in India

1.1 In order to address the concerns relating to pricing, documentation, payment/ receipt and remittance in respect of the shares/ convertible debentures of an Indian company, in all sectors, transferred by way of sale, the parties involved in the transaction shall comply with the guidelines set out below.

1.2 Parties involved in the transaction are (a) seller (resident/non-resident), (b) buyer (resident/non-resident), (c) duly authorized agent/s of the seller and/or buyer, (d) Authorised

Dealer bank (AD) branch and (e) Indian company, for recording the transfer of ownership in its books.

2. Pricing Guidelines

2.1 The under noted pricing guidelines are applicable to the following types of transactions:

- i. Transfer of shares by way of sale under private arrangement by a person resident in India to a person resident outside India.
- ii. Transfer of shares by way of sale under private arrangement by a person resident outside India to a person resident in India.
- iii. Exit by non-resident investor on exercising option/right in shares or compulsorily & mandatorily convertible preference shares or fully, compulsorily & mandatorily convertible debentures.

2.2 Transfer by Resident to Non-resident (i.e. to foreign national, NRI, , FPI and incorporated non-resident entity other than erstwhile OCB) Price of shares transferred by way of sale by resident to a non-resident where the shares of an Indian company are:

- (a) listed on a recognized stock exchange in India ,shall not be less than the price at which the preferential allotment of shares can be made under the SEBI guidelines , as applicable, provided the same is determined for such duration as specified therein, preceding the relevant date, which shall be the date of purchase or sale of shares,
- (b) not listed on a recognized stock exchange in India, shall not be less than the fair value to be determined by a SEBI registered Merchant Banker or a Chartered Accountant as per any internationally accepted pricing methodology on arm's length basis. The price per share arrived at should be certified by a SEBI registered Merchant Banker or a Chartered Accountant.

2.3 Transfer by Non-resident (i.e. by incorporated non-resident entity, erstwhile OCB, foreign national, NRI, , FPI)**to Resident**

Sale of shares by a non-resident to resident shall be in accordance with the provisions of Rule 9 (2) of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 which shall not be more than the minimum price at which the transfer of shares can be made from a resident to a non-resident as given at para 2.2 above.

2.4 After the lock-in period, as applicable above, and subject to FDI Policy provisions, if any, in this regard, the non-resident investor exercising option/right in shares or convertible debentures issued under FDI Scheme shall be eligible to exit without any assured return, as per pricing/valuation guidelines issued by RBI from time to time.

3. Responsibilities / Obligations of the parties

All the parties involved in the transaction would have the responsibility to ensure that the relevant rules/regulations under FEMA are complied with and consequent on transfer of shares,

the relevant individual limit/sectoral caps/foreign equity participation ceilings as fixed by Government are not breached. Settlement of transactions will be subject to payment of applicable taxes, if any.

4. Method of payment and remittance/credit of sale proceeds

4.1 The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a, FPI, payment should be made by debit to its Special Non-Resident Rupee Account. In case the buyer is an NRI, the payment may be made by way of debit to his NRE/FCNR (B) accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO accounts.

4.2. The sale proceeds of shares (net of taxes) sold by a person resident outside India may be remitted outside India. In case of FPI, the sale proceeds may be credited to its foreign currency account or special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE /FCNR(B) accounts and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes.

4.3 The sale proceeds of shares (net of taxes) sold by an OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of OCBs whose accounts have been blocked by Reserve Bank.

5. Documentation

Besides obtaining a declaration in the enclosed Form FC-TRS (in quadruplicate), the AD branch should arrange to obtain and keep on record the following documents:

5.1 For sale of shares by a person resident in India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- ii. Where Consent Letter has been signed by their duly appointed agent, the Power of Attorney Document executed by the seller/buyer authorizing the agent to purchase/sell shares.
- iii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India showing equity participation of residents and non-

residents category-wise (i.e. NRIs/OCBs/foreign nationals/incorporated non-resident entities/, FPIs) and its percentage of paid up capital obtained by the seller/buyer or their duly appointed agent from the company, where the sectoral cap/limits have been prescribed.

- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. Copy of Broker's note if sale is made on Stock Exchange
- vi. Undertaking from the buyer to the effect that he is eligible to acquire shares/convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.
- vii. Undertaking from the /sub account to the effect that the individual / Sub account ceiling as prescribed by SEBI has not been breached, till it gets registered as FPI.

5.2. For sale of shares by a person resident outside India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred.
- ii. Where the Consent Letter has been signed by their duly appointed agent the Power of Attorney Document authorizing the agent to purchase/sell shares by the seller/buyer. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- iii. If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. The sale proceeds shall be credited NRE/NRO account, as applicable.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. No Objection / Tax Clearance Certificate from Income Tax authority/Chartered Account.
- vi. Undertaking from the buyer to the effect that the Pricing Guidelines have been adhered to.

6. Reporting requirements

6.1 Reporting of transfer of shares between residents and non-residents and vice versa is to be done in Form FC-TRS. The Form FC-TRS should be submitted to the AD Category-I bank, within 60 days of transfer of capital instruments or the date of receipt of the amount of consideration, whichever is earlier. The onus of reporting shall be on the resident transferor / transferee or the person resident outside India holding equity instruments on a non-repatriable basis, as the case may be. The AD Category-I bank, would forward the same to its link office. The link office would consolidate the Forms and submit a monthly report to the Reserve Bank³.

³ To the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai

For the purpose the Authorized Dealers may designate branches to specifically handle such transactions. These branches could be staffed with adequately trained staff for this purpose to ensure that the transactions are put through smoothly. The ADs may also designate a nodal office to coordinate the work at these branches and also ensure the reporting of these transactions to the Reserve Bank.

6.2 When the transfer is on private arrangement basis, on settlement of the transactions, the transferee/his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the Form FC-TRS from the AD branch that the remittances have been received by the transferor/ payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.

6.3 The actual inflows and outflows on account of such transfer of shares shall be reported by the AD branch in the R-returns in the normal course.

6.4 In addition the AD branch should submit two copies of the Form FC-TRS received from their constituents/customers together with the statement of inflows/outflows on account of remittances received/made in connection with transfer of shares, by way of sale, to IBD/FED/or the nodal office designated for the purpose by the bank in the enclosed proforma (which is to be prepared in MS-Excel format). The IBD/FED or the nodal office of the bank will in turn submit a consolidated monthly statement in respect of all the transactions reported by their branches together with copies of the FC-TRS Forms received from their branches to Foreign Exchange Department, Reserve Bank, Foreign Investment Division, Central Office, Mumbai in soft copy (in MS- Excel) by e-mail to fdidata@rbi.org.in

6.5 Shares purchased / sold by /FPIs under private arrangement will be by debit /credit to their Special Non-Resident Rupee Account. Therefore, the transaction should **also** be reported in Form LEC by the designated bank of the /FPI concerned.

6.6 Shares/convertible debentures of Indian companies purchased under Portfolio Investment Scheme by NRIs, OCBs cannot be transferred, by way of sale under private arrangement.

6.7 On receipt of statements from the AD, the Reserve Bank may call for such additional details or give such directions as required from the transferor/transferee or their agents, if need be.

SECTION 2

Documents to be submitted by a person resident in India for transfer of shares to a person resident outside India by way of gift

- i. Name and address of the transferor (donor) and the transferee (donee).
 - ii. Relationship between the transferor and the transferee.
 - iii. Reasons for making the gift.
 - iv. In case of Government dated securities and treasury bills and bonds, a certificate issued by a Chartered Accountant on the market value of such security.
 - v. In case of units of domestic mutual funds and units of Money Market Mutual Funds, a certificate from the issuer on the Net Asset Value of such security.
 - vi. In case of shares and convertible debentures, a certificate from a Chartered Accountant on the value of such securities according to the guidelines issued by Securities & Exchange Board of India or as per any internationally accepted pricing methodology on arm's length basis for listed companies and unlisted companies, respectively.
 - vii. Certificate from the concerned Indian company certifying that the proposed transfer of shares/convertible debentures by way of gift from resident to the non-resident shall not breach the applicable sectoral cap/ FDI limit in the company and that the proposed number of shares/convertible debentures to be held by the non-resident transferee shall not exceed 5 per cent of the paid up capital of the company.
 - viii. An undertaking from the resident transferor that the value of security to be transferred together with any security already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 50,000 **during a financial year***.
- *RBI's A.P. (DIR Series) Circular No. 14 Dated 15.09.2011
- ix. A declaration from the donee accepting partly paid shares or warrants that donee is aware of the liability as regards calls in arrear and consequences thereof.

SECTION 3

Definition of "relative" as given in Section 2 (77) of Companies Act, 2013

"Relative", with reference to any person, means any one who is related to another, if-

- (a) they are members of a Hindu undivided family;
- (b) they are husband and wife; or
- (c) one person is related to the other in such manner as may be prescribed.

Specific Conditions in Certain Cases

1. **Issue of Rights/Bonus Shares**

FEMA provisions allow Indian companies to freely issue Rights/Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, if any. However, such issue of bonus/rights shares has to be in accordance with other laws/statutes like the Companies Act, as applicable, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (in case of listed companies), etc. The offer on right basis to the persons resident outside India shall be:

- (a) in the case of shares of a company listed on a recognized stock exchange in India, at a price as determined by the company;
- (b) in the case of shares of a company not listed on a recognized stock exchange in India, at a price which is not less than the price at which the offer on right basis is made to resident shareholders.

2. **Prior permission of RBI for Rights issue to erstwhile OCBs**

OCBs have been de-recognised as a class of investors from September 16, 2003. Therefore, companies desiring to issue rights share to such erstwhile OCBs will have to take specific prior permission from RBI. As such, entitlement of rights share is not automatically available to erstwhile OCBs. However, bonus shares can be issued to erstwhile OCBs without the approval of RBI.

3. **Additional allocation of rights share by residents to non-residents**

Existing non-resident shareholders are allowed to apply for issue of additional shares/fully, compulsorily and mandatorily convertible debentures/fully, compulsorily and mandatorily convertible preference shares over and above their rights share entitlements. The investee company can allot the additional rights share out of unsubscribed portion, subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.

4. **Acquisition of shares under Scheme of Merger/Demerger/Amalgamation**

Mergers/demergers/ amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/demerger/amalgamation. Once the scheme of merger or demerger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India, subject to the conditions that:

- (i) the percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the sectoral cap, and
- (ii) the transferor company or the transferee or the new company is not engaged in activities which are prohibited under the FDI policy.

Note: Government approval would not be required in case of mergers and acquisitions taking place in sectors under automatic route.

4.1 Issue of Non-convertible/redeemable bonus preference shares or debentures

Indian companies are allowed to issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders, by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

5. Issue of Employees Stock Option Scheme (ESOPs) / Sweat Equity

An Indian company may issue “employees’ stock option” and/or “sweat equity shares” to its employees/directors or employees/directors of its holding company or joint venture or wholly owned overseas subsidiary/subsidiaries who are resident outside India, provided that :

- a. The scheme has been drawn either in terms of regulations issued under the Securities Exchange Board of India Act, 1992 or the Companies (Share Capital and Debentures) Rules, 2014 notified by the Central Government under the Companies Act 2013, as the case may be.
- b. The “employee’s stock option” / “sweat equity shares” issued to non-resident employees/directors under the applicable rules/regulations are in compliance with the sectoral cap applicable to the said company.
- c. Issue of “employee’s stock option” / “sweat equity shares” by a company where foreign investment is under the approval route shall require prior approval of Government of India.
- d. Issue of “employee’s stock option” / “sweat equity shares” under the applicable rules/regulations to an employee/director who is a citizen of Bangladesh/Pakistan shall require prior approval of the Government of India.
- e. The issuing company shall furnish to the Regional Office concerned of the Reserve Bank of India under whose jurisdiction the registered office of the company operates, within 30 days from the date of issue of employees’ stock option or sweat equity shares, a return as per the Form-ESOP.

6. **Share Swap**

In cases of investment by way of swap of shares, irrespective of the amount, valuation of the shares will have to be made by a Merchant Banker registered with SEBI or an Investment Banker outside India registered with the appropriate regulatory authority in the host country. Approval of the Government will also be a prerequisite for investment by swap of shares for sector under Government approval route. No approval of the Government is required for investment in automatic route sectors by way of swap of shares.

7. **Pledge of Shares**

The transfer of equity instruments of an Indian company or units of an investment vehicle by way of pledge is subject to the following terms and conditions, namely :-

- (i) any person being a promoter of a company registered in India (borrowing company), which has raised external commercial borrowing in compliance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 may pledge the shares of the borrowing company or that of its associate resident companies for the purpose of securing the external commercial borrowing raised by the borrowing company subject to the following further conditions, namely:-
 - (A) the period of such pledge shall be co-terminus with the maturity of the underlying external commercial borrowing;
 - (B) in case of invocation of pledge, transfer shall be made in accordance with these rules and directions issued by the Reserve Bank;
 - (C) the statutory auditor has certified that the borrowing company shall utilise or has utilised the proceeds of the external commercial borrowing for the permitted end-use only;
 - (D) no person shall pledge any such share unless a no-objection has been obtained from an authorised dealer bank that the above conditions have been complied with;
- (ii) any person resident outside India holding equity instruments in an Indian company or units of an investment vehicle may pledge the equity instruments or units, as the case may be,-
 - (A) in favour of a bank in India to secure the credit facilities being extended to such Indian company for bona fide purposes,

- (B) in favour of an overseas bank to secure the credit facilities being extended to such person or a person resident outside India who is the promoter of such Indian company or the overseas group company of such Indian company,
 - (C) in favour of a non-banking financial company registered with the Reserve Bank to secure the credit facilities being extended to such Indian company for bona fide purposes,
 - (D) subject to the authorised dealer bank satisfying itself of the compliance of the conditions stipulated by the Reserve Bank in this regard;
- (iii) in case of invocation of pledge, transfer of equity instruments of an Indian company or units shall be in accordance with entry routes, sectoral caps or investment limits, pricing guidelines and other attendant conditions at the time of creation of pledge

*Annexure-4***Total Foreign Investment i.e. Direct and Indirect Foreign Investment in eligible Indian entities**

1. Investment in an eligible Indian entity can be made both by non-resident as well as resident Indian entities. Any non-resident investment in an Indian company is direct foreign investment. Investment by resident Indian entities could again comprise of both resident and non-resident investment. Thus, such an Indian company would have indirect foreign investment if the Indian investing company has foreign investment in it. The indirect investment can also be a cascading investment i.e. through multi-layered structure.
- 1.1 For the purpose of computation of indirect foreign investment in an Indian company, foreign investment in an Indian company shall include all types of foreign investments i.e. FDI; investment by , FPIs (holding as on March 31); NRIs; ADRs; GDRs; Foreign Currency Convertible Debentures (FCCBs); Investment Vehicles fully, compulsorily and mandatorily convertible preference shares and fully, compulsorily and mandatorily convertible Debentures or units of an Investment Vehicle, regardless of whether the said investments have been made under Schedule I, II, , III, VI, IX and X of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.
- 1.2 **Guidelines for calculation of total foreign investment i.e. direct and indirect foreign investment**
 - (i) **Counting of direct foreign investment**
All investment directly by a non-resident entity into the Indian company/ LLP would be counted towards foreign investment.
 - (ii) **Counting of indirect foreign investment**
 - (a) The foreign investment through the investing Indian company/LLP would not be considered for calculation of the indirect foreign investment in case of Indian companies/LLPs which are 'owned **and** controlled' by resident Indian citizens and/or Indian Companies/LLPs which are owned and controlled by resident Indian citizens.
 - (aa) Downstream investment by an Investment Vehicle shall be regarded as foreign investment if either the Sponsor or the Manager or the Investment Manager is not Indian 'owned and controlled' as defined in Regulation 14 of the principal Regulations as defined in RBI Notification No.362/2015-RB dated February 15, 2016.

Provided that for sponsors or managers or investment managers organized in a form other than companies or LLPs, SEBI shall determine whether the sponsor or manager or investment manager is foreign owned and controlled.

- (b) For cases where condition (a) above is not satisfied or if the investing company is owned **or** controlled by 'non-resident entities', the entire investment by the investing company/LLP into the subject Indian Company would be considered as indirect foreign investment, provided that, as an exception, the indirect foreign investment in only the 100% owned subsidiaries of operating-cum-investing/investing companies, will be limited to the foreign investment in the operating-cum-investing/investing company. This exception is made since the downstream investment of a 100% owned subsidiary of the holding company is akin to investment made by the holding company and the downstream investment should be a mirror image of the holding company. This exception, however, is strictly for those cases where the entire capital of the downstream subsidiary is owned by the holding company.

Illustration

To illustrate, if the indirect foreign investment is being calculated for Company X which has investment through an investing Company Y having foreign investment, the following would be the method of calculation:

- (A) where Company Y has foreign investment less than 50%- Company X would not be taken as having any indirect foreign investment through Company Y.
- (B) where Company Y has foreign investment of say 75% and:
 - (I) invests 26% in Company X, the entire 26% investment by Company Y would be treated as indirect foreign investment in Company X;
 - (II) invests 80% in Company X, the indirect foreign investment in Company X would be taken as 80%;
 - (III) where Company X is a wholly owned subsidiary of Company Y (i.e. Company Y owns 100% shares of Company X), then only 75% would be treated as indirect foreign equity and the balance 25% would be treated as resident held equity. The indirect foreign equity in Company X would be computed in the ratio of 75:25 in the total investment of Company Y in Company X.
- (iii) The total foreign investment would be the sum total of direct and indirect foreign investment.
- (iv) The above methodology of calculation would apply at every stage of investment in Indian companies and thus to each and every Indian company.
- (v) **Additional conditions**

- (a) The full details about the foreign investment including ownership details etc. in Indian company(s) and information about the control of the company(s) would be furnished by the Company(s) to the Government of India at the time of seeking approval.
- (b) In any sector/activity, where Government approval is required for foreign investment and in cases where there are any *inter-se* agreements between/amongst shareholders which have an effect on the appointment of the Board of Directors or on the exercise of voting rights or of creating voting rights disproportionate to shareholding or any incidental matter thereof, such agreements will have to be informed to the approving authority. The approving authority will consider such *inter-se* agreements for determining ownership and control when considering the case for approval of foreign investment.
- (c) In all sectors attracting sectoral caps, the balance equity i.e. beyond the sectoral foreign investment cap, would specifically be beneficially owned by/held with/in the hands of resident Indian citizens and Indian companies, owned and controlled by resident Indian citizens.
- (d) In the I& B sector where the sectoral cap is up to 49%, the company would need to be 'owned **and** controlled' by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.
- (A) For this purpose, the equity held by the largest Indian shareholder would have to be at least 51% of the total equity, excluding the equity held by Public Sector Banks and Public Financial Institutions, as defined in Section 4A of the Companies Act, 1956 or Section 2 (72) of the Companies Act, 2013, as the case may be. The term 'largest Indian shareholder', used in this clause, will include any or a combination of the following:
 - (I) In the case of an individual shareholder,
 - (aa) The individual shareholder,
 - (bb) A relative of the shareholder within the meaning of Section 2 (77) of Companies Act, 2013.
 - (cc) A company/group of companies in which the individual shareholder/HUF to which he belongs has management and controlling interest.
 - (II) In the case of an Indian company,
 - (aa) The Indian company
 - (bb) A group of Indian companies under the same management and ownership control.
- (B) For the purpose of this Clause, "Indian company" shall be a company which must have a resident Indian or a relative as defined under Section 2 (77) of Companies Act, 2013/ HUF, either singly or in combination holding at least 51% of the shares.

(C) Provided that, in case of a combination of all or any of the entities mentioned in Sub-Clauses (I) and (II) of clause 1.2(v)(d)(A) above, each of the parties shall have entered into a legally binding agreement to act as a single unit in managing the matters of the applicant company.

(e) If a declaration is made by persons as per section 187C of the Companies Act, 1956 or section 89 of the Companies Act, 2013, as the case may be about a beneficial interest being held by a non-resident entity, then even though the investment may be made by a resident Indian citizen, the same shall be counted as foreign investment.

1.3 The above mentioned policy and methodology would be applicable for determining the total foreign investment in all sectors, except in sectors where it is specified in a statute or rule there under. The above methodology of determining direct and indirect foreign investment therefore does not apply to the Insurance Sector which will continue to be governed by the relevant Regulation. Similarly, above methodology will also not apply to downstream investments by an Investment Vehicle. Relevant conditions of downstream investment by Investment Vehicles are as under:

(i) Downstream investment by an Investment Vehicle shall be regarded as foreign investment if either the Sponsor or the Manager or the Investment Manager is not Indian 'owned and controlled' as defined in Regulation 14 of the principal Regulations as defined in RBI Notification No. 362/2015-RB dated February 15, 2016. Provided that for sponsors or managers or investment managers organized in a form other than companies or LLPs, SEBI shall determine whether the sponsor or manager or investment manager is foreign owned and controlled.

Explanation 1: Ownership and control is clearly determined as per the extant FDI policy. AIF is a pooled investment vehicle. 'Control' of the AIF should be in the hands of 'sponsors' and 'managers/investment managers', with the general exclusion of others. In case the 'sponsors' and 'managers/investment managers' of the AIF are individuals, for the treatment of downstream investment by such AIF as domestic, 'sponsors' and 'managers/investment managers' should be resident Indian citizens.

Explanation 2: The extent of foreign investment in the corpus of the Investment Vehicle will not be a factor to determine as to whether downstream investment of the Investment Vehicle concerned is foreign investment or not.

(ii) Downstream investment by an Investment Vehicle that is reckoned as foreign investment shall have to conform to the sectoral caps and conditions / restrictions, if

any, as applicable to the company in which the downstream investment is made as per the FDI Policy.

(iii) Downstream investment in an LLP by an Investment Vehicle that is reckoned as foreign investment has to conform to the provisions of Schedule VIII of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 as well as the extant FDI policy for foreign investment in LLPs.

(iv) An Alternative Investment Fund Category III with foreign investment shall make portfolio investment in only those securities or instruments in which a Registered Foreign Portfolio Investor is allowed to invest under the principal Regulations.

(v) The Investment Vehicle receiving foreign investment shall be required to make such report and in such format to Reserve Bank of India or to SEBI as may be prescribed by them from time to time.

- 1.4 Any foreign investment already made in accordance with the guidelines in existence prior to February 13, 2009 (date of issue of Press Note 2 of 2009) would not require any modification to conform to these guidelines. All other investments, past and future, would come under the ambit of these new guidelines.

Remittance, Reporting and Violation

1. Remittance and Repatriation

1.1 Remittance of sale proceeds/Remittance on winding up/Liquidation of Companies:

- (i) Sale proceeds of shares and securities and their remittance is 'remittance of asset' governed by The Foreign Exchange Management (Remittance of Assets) Regulations, 2000 under FEMA.
- (ii) AD Category-I bank can allow the remittance of sale proceeds of a security (net of applicable taxes) to the seller of shares resident outside India, provided the security has been held on repatriation basis, the sale of security has been made in accordance with the prescribed guidelines and NOC/tax clearance certificate from the Income Tax Department has been produced.

(iii) Remittance on winding up/liquidation of Companies

AD Category-I banks have been allowed to remit winding up proceeds of companies in India, which are under liquidation, subject to payment of applicable taxes. Liquidation may be subject to any order issued by the court winding up the company or the official liquidator in case of voluntary winding up under the provisions of the Companies Act, as applicable. AD Category-I banks shall allow the remittance provided the applicant submits:

- a. No objection or Tax clearance certificate from Income Tax Department for the remittance.
- b. Auditor's certificate confirming that all liabilities in India have been either fully paid or adequately provided for.
- c. Auditor's certificate to the effect that the winding up is in accordance with the provisions of the Companies Act, as applicable.
- d. In case of winding up otherwise than by a court, an auditor's certificate to the effect that there are no legal proceeding pending in any court in India against the applicant or the company under liquidation and there is no legal impediment in permitting the remittance.

1.2 Repatriation of Dividend

Dividends are freely repatriable without any restrictions (net after Tax deduction at source or Dividend Distribution Tax, if any, as the case may be). The repatriation is

governed by the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time.

1.3 **Repatriation of Interest**

Interest on fully, mandatorily & compulsorily convertible debentures is also freely repatriable without any restrictions (net of applicable taxes). The repatriation is governed by the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time.

2. **Reporting of FDI**

The reporting requirements for any investment in India by a person resident in India under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 are specified by the RBI. Regulation 4 of the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 vide notification No. FEMA. 395/2019-RB dated 17.10.2019 issued by the RBI stipulates the reporting requirement for any investment in India by a person resident outside India.

All the reporting is required to be done through the Single Master Form (SMF) available on the Foreign Investment Reporting and Management System (FIRMS) platform at <https://firms.rbi.org.in>. The user manual for reporting is available at <https://firms.rbi.org.in/firms/faces/pages/login.xhtml>. The format of the SMF and KYC report is available in the user manual.

3. **Adherence to Guidelines/Orders and Consequences of Violation**

FDI is a capital account transaction and thus any violation of FDI regulations are covered by the penal provisions of the FEMA. Reserve Bank of India administers the FEMA and Directorate of Enforcement under the Ministry of Finance is the authority for the enforcement of FEMA. The Directorate takes up investigation in any contravention of FEMA.

3.1 **Penalties**

- (i) If a person violates/contravenes any FDI Regulations, by way of breach/non-adherence/non-compliance/contravention of any rule, regulation, notification, press note, press release, circular, direction or order issued in exercise of the powers under FEMA or contravenes any conditions subject to which an authorization is issued by the Government of India/ Reserve Bank of India, he shall, upon adjudication, be liable to a penalty up to thrice the sum involved in such contraventions where such amount is quantifiable, or up to two lakh Rupees where the amount is not quantifiable, and where such contraventions is a continuing one, further penalty which may extend to five thousand Rupees for every day after the first day during which the contraventions continues.

- (ii) Where a person committing a contravention of any provisions of this Act or of any rule, direction or order made there under is a company (company means anybody corporate and includes a firm or other association of individuals as defined in the Companies Act), every person who, at the time the contravention was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.
- (iii) Any Adjudicating Authority adjudging any contraventions under 3.1(i) above, may, if he thinks fit in addition to any penalty which he may impose for such contravention direct that any currency, security or any other money or property in respect of which the contravention has taken place shall be confiscated to the Central Government.

3.2 Adjudication and Appeals

- (i) For the purpose of adjudication of any contravention of FEMA, the Ministry of Finance as per the provisions contained in the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000 appoints officers of the Central Government as the Adjudicating Authorities for holding an enquiry in the manner prescribed. A reasonable opportunity has to be given to the person alleged to have committed contraventions against whom a complaint has been made for being heard before imposing any penalty.
- (ii) The Central Government may appoint as per the provisions contained in the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000, an Appellate Authority/ Appellate Tribunal to hear appeals against the orders of the adjudicating authority.

3.3 Compounding Proceedings

Under the Foreign Exchange (Compounding Proceedings) Rules 2000, the Central Government may appoint 'Compounding Authority' an officer either from Enforcement Directorate or Reserve Bank of India for any person contravening any provisions of the FEMA. The Compounding Authorities are authorized to compound the amount involved in the contravention to the Act made by the person. No contravention shall be compounded unless the amount involved in such contravention is quantifiable. Any second or subsequent contravention committed after the expiry of a period of three years from the date on which the contravention was previously compounded shall be deemed to be a first contravention. The Compounding Authority may call for any information, record or any other documents relevant to the compounding proceedings. The Compounding

Authority shall pass an order of compounding after affording an opportunity of being heard to all the concerns as expeditiously and not later than 180 days from the date of application made to the Compounding Authority. Compounding Authority shall issue order specifying the provisions of the Act or of the rules, directions, requisitions or orders made there under in respect of which contravention has taken place along with details of the alleged contraventions.

*Annexure-6***Conditions for Broadcasting Sector**

1.0 FDI for Up-linking/Down-linking TV Channels will be subject to compliance with the relevant Up-linking/Down-linking Policy notified by the Ministry of Information & Broadcasting from time to time.

1.1 Foreign investment (FI) in companies engaged in all the aforesaid services will be subject to relevant regulations and such terms and conditions, as may be specified from time to time, by the Ministry of Information and Broadcasting.

1.2 The foreign investment (FI) limit in companies engaged in the aforesaid activities shall include, in addition to FDI, Foreign Portfolio Investors (FPIs), Qualified Foreign Investors (QFIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) and convertible preference shares held by foreign entities.

1.3 Foreign investment in the aforesaid broadcasting carriage services will be subject to the following security conditions/terms:

Mandatory Requirement for Key Executives of the Company

- (i) The majority of Directors on the Board of the Company shall be Indian citizens.
- (ii) The Chief Executive Officer (CEO), Chief Officer in-charge of technical network operations and Chief Security Officer should be resident Indian citizens.

Security Clearance of Personnel

- (iii) The Company, all Directors on the Board of Directors and such key executives like Managing Director/Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), shareholders who individually hold 10% or more paid-up capital in the company and any other category, as may be specified by the Ministry of Information and Broadcasting from time to time, shall require to be security cleared.

In case of the appointment of Directors on the Board of the Company and such key executives like Managing Director/Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), etc., as may be specified by the Ministry of Information and Broadcasting from time to time, prior permission of the Ministry of Information and Broadcasting shall have to be obtained.

It shall be obligatory on the part of the company to also take prior permission from the Ministry of Information and Broadcasting before effecting any change in the Board of Directors.

- (iv) The Company shall be required to obtain security clearance of all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, and consultancy or in any other capacity for installation, maintenance, operation or any other services prior to their deployment. The security clearance shall be required to be obtained every two years.

Permission *vis-à-vis* Security Clearance

- (v) The permission shall be subject to permission holder/licensee remaining security cleared throughout the currency of permission. In case the security clearance is withdrawn, the permission granted is liable to be terminated forthwith.
- (vi) In the event of security clearance of any of the persons associated with the permission holder/licensee or foreign personnel being denied or withdrawn for any reasons whatsoever, the permission holder/licensee will ensure that the concerned person resigns or his services terminated forthwith after receiving such directives from the Government, failing which the permission/license granted shall be revoked and the company shall be disqualified to hold any such Permission/license in future for a period of five years.

Infrastructure/Network/Software related requirement

- (vii) The officers/officials of the licensee companies dealing with the lawful interception of services will be resident India citizens.
- (viii) Details of infrastructure/network diagram (technical details of the network) could be provided, on a need basis only, to equipment suppliers/manufactures and the affiliate of the licensee company. Clearance from the licensor would be required if such information is to be provided to anybody else.
- (ix) The Company shall not transfer the subscribers' databases to any person/place outside India unless permitted by relevant law.
- (x) The Company must provide traceable identity of their subscribers.

Monitoring, Inspection and Submission of Information

- (xi) The Company should ensure that necessary provision (hardware/software) is available in their equipment for doing the lawful interception and monitoring from a centralized location as and when required by Government.

- (xii) The company, at its own costs, shall, on demand by the government or its authorized representative, provide the necessary equipment, services and facilities at designated place(s) for continuous monitoring or the broadcasting service by or under supervision of the Government or its authorized representative.
- (xiii) The Government of India, Ministry of Information & Broadcasting or its authorized representative shall have the right to inspect the broadcasting facilities. No prior permission/intimation shall be required to exercise the right of Government or its authorized representative to carry out the inspection. The company will, if required by the Government or its authorized representative, provide necessary facilities for continuous monitoring for any particular aspect of the company's activities and operations. Continuous monitoring, however, will be confined only to security related aspects, including screening of objectionable content.
- (xiv) The inspection will ordinarily be carried out by the Government of India, Ministry of Information & Broadcasting or its authorized representative after reasonable notice, except in circumstances where giving such a notice will defeat the very purpose of the inspection.
- (xv) The company shall submit such information with respect to its services as may be required by the Government or its authorized representative, in the format as may be required, from time to time.
- (xvi) The permission holder/licensee shall be liable to furnish the Government of India or its authorized representative or TRAI or its authorized representative, such reports, accounts, estimates, returns or such other relevant information and at such periodic intervals or such times as may be required.
- (xvii) The service providers should familiarize/train designated officials or the Government or officials of TRAI or its authorized representative(s) in respect of relevant operations/features of their systems.

National Security Conditions

- (xviii) It shall be open to the licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle. The Government of India, Ministry of Information and Broadcasting shall have the right to temporarily suspend the permission of the permission holder/Licensee in public interest or for national security for such period or periods as it may direct. The company shall immediately comply with any directives issued in this regard failing which the permission issued shall be revoked and the company disqualified to hold any such permission in future for a period of five years.

- (xix) The company shall not import or utilize any equipment, which are identified as unlawful and/or render network security vulnerable.

Other Conditions

- (xx) Licensor reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest or for proper provision of broadcasting services.
- (xxi) Licensee will ensure that broadcasting service installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

Conditions for Industrial Parks

1.1(i) “Industrial Park” is a project in which quality infrastructure in the form of plots of developed land or built up space or a combination with common facilities, is developed and made available to all the allottee units for the purposes of industrial activity.

(ii) “Infrastructure” refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.

(iii) “Common Facilities” refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.

(iv) “Allocable area” in the Industrial Park means-

- (a) in the case of plots of developed land- the net site area available for allocation to the units, excluding the area for common facilities.
- (b) in the case of built up space- the floor area and built up space utilized for providing common facilities.
- (c) in the case of a combination of developed land and built-up space- the net site and floor area available for allocation to the units excluding the site area and built up space utilized for providing common facilities.

(v) “Industrial Activity” means manufacturing; electricity; gas and water supply; post and telecommunications; software publishing, consultancy and supply; data processing, database activities and distribution of electronic content; other computer related activities; basic and applied R&D on bio-technology, pharmaceutical sciences/life sciences, natural sciences and engineering; business and management consultancy activities; and architectural, engineering and other technical activities.

1.2 FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 5.2.10 of Chapter 5 of this Circular, provided the Industrial Parks meet with the under-mentioned conditions:

- (i) it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area;
- (ii) the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.

*Annexure-8***Permissible limits under portfolio investment schemes through stock exchanges for /FPIs and NRIs**

The permissible limits under portfolio investment schemes through stock exchanges for /FPIs and NRIs will be as follows:

- (i) The total holding by each FPI or an investor group, shall be less than 10 per cent of the total paid-up capital on a fully diluted basis or less than 10 per cent of the paid up value of each series of debentures or preference shares or share warrants, aggregate limit for all /FPIs cannot exceed 24 per cent of the total paid-up capital on a fully diluted basis or paid up value of each series of debentures or preference shares or share warrants.

With effect from the 1st April, 2020, the aggregate limit shall be the sectoral caps applicable to the Indian company as laid out in sub-paragraph (b) of paragraph 3 of Schedule I of these rules, with respect to its paid-up equity capital on a fully diluted basis or such same sectoral cap percentage of paid up value of each series of debentures or preference shares or share warrants. The aggregate limit as provided above may be decreased by the Indian company concerned to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively before 31st March, 2020.

The Indian company which has decreased its aggregate limit to 24% or 49% or 74%, may increase such aggregate limit to 49% or 74% or the sectoral cap or statutory ceiling respectively as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively. Once the aggregate limit has been increased to a higher threshold, the Indian company cannot reduce the same to a lower threshold. However, the aggregate limit with respect to an Indian company in a sector where FDI is prohibited shall be 24 per cent.

- (a) In the case of NRIs, as hitherto, individual holding is restricted to 5 per cent of the total paid-up capital on fully diluted basis or 5 percent of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company both on repatriation and non-repatriation basis and the total holdings of all NRIs and OCIs put together shall not exceed 10 per cent of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24 per cent of the total paid-up capital both

on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.

- (b) Applications for foreign direct investment in private banks having joint venture/subsidiary in insurance sector may be addressed to the Reserve Bank of India (RBI) for consideration in consultation with the Insurance Regulatory and Development Authority of India (IRDAI) in order to ensure that the 49 per cent limit of foreign shareholding applicable for the insurance sector is not being breached.
- (c) Transfer of shares under FDI from residents to non-residents shall require approval of RBI and/or Government wherever applicable.
- (d) The policies and procedures prescribed from time to time by RBI and other institutions such as SEBI, Ministry of Corporate Affairs and IRDAI on these matters will continue to apply.
- (a) RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling 5 per cent or more of the paid-up capital of the private bank will apply to non-resident investors as well.

(ii) Setting up of a subsidiary by foreign banks

- (a) Foreign banks will be permitted to either have branches or subsidiaries but not both.
- (b) Foreign banks regulated by banking supervisory authority in the home country and meeting Reserve Bank's licensing criteria will be allowed to hold 100 per cent paid up capital to enable them to set up a wholly-owned subsidiary in India.
- (c) A foreign bank may operate in India through only one of the three channels viz., (i) branches (ii) a wholly-owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank.
- (d) A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking license. A foreign bank will be permitted to establish a subsidiary through acquisition of shares of an existing private sector bank provided at least 26 per cent of the paid capital of the private sector bank is held by residents at all times consistent with para (i) (b) above.
- (e) A subsidiary of a foreign bank will be subject to the licensing requirements and conditions broadly consistent with those for new private sector banks.

- (f) Guidelines for setting up a wholly-owned subsidiary of a foreign bank will be issued separately by RBI.
 - (g) All applications by a foreign bank for setting up a subsidiary or for conversion of their existing branches to subsidiary in India will have to be made to the RBI.
- (iii) At present there is a limit of ten per cent on voting rights in respect of banking companies, and this should be noted by potential investor. Any change in the ceiling can be brought about only after final policy decisions and appropriate Parliamentary approvals. All investments shall be subject to the guidelines prescribed for the banking sector under the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934.

*Annexure - 9***Certificate to be furnished by the Prospective Investor as well as the Prospective Recipient Entity****(Para 5.2.27.3 (ii))**

It is certified that the following is the complete list of all inter-se agreements, including the shareholders agreement, entered into between foreign investor(s) and investee brownfield pharmaceutical entity

1.
2.
3.

(Copies of all agreements to be enclosed)

It is also certified that none of the inter-se agreements, including the shareholders agreement, entered into between foreign investor(s) and investee brownfield pharmaceutical entity contain any non-compete clause in any form whatsoever.

It is further certified that there are no other contracts/agreements between the foreign investor(s) and investee brownfield pharma entity other than those listed above.

The foreign investor(s) and investee brownfield pharma entity undertake to submit to the Government any inter-se agreements that may be entered into between them subsequent to the submission and consideration of this application.

ABBREVIATIONS

AD	Authorised Dealer
ADRs	American Depository Receipts
AIF	Alternative Investment Fund
ARC	Asset Reconstruction Company
B2B	Business-To-Business
B2C	Business-To-Customer
CA	Chartered Accountant
CCEA	Cabinet Committee on Economic Affairs
CCS	Cabinet Committee on Security
CDR	Corporate Debt Restructuring
CEO	Chief Executive Officer
CIC	Credit Information Companies
CICs	Core Investment Companies
COO	Chief Operating Office
CSO	Chief Security Officer
CTO	Chief Technical Officer
DGFT	Directorate General of Foreign Trade
DoT	Department of Telecommunications
DPIIT	Department of Promotion of Industry and Internal Trade
DRs	Depository Receipts
DSIM	Department of Statistics and Information Management
DTH	Direct to Home
ECB	External Commercial Borrowing
ESOPs	Employees Stock Option Scheme
FCCBs	Foreign Currency Convertible Bonds
FC-GPR	Foreign Currency-Gross Provisional Return
FC-TRS	Foreign Currency-Transfer of Shares
FDI	Foreign Direct Investment
FED	Foreign Exchange Department
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973

FI	Foreign Investment
FIFP	Foreign Investment Facilitation Portal
FIRC	Foreign Inward Remittance Certificate
FPIs	Foreign Portfolio Investors
FVCIs	Foreign Venture Capital Investors
G.S.R	General Statutory Rules
GDRs	Global Depository Receipts
GMPCS	Global Mobile Personal Communications Services
HITS	Headend-in-the Sky Broadcasting Service
HUF	Hindu Undivided Family
IBD	Investment Banking Division
ICDR	Issue of Capital and Disclosure Requirements
InvIts	Infrastructure Investment Trusts
IPLC	International Private Leased Circuit
IPO	Initial Public Offering
IRDAI	Insurance Regulatory and Development Authority of India
ISP	Internet Service Provider
JV	Joint Venture
KYC	Know Your Customer
LCOs	Local Cable Operators
LIBOR	London Interbank Offered Rate
LLP	Limited Liability Partnership
LNG	Liquefied Natural Gas
LRN	Loan Registration Number
MBRT	Multi-Brand Retail Trading
MSEs	Micro & Small Enterprises
MSOs	Multi System Operators
NHB	National Housing Bank
NIC	National Informatics Centre
NIC Code	National Industrial Classification Code
NITI Aayog	National Institute for Transforming India Aayog
NLEM	National List of Essential Medicines

NOC	No Object Certification
NRE/FCNR	Non-Resident Rupee/Foreign Currency Non-Resident Account
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary
OCB	Overseas Corporate Body
ODI	Overseas Direct Investment
OFBV	Own Fund of Book Value
OFRS	Online Return Filing System
Outward	Outward Foreign Affiliates Trade Statistics
FATS	
PAN	Permanent Account Number
PFRDA	Pension Fund Regulatory and Development Authority
PIOs	Person of Indian Origin
PIS	Portfolio Investment Scheme
PMLA	Prevention of Money Laundering Act, 2002
PMRTS	Public Mobile Radio Trunked Services
PPP	Public Private Partnership
PSAR	Private Security Agencies (Regulation) Act, 2005
PSU	Public Sector Undertakings
PUC	Paid-up Capital
R&D	Research and Development
RBI	Reserve Bank of India
REITs	Real Estate Investment Trusts
RFPI	Registered Foreign Portfolio Investor
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SAST	SEBI (Substantial Acquisition of Shares and Takeovers), 2011
SBRT	Single Brand Retail Trading
SEBI	Securities and Exchange Board of India
SEZs	Special Economic Zones
SIA	Secretariat of Industrial Assistance
SOP	Standard Operating Procedure

SRs	Security Receipts
SWF	Sovereign Wealth Fund
TDR	Transferable Development Rights
TRAI	Telecom Regulatory Authority of India
UIN	Unique Identification Number
WLAO	White Label ATM Operations
WT	Wholesale Trade

APPENDIX-III

**Government of Jammu & Kashmir
Industries & Commerce Department
Civil Secretariat, Jammu**

Subject: - Jammu and Kashmir Industrial Policy 2021-30.

Reference: Administrative Council Decision No.46/7/2021 dated 09.04.2021

Government Order No : 117 -IND of 2021

D a t e d : 19 . 04 . 2021

Sanction is hereby accorded to the adoption of Jammu and Kashmir Industrial Policy 2021-30 as per annexure appended to this order for its implementation with effect from 01-04-2021.

All industrial units coming into commercial production from the date of implementation of this Policy shall be entitled to avail incentives as provided in the Jammu and Kashmir Industrial Policy 2021.

All existing units and existing units undertaking substantial expansion shall be entitled to incentives provided in this Policy.

The existing units eligible for incentives under the erstwhile Industrial Policy 2016 shall be allowed to avail the same under the Industrial Policy 2021 till 31-03-2026.

Previous orders, if any issued, which are inconsistent with this Policy shall stand superseded by this order to the extent of inconsistency.

By order of the Government of Jammu and Kashmir.

Sd/-

(Ranjan Prakash Thakur)

Principal Secretary to the Government

Dated: 19.04.2021

No. IND/DIC-20/2021

Copy to the :-

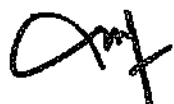
1. All Financial Commissioners.
2. Director General of Police, J&K.
3. Principal Secretary to the Lieutenant Governor.
4. All Principal Secretaries to Government.
5. Principal Resident Commissioner, J&K Government, New Delhi.
6. Chief Electoral Officer, J&K.
7. All Commissioner/ Secretaries to the Government.
8. Joint Secretary (J&K), Ministry of Home Affairs, Government of India.
9. Divisional Commissioner, Jammu/Kashmir.
10. Director General, J&K Institute of Management, Public Administration and Rural Development, Jammu.
11. Chairman, J&K Special Tribunal.
12. All HoD's of Industries and Commerce Department.
13. All Deputy Commissioners.
14. Director, Information.
15. Director, Archives, Archaeology and Museums.
16. General Manager, Government Press, Jammu/Srinagar.
17. Private Secretary to the Hon'ble Lieutenant Governor.
18. Private Secretary to the Chief Secretary.
19. Private Secretaries to Advisor (F)/(B)/(BK) to Lieutenant Governor.
20. Pvt Secy to Principal Secretary to the Government, Industries and Commerce Department.
21. In-charge website, GAD/ I&C Department.


(Sartaj Hussain Madni)

Deputy Secretary to the Government



Jammu and Kashmir Industrial Policy 2021-30



Contents

1. INTRODUCTION	2
2. DEFINITIONS	5
3. OBJECTIVES AND STRATEGY	7
4. PACKAGE OF INCENTIVES	15
5. EASE OF DOING BUSINESS	20
6. CHANGE OF CONSTITUTION	24
7. ANNEXURES	25



1. Introduction

- 1.1. Jammu & Kashmir is the newly formed Union Territory of Indian Union created under the Jammu & Kashmir Reorganization Act, 2019 on 31st October 2019. The Union Territory (erstwhile Jammu & Kashmir State) has made progress in Industrial development over the last decades.
- 1.2. Jammu & Kashmir announced its first Industrial policy in 1995 and substituted by another policy in 1998. However, the Comprehensive Industrial Policy was announced in the year 2004 and later in 2016.
- 1.3. The Industrial Policy 2016 aimed to attract substantial Investment in Industry for production of Goods, Services and employment generation through optimal utilization of available resources including Human Resource. The Policy was more focused towards the traditional cottage Industries namely Handicraft and Handloom to ensure economic upliftment of the artisans, weavers and traders in this sector. Now, the Government has notified J&K Wool Processing, Handloom and Handicraft Policy 2020 which focuses on requirements of Handloom and Handicraft sector.
- 1.4. The Government of India through Department for Promotion of Industry and Internal Trade (DPIIT), has been offering incentives under different packages such as Special Package I in 2002, Special Package II in 2012 and IDS 2017. Further various incentives have been offered under recently launched 'New Central Sector Scheme for Industrial development of Jammu & Kashmir' vide Government of India notification F.No. 1(1)/ 2020-SSS, dated 19th Feb 2021.
- 1.5. In an era of Competitive Federalism, Industrialization holds the key to foster economic growth, create employment opportunities and bring prosperity to the people. The states and Union Territories (UTs) are competing with each other for attracting investments to foster growth.

Department of Industries & Commerce has been active in bringing interventions to make the business environment more investment friendly in consonance with National and international standards.

- 1.6. Department of Industries and Commerce, Government of Jammu & Kashmir is responsible for all round industrial development of the Union Territory (UT). It acts as a catalyst to modernize & strengthen the industrial units to make them globally competitive.
- 1.7. The industrial landscape of the UT is dominated by MSME and it plays a crucial role in propelling industrial growth and economy in UT as they contribute around 8% to the GSDP and employ the largest number of people in the manufacturing and services sectors. Approx. 25,000 MSMEs that are operational in the UT contribute almost 60% of the total investment and 90% of total employment in industrial sector in the UT. It is thus imperative that MSME sector be further supported through policy interventions.
- 1.8. The Department assists Large and MSME units through fiscal and holding to achieve employment generation and utilization of local resources. Department through its Directorate(s) in Jammu & Kashmir, Jammu and Kashmir Handicrafts and Handloom Department, Jammu & Kashmir State Industrial Development Corporation(s), Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu and Kashmir Industries Limited, Jammu & Kashmir Handicrafts and Handloom Development Corporation, Jammu & Kashmir IT Infrastructure Development Company, Jammu & Kashmir Trade Promotion Organization and Industrial Development Corporation(s) are striving to create a vibrant eco system for Industries in UT.
- 1.9. Jammu & Kashmir Industrial Policy 2021 aims to address the challenges faced by industry and to create a Sustainable, Balanced, Progressive and Competitive ecosystem in the UT.
- 1.10. There is scope in Jammu & Kashmir for taking up of manufacturing and service activities in the field of Food processing,



Pharmaceuticals, high grade raw silk, woolen fabrics, computer/electronics and Information Technology. Jammu & Kashmir has significant potential of growth in various service sectors such as Education, Tourism, Health, Information Technology and Skilling

- 1.11. The Jammu and Kashmir Industrial Policy 2021 is aimed at creating a conducive ecosystem for industry, which attracts investments in focus sectors leading to sustainable, equitable, environment friendly and balanced industrial development thereby creating employment opportunities for the youth, income generation and overall development of the region.

2. Definitions

Under this Policy, unless otherwise provided under various schemes of DPIIT, Ministry of Commerce and Industries:

- a) **'UT'** means the Union Territory of Jammu & Kashmir.
- b) **'Policy'** means the Jammu & Kashmir Industrial Policy 2021-30.
- c) **'MSME'** means Enterprises engaged in the manufacturing, services, processing or preservation of goods as per the MSME Development Act 2006 read with Ministry of MSME Notification dated 1st June 2020.
- d) **'Eligible Industrial Units'** means a unit as defined under clause 4.1 of this policy
- e) **'New unit'**
 - 1) For manufacturing sector means a unit which commences production on or after 01.04.2021.
 - 2) For Service sector means a unit which commences operation on or after 01.04.2021.
 - 3) A new unit will be required to fulfil the following conditions:
 - i. It is not formed by splitting up, or reconstruction of a business already in existence.
 - ii. It is not formed by transfer of plant or machinery previously used for any other purpose to the new unit.
 - iii. It has not been relocated from elsewhere and/or is not an existing unit reopened under a new name and style.
- f) **'Existing unit'** means a unit which has commenced commercial production/operation on or before 31.03.2021.
- g) **'Manufacturing units'** means a unit which carries out processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturing unit" shall be construed accordingly."
- h) **'Service Unit'** means a unit providing "services" defined as anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.
- i) **'Substantial expansion'** means 'an additional investment of minimum twenty-five percent of the total amount of investment already made in the existing unit' in plant and machinery (for manufacturing sector), or

construction of building and other durable physical assets (for service sector) for the purpose of enhancement of capacity, modernization, diversification or additional line of activity.

- j) **'Working Capital'** is difference between Current Assets and Current Liabilities. It is the capital required for the smooth and uninterrupted functioning of the unit and is used to finance its day to day needs, such as buying raw materials.
- k) **'Raw Material'** means any raw materials actually required and used by an industrial unit in manufacturing of the finished goods for which it is requested.
- l) **'Plant and Machinery'** for the purpose of this policy will mean
 - i. For Manufacturing unit shall cover the newly purchased industrial plant and machinery as erected at site. Relocated/Recycled/Refurbished plant and machinery is not eligible for assistance under the scheme. The purchase of machinery should be from open market at normal market price. The purchase should not be made from a Related Party and it will be ensured that purchases have been made following an Arms-length pricing.
 - ii. For Service sector industrial unit shall include **'Building and other durable physical assets'** which shall cover new building and other durable physical assets for a service sector unit where purchases have been made following an Arms-length pricing.
- m) **'Industrial Development Corporation'** means the J&K SIDCO, J&K SICOP or any other corporation(s) as may be notified by Government.
- n) **'Arm's length price'** as defined under the provisions of Income Tax Act, 1961.
- o) **'Assessed Capacity'** means capacity as has been assessed by the General Manager of concerned District Industries Centre or any other officer authorized in this behalf by Director, Industries & Commerce.



3. Objectives and Strategy

- 3.1. The new Jammu & Kashmir Industrial Policy 2021 aims
- a) To attract substantial investment across focus sectors
 - b) Creation of jobs for the youth
 - c) Promoting development of backward regions
 - d) Maximizing growth opportunities by optimum utilization of the available resources
 - e) Creating backward and forward linkages
 - f) Harnessing the talents and skills of the people and ushering prosperity in every household
 - g) To nurture existing industries

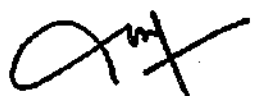
- 3.2. While creating an enabling work environment for industrial development, the policy emphasizes on pollution and environmental safeguards to ensure ecological stability and sustainable development.

3.3. Vision

The vision for industrialization of Jammu & Kashmir is "to transform Jammu & Kashmir from an aspirational to an industrialized territory and Unlocking its potential through Convergence (UT and Central) and Collaboration (Industry and Government)". The industry policy framework will be driven by the slogan – "Jammu & Kashmir – Tradition, Growth and Transformation". The policy intends to provide a regulatory environment within a supportive framework of Ease of Doing Business.

3.4. Mission

The envisaged mission is to drive industrial growth in an environment of stability wherein dynamic competition is allowed to help in the betterment of traditional core sectors, such as Agriculture and allied sectors, Food processing, Tourism, Handicrafts and Handlooms, Health, Education etc. as well as New-age Technology driven sectors like Pharmaceuticals, IT/ITes, Skill development etc. leading to economic vibrancy and human resource development dividends for the high potential Union Territory of Jammu and Kashmir.



3.5. Core Values

- a) The Government shall be a facilitator, Partner, Provider, Collaborator, Promotor
- b) The Industrial Development shall be Sustainable, Balanced, Progressive and Competitive
- c) Entrepreneurs will thrive in a progressive business regulatory environment
- d) Benefits of industrialization should reach marginal and socially disadvantaged sections of Jammu & Kashmir
- e) Assistance to MSME and Large Units
- f) More emphasis on Zero Effect - Zero Defect productivity
- g) Industrial development will lead to creation of jobs benefitting local youth
- h) Become Achiever from Performer in Sustainable Development Goals implementation
- i) Environment will be protected, and any potential impacts shall be mitigated

3.6. Aims

- a) To position Jammu & Kashmir as Aspiring Investment Destination in India in next ten years.
- b) Focus on industrial investments in the UT to spur the manufacturing momentum and create new employment opportunities.
- c) Promoting ancillarization and cluster development approach to attain optimum utilization of resources across the Jammu & Kashmir.
- d) Ease of doing business and creation of conducive business environment by ensuring service delivery in a time bound manner digitally.
- e) Identifying sector strengths of each region and promote sector specific parks.
- f) To facilitate access to quicker and affordable credit for industries
- g) To promote sector specific approach and value addition in production.
- h) To support the industries in connecting with global and national market.
- i) Inviting reputed Industrial houses and potential investors from

within and outside the UT to promote Jammu & Kashmir as an ideal Investment destination.

- i) Organizing Road shows and Expos for creating Backward and Forward Linkages for industries, within and outside Jammu & Kashmir, via the Department of Industries and Commerce's Trade promotion wing, JKTPO who will work in collaboration with Industrial Associations like FICCI, ASSOCHAM, CII, PHD Chamber of Commerce and Industry etc. for promotion of industrial investment in Jammu & Kashmir.

3.6.1. To provide basic Infrastructure and Last Mile Connectivity for Industrial Units

- a) Fast track completion of proposed infrastructure projects and preparing infrastructure development vision for Jammu & Kashmir
- b) Suitable steps shall be taken for establishment of Inland Container Depot/ Rail Freight Corridors/ MMLPs.
- c) Leveraging Government of India grant for the projects of national importance.
- d) Creation of Critical Infrastructure Fund for last mile connectivity
- e) Creation of private industrial parks and extension of infrastructural support
- f) Providing and Managing Infrastructure amenities such as Interior roads, Street lighting, Solid Waste Management, Sewerage Systems, Warehouses, Parking facilities, Sewerage Treatment Plant, Effluent Treatment facilities etc. in Industrial.
- g) Special Focus on Development of Infrastructure through Public Private Partnership.
- h) The Government will ensure regular and adequate supply of power to the industrial estates, parks and growth centres etc.
- i) Creation and development of Special Economic Zones.

3.6.2. To promote regionally balanced, environmentally sustainable and inclusive industrial growth

- a) Categorization of regions to promote balanced and inclusive industrial growth.
- b) Special fiscal incentives to Industrial units in under-developed regions.
- c) Promoting labour Intensive Industries.
- d) Supporting revival of sick and closed units.

3.7. Duration of the Policy

- 3.7.1. Jammu & Kashmir Industrial Policy 2021 shall be valid for a period of 10 years from the 01.04.2021.
- 3.7.2. The Government of Jammu & Kashmir can extend the time period of the policy.
- 3.7.3. The Government of Jammu & Kashmir can amend or clarify to remove difficulty in implementation of the policy.

3.8. Land Bank

- 3.8.1.1. Jammu & Kashmir Government envisages to attract investment in manufacturing as well as services sector. Since availability of adequate land is a pre-requisite for setting up of industry, the Government is developing State-of-the-Art industrial land bank across the Jammu & Kashmir
- 3.8.1.2. Allotment of Land in Industrial Estates will be as per Jammu & Kashmir Industrial Land Policy 2021.

3.9. Land Allotment and Governance

Land allotment shall be governed by the Jammu & Kashmir Industrial Land Allotment Policy 2021-30.

3.10. Creation of Industrial Estates, Parks and Clusters

- 3.10.1. The Department of Industries and Commerce, Jammu & Kashmir would initiate action to develop Industrial Estates/ Parks on the ready to occupy model to attract investments. Government will develop sector specific parks and clusters.
- 3.10.2. Effective integration between industry and infrastructure shall be endeavoured by developing Industrial corridors having world-class infrastructure such as High-Speed Transportation Network, Logistic Parks, Common Facility Centres, etc.

3.11. Encouraging Private Industrial Estates and Parks

The Department of Industries and Commerce, Jammu & Kashmir shall encourage the development of private industrial estates to provide state-of-the-art industrial infrastructure to the industry by providing a separate incentive package.

- e) Promoting Zero effluent discharge plants.
- f) Ensuring environmental sustainability by providing incentives for green industrialization.
- g) Promotion of exports from districts by leveraging 'District as Export hub' scheme.

3.6.3. Special emphasis on skill development and to create high level of employment generation

- a) Encouraging industry and university collaboration for skill development of local youth.
- b) Industry oriented curriculum in government colleges/ institutions and universities.
- c) ITI s and Polytechnics to offer future ready courses.
- d) To encourage investments in capacity building programs for creating an industry ready human resource pool.
- e) Providing additional fiscal support to employment based Mega/ Anchor projects thereby generating higher employment.
- f) Entrepreneurship development for the local youth through EDI
- g) Setting up of Start-ups and promoting technology transfer.

3.6.4. Minimum Regulation- Maximum Facilitation and Digital Interventions

- a) Government would act as facilitator rather than the regulator.
- b) All UT related services, consents and permissions required to set up and operate an industry in Jammu & Kashmir shall be provided through Single Window Portal.
- c) Strengthening Single Window Cell by involving the concerned department wherever necessary with respect to investments as well as concern and issues that the industry may have encountered.
- d) Directorate of Industries, Jammu & Kashmir will coordinate with Industrial Associations for Ease of Doing Business initiatives.
- e) Implementation of Department for Promotion of Industry and Internal Trade (DPIIT) District and State level reforms.
- f) Government of Jammu & Kashmir would opt for Block chain, Internet of Things, Artificial Intelligence, Robotics and other technologies for Ease of Administration and Governance.

3.12. Environment Protection

- 3.12.1. The Government shall encourage environment protection through setting up of Green Industries and adoption of green technologies. Units/ projects which undertake installation of online pollution control devices shall be incentivized under this policy. Accordingly, the Government will encourage units to undertake sustainable/green initiatives and will utilize Renewable energy.
- 3.12.2. Special attention shall be paid to environment protection by way of installation of Effluent Treatment Plants (ETPs), hazardous waste management systems, zero discharge processes, energy conservation measures, solid waste disposal plants, recycled water utilization, renewable energy utilization and dense plantation. Installation of such plants under PPP mode shall be encouraged with grant of incentives as are applicable under the policy or as may be prescribed under the procedural guidelines.
- 3.12.3. Setting up of red category industries in certain cases shall be allowed subject to adoption of all environmental protection measures, installation of on-line pollution control equipment/devices and adherence to prescribed measures in relation to location of such units and environmental audit under the overall supervision of Pollution Control Board.
- 3.12.4. Water Supply and Industrial Waste Management:
Water is a scarce resource and optimal utilization of water by industry would be actively encouraged. Industries would be encouraged to recycle, and reuse water generated from industrial processes after adopting appropriate technologies and techniques, for which special incentives shall be provided. Accordingly, emphasis will be to:
- a) replenish and recharge ground water by adopting "Rainwater Harvesting",
 - b) recycle & re-use water recovered from industrial processes
 - c) opting for green and renewable power
 - d) solid waste management

Besides, the Government while developing any new Industrial Estate/

Cluster shall make all possible endeavours for establishment of Common Effluent Treatment Plant (CETP) and other common environment protection measures for treatment of industrial waste.

3.12.5. Energy conservation measures

Efforts will be made to educate industry stakeholders about low-carbon, low waste, non- polluting and safe technologies.

- a) Encourage industries to go for carbon auditing
- b) Use of energy efficient equipment in industries will be encouraged
- c) Industries with connected load of above 100 KW will be encouraged to adopt energy auditing
- d) Facilitate industries in implementing clean technology projects utilizing various Government of India Schemes

3.13. Revival of Sick Units

3.13.1.1. The guidelines for rehabilitation/ revival of Micro, Small and Medium enterprises (MSME) notified by the Ministry of MSME vide helps in early detection of distress and rehabilitation/ exit of MSME in a more structured and transparent manner. These guidelines along with Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs) issued by the Reserve Bank of India in consultation with the Ministry of MSME vide RBI/2015-16/338FIDD.MSME & NFS.BC.No.21/06.02.31/2015-16 dated 17.03.2016 shall be applicable for revival and rehabilitation of the Sick units.

3.13.1.2. In case where the unit requires additional finance for revival, following procedure shall be applicable:

3.13.1.2.1. The concerned General Manager shall deal with the case as per the provisions of Govt. Order No: 47 IND-1999, dated 10/02/1999 in respect of the units where total assistance requirement does not exceed Rs. 5.00 Lac. These cases shall be referred to District Level Revival Committee (DLRC) for declaring the unit as sick.

3.13.1.2.2. After approval of the DLRC the General Manager shall recommend the case to the Director Industries & Commerce concerned for sanction of soft loan. In case of the units



where the financial assistance requirement exceeds Rs. 5.00 Lac, the same shall be recommended to the concerned Directorate of Industries & Commerce for declaring the unit as sick and subsequent placement of such case(s) before State Level Revival Committee (SLRC) for approval of requisite funds in each case.

3.13.1.2.3. The Director of Industries and Commerce shall there after forward the case(s) to concerned Bank for disbursement of the financial Assistance as a soft loan.

3.13.1.2.4. The Government shall keep a provision of a corpus fund to be placed at the disposal of the Lead Bank of the UT for meeting the requirement of differential amount of interest to be reimbursed to the concerned bank incurred on account of disbursement of soft loan.

3.14. **Focus Sectors:**

The list of focus sectors is as follows:

- 1) Manufacturing
- 2) IT & ITeS
- 3) Agriculture and Food Processing
- 4) Healthcare and Pharmaceuticals
- 5) Infrastructure and Real Estate
- 6) Herbal and Medicinal Plants
- 7) Milk Poultry and Wool Production
- 8) Education and Skill Development
- 9) Tourism and Hospitality
- 10) Film Tourism
- 11) Horticulture and post-harvest management
- 12) Renewable Energy
- 13) Handloom and Handicrafts
- 14) Agriculture, Mulberry and Production of Silk
- 15) Export oriented units
- 16) Any other sector that is notified by Government of Jammu & Kashmir



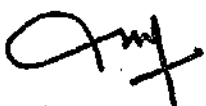
4. Package of Incentives

4.1. Eligibility

- 4.1.1. All eligible Manufacturing and Service sector units will be granted incentive(s) under this scheme as defined under clauses of respective incentives of this policy.
- 4.1.2. The incentives shall not be applicable to the units which manufacture the products listed in the Annexure -I (Negative List for Manufacturing Sector).
- 4.1.3. The incentives shall be applicable only in case of such service units from sectors as listed in the Annexure -II (Positive List for Service Sector).
- 4.1.4. The incentives shall be disbursed only after certification of commencement of Production/Operation of the unit by the concerned GM DIC.

4.2. Subsidy on DG set

- 4.2.1. All new units; existing units and existing units undertaking substantial expansion will get 100% subsidy on purchase and installation of a single new DG set having capacity ranging from 10 KW to 2000 KW, with the capping of Rs. 40 lakhs in Zone A and Rs. 45 lakhs in Zone B. The incentive can be availed only once under the Policy.
- 4.2.2. In case of units under going substantial expansion, the unit holder shall be incentivized on DG Sets only on incremental powerload in case the Incentive has already been availed by the unit on existing Power Load (Incremental Power load shall mean, Power load comprising of expansion part only).
- 4.2.3. If the existing unit undertakes Substantial Expansion but has not availed the DG Set subsidy earlier, the DG Set subsidy shall be applicable on aggregate power load of the unit (Aggregate power load shall mean total power load of the unit after Substantial Expansion)
- 4.2.4. The subsidy shall be available to the unit after it has been verified that the DG set has been installed in the unit.
- 4.2.5. The incentive shall, however, be extended, subject to installation of Retrofitted Emission Control Devices/ Equipment, as per the condition



laid down by the Hon'ble National Green Tribunal for DG Sets of 125 KVA capacity and above.

- 4.2.6. The amount of subsidy on purchase of one (01) DG set shall be paid to the Unit only through a bank (or the concerned financing agency, if any) even if the promoter may not have taken any loan for purchase of the DG set.
- 4.2.7. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive under the Policy.

4.3. Exemption of Stamp Duty and Court Fee

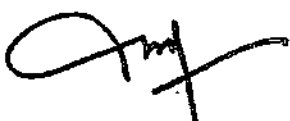
- 4.3.1. New units and existing units undertaking substantial expansion shall be eligible for 100% exemption of Stamp duty on land transactions in Government Industrial Estates, including lease deed and mortgage deed.
- 4.3.2. New units and existing units undertaking substantial expansion shall be eligible for exemption of payment of court fee for registration of documents relating to land transactions.

4.4. Subsidy on procurement of Quality Certificate

- 4.4.1. New units; existing units and existing units undertaking substantial expansion, procuring Quality Certification like ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK, ZED Rating etc. shall be given a subsidy of 30% of the total cost incurred for obtaining the said certificate, subject to a maximum of Rs 2 lakhs, as certified by the Chartered Accountant. This incentive, however, can be availed only once.
- 4.4.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive.

4.5. Subsidy on Automation

- 4.5.1. New units, existing units and existing units undertaking substantial expansion incurring expenditure on automation / software / hardware / Business process re-engineering (BPR) through computers/IT/ Online Pollution Control Devices shall be provided subsidy of 25% of expenditure incurred on the same up to a limit of Rs. 2 lakhs, after due verification by the Industries & Commerce Department/Pollution



Control Board, if the same has not been claimed under Capital Investment Incentive (CII) or similar subsidy scheme of the Central or Jammu & Kashmir Government.

4.5.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive.

4.6. Subsidy on Pollution Control Devices

4.6.1. New units; existing units and existing units undertaking substantial expansion shall be eligible for subsidy on the cost of new Pollution Control Devices (PCD), @ 60% of the cost of Pollution Control Devices subject to a maximum of Rs. 50 lakhs, if this has not been already claimed under Capital Investment Incentive (CII) or similar subsidy scheme of the Central or Jammu & Kashmir Government.

4.6.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive.

4.7. Green and Environment Protection Initiative

4.7.1. New units; existing units and existing units undertaking substantial expansion shall be eligible 50% subsidy on the expenditure incurred on installation of new equipment of rainwater harvesting, wastewater recycling, zero discharge process/ solid waste management.

4.7.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive again.

4.8. Turnover Incentive

4.8.1. **For existing Micro units**, 3% Turnover incentive shall be provided for all existing units registered under GST in the UT of Jammu & Kashmir on or before 31.03.2021. Units can avail incentive for 5 years, maximum up to Rs. 10 lakhs per annum.

4.8.2. **For existing SME and Large Units**, 2% Turn over incentive shall be provided for all existing units registered under GST in the UT of Jammu & Kashmir on or before 31.03.2021. Units can avail incentive for 5 years, maximum up to Rs. 50 lakhs per annum.

4.8.3. Units can avail the incentive for 5 consecutive years within the applicable time period of this policy. This incentive shall however be subject to an annual overall capping of Rs 50.00 crore.



4.9. SGST Incentive

4.9.1. Existing units registered under GST in the UT of Jammu & Kashmir on or before the date of 31.03.2021 shall be eligible for 100% Net SGST reimbursement for 10 years from 01.04.2021.

4.9.2. The negative list of activities under which a business enterprise shall not be allowed to avail the benefit, shall be reviewed from time to time.

4.10. Sanction of Incentives under Jammu & Kashmir Package

4.10.1. All the incentives under the Jammu & Kashmir Package up to Rs. 5.00 lakhs shall be sanctioned and disbursed by the concerned General Manager.

4.10.2. The incentives above 5.00 lakhs and up to 50.00 lakhs shall be sanctioned by the Divisional Level Committee of respective Directorates of Industries and Commerce, Jammu/Kashmir.

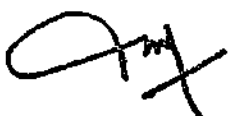
4.10.3. The incentives above 50.00 lakhs shall be sanctioned by the UT Level Committee of Department of Industries and Commerce, Jammu and Kashmir.

4.10.4. The composition of committees shall be detailed in the guidelines.

4.10.5. The sanctioned amount shall be disbursed by concerned General Manager within a period of 15 days from date of sanction.

4.10.6. The committee shall meet once in a month for each district in the division. The concerned General Manager shall submit the cases, which are required to be placed before the Divisional Level Committee, to the Director, Industries and Commerce within the period of 30 days and the same shall be disposed of by the Divisional Level Committee within one month.

4.10.7. 10% audit of all incentive claims sanctioned at District level shall



be conducted by Directorate of Industries and Commerce Jammu/ Kashmir before disbursement. The Director Industries & Commerce concerned shall constitute a committee of officers for the purpose.

4.10.8. The incentive approval committee viz. District Level, Divisional Level and UT Level reserves the power to reject the claim.

4.11. Marketing Support

With a view to create more business opportunities for Micro and Small enterprises, the Jammu & Kashmir Government intends to initiate the following measures:

4.11.1. Industrial trade fairs shall be organized, and Jammu & Kashmir's participation would be promoted on a regular basis at national and international level.

4.11.2. Jammu & Kashmir would organize marketing events for MSMEs like buyer-seller meets, trade fairs, exhibitions etc. All the MSMEs and other industrial units shall be encouraged to participate in such marketing events.

4.11.3. MSEs goods and services shall be procured as per the policy of Government of Jammu and Kashmir as issued and amended from time to time.

4.11.4. Local filter has been provided in the GeM portal in order to give boost to the local manufacturers.

4.12. Entrepreneur and Skill Development Fund

4.12.1. An entrepreneur and skill development fund shall be created for incorporating entrepreneurial skills to the local youths for sustained industrial growth in the UT. 10% of the premium charged by Industrial Corporations as per Land Policy for allotment of the land to the entrepreneurs shall be transferred to this Fund. The entrepreneurs shall be provided training and skill development in industrial entrepreneurship from JK Entrepreneur Institute (JK-EDI) and other premier institutes of the country.

4.13. Incentives from Government of India

The details of New Central Sector Scheme for Industrial Development of UT of Jammu & Kashmir have been provided in **Annexure III**.

4.14. Procedures for the purpose of this policy, wherever required, shall be laid down in the procedural guidelines.

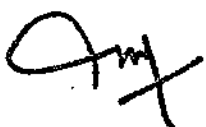


5. Ease of doing Business

- 5.1. The Jammu & Kashmir has been taking multiple initiatives in Ease of Doing Business. Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 focusses on creating an investor friendly environment and improve ease of doing business in the Jammu & Kashmir. This is being facilitated by providing accelerated and time bound grant of various licenses, permissions & approvals, promoting industrial development and facilitating new investments as well as by simplifying the regulatory framework by reducing procedural requirements and rationalizing documents.
- 5.2. Several important reforms and measures with departments like Health & Drug Controller, Agriculture, Pollution Control Board, Public Health Engineering, Labour, Forest, Power Development Department, Fire, High Courts, Housing & Urban Development, Industries and Commerce in areas like labour, property registration, single window clearance system and central inspection framework are being implemented under District level BRAP, leading to a smoother regulatory ecosystem.
- 5.3. All units will be granted clearances under the provisions of Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 and will be governed by the Committees under the Act.
- 5.4. Invest JK web portal, is an initiative of Government to facilitate Ease of Doing Business. It will lead to a paradigm shift in the role of the Government from being regulator to that of a facilitator. Invest JK is being promoted as a brand which will help in attracting global investments and Facilitating Investments. Jammu Kashmir Trade Promotion Organization (JKTPO) will give all backend support to ensure the promotion of brand 'Invest JK' and will work jointly with National & International Industries Associations/ Forums by organizing and participating in various Summits, Fairs, Exhibitions, Road shows etc.

5.5. Registration of Units

- 5.5.1. New units Intending to avail incentives under this policy will have to get provisional registration from GM DIC (Concerned)
- 5.5.2. The Date of Production /Date of Operation has to be authenticated by



the GM of concerned DIC in permanent registration

5.6. Assessment

- 5.6.1. The basic assessment of raw material and finished goods shall be done within fifteen (15) days from the date of issuance of Date of Production.
- 5.6.2. Self-certified documents as per prescribed format in respect of consumption of raw materials and finished goods produced during the year shall be submitted to concerned GM, District Industries Centre at the end of each financial year by all the units.
- 5.6.3. 10% of Self-certified documents shall be inspected and a report shall be submitted to the Director, Industries and Commerce within a period of 2 weeks from the date of inspection.

5.7. Setting up of New Unit/ Substantial Expansion units on the allotted plots

The request for substantial expansion/new unit on the land already allotted shall be considered only in case of units which have already come into production and shall be permitted by the respective Committees as per procedures laid down in the guidelines

5.8. Change of line of activity

The powers to grant permission for change in line of activity shall lie with the General Managers and same shall be done within 10 days. The application is to be supplemented with the requisite documents as detailed in guidelines.

5.9. De-registration of Units

The powers to de-register the units shall be vested with concerned Director, Industries & Commerce. The applicant shall have to apply to the General Managers with all requisite formalities who shall forward the same to the Director, Industries & Commerce. The whole process shall be completed within a period of 21 days - 07 days for concerned General Manager DIC and another 14 days for concerned Director, Industries & Commerce. The concerned General Manager shall not insist for the formalities for which the Industries Department is not responsible, and they shall obtain only an affidavit duly attested by

the Judicial Magistrate/Executive Magistrate.

5.10. Investment Facilitation Cell

In order to facilitate investment, a special cell "Investment Facilitation Cell" shall be created within the Directorate of Industries and Commerce, as per the Single Window System (Investment Promotion and Facilitation) Act, 2018 whose mandate shall be to facilitate investors to invest in the UT.

5.11. Investment Promotion Agency

JK Trade Promotion Organization shall be the Investment Promotion Agency for Jammu and Kashmir for promotion of investment and exports.

5.12. Information Hubs

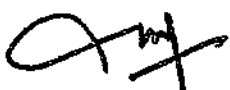
District Industries Centres will also function as Information Hubs for the entrepreneurs to enable access to the UT and National information hubs and markets, thereby enhancing productivity and exports. JKTPO will also facilitate in dissemination of Macro level Sectoral Information for the entire UT of J&K.

5.13. Setting Up of Industrial Grievance Forums

5.13.1. Industrial Grievance Forum shall work under the supervision of Director Industries & Commerce (concerned).

5.13.2. "Industrial Grievance Forums" to speedily redress grievances and solve inter-departmental related issues faced by entrepreneurs will be set up under the direct supervision of the concerned Director (Industries and Commerce) and General Manager, District Industries Centre.

5.13.3. These forums shall serve as a nodal point of appeal for any grievance/ dispute/complaint faced by the industry Stake holders and initiate immediate action to ensure grievance redressal in a time bound manner. Representatives of Chamber of Commerce and Industry/ Federation of Industries of Kashmir and Jammu shall be included in the Forums in addition to representatives of Associations of specific Industrial Estates/ Growth Centres. The



Director, Industries & Commerce, Jammu/ Kashmir shall assign adequate functions/ duties to the Functional/ Project Managers for the facilitation of the unit holders and smooth functioning of the DICs.

- 5.13.4. The forum at General Manager, District Industries Centre level shall meet once fortnightly and at Directorate level shall meet once a month.
- 5.13.5. The grievances shall be addressed at GM DIC level within 14 days and at Directorate of Industries and Commerce level within 21 days.
- 5.13.6. The General Managers of the DICs shall also permanently display outside their office buildings showing the authority vested in them and the work distribution among different Managers of the DIC, timelines as per this order for various activities, check list (list of documents to be enclosed with the application) and the e- mail ID on which the applicant can apply and interact for various services. The same information may be made available on the DIC/ Directorate of Industries & Commerce websites.
- 5.13.7. Invest.JK will ensure a single landing page for Investors with information on J&K's ecosystem, policies, clearances, approvals etc.
- 5.13.8. The General Manager of DICs while processing the cases of subsidy shall not ask for the documents which have already been submitted by the beneficiary/ entrepreneur while obtaining date of production and process the case of subsidy as per timeline.

6. Change in Constitution

6.1. Change in constitution shall be allowed in following cases as specified in foregoing clauses:

- a) In case of projects before/ during implementation
- b) In case of units which are registered permanently/ formally/ EM-II/ have commenced production or operation
- c) In case of merger/ Amalgamation of two or more units which are registered permanently.

6.2. The details in this regard shall follow in the Procedural Guidelines.

ANNEXURE-I

Negative List:

The following industries will not be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir:

- i. All goods falling under Chapter 24 of the Central GST Tariff Act, 2017 which pertains to tobacco and manufactured tobacco substitutes.
- ii. Pan Masala as covered under Chapter 24 of the Central GST Tariff Act, 2017.
- iii. Plastic carry bags of less than 20 micron as specified by Ministry of Environment and Forests Notification No. S.O. 705(E) dated 02.09.1999 and S.O. 698(E) dated 17.6.2003 and any subsequent amendments.
- iv. Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.
- v. Plantation, Refineries and Power generating Units above 10 MW.
- vi. Coke (including Calcined Petroleum Coke), Fly Ash.
- vii. Units not complying with environment standards or not having applicable Environmental Clearance from M/o Environment & Forests and Climate Change or State Environmental Impact Assessments Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board/State Pollution Control Board also will not be eligible for incentive under the scheme.
- viii. Low value addition activities in goods such as preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price etc. take place excluding high value packaging and processing.
- ix. Gold and gold ore.
- x. Molasses
- xi. Marble, Travertine & Granite.
- xii. Revolvers and pistols.
- xiii. Any other industry/activity placed in negative list through a separate notification as and when considered necessary by the Government. It will be effective from the date of such notification.

ANNEXURE-II

Positive List for Service Sector

The following services, details of which will be in guidelines, will be eligible for benefits under this policy.

Service Sector Positive List	
1	Tourism & Hospitality Services (including health & wellness tourism)
2	Services Promoting Film Tourism (including film cities, studios)
3	Ropeways, Entertainment Parks and Rides
4	Heritage Property Restoration Services
5	Healthcare Services
6	IT &ITeS Services
7	Maintenance and Repair Services
8	Freight Terminals, Logistics Park & Warehousing (including Cold Storage Services)
9	Testing, R&D, Analysis & Certification Services
10	Educational & Skill Development Services



भारत का राजपत्र The Gazette of India

सी.जी.-डी.एल.-अ.-19022021-225276
CG-DL-E-19022021-225276

असाधारण
EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 59]
No. 59]

नई दिल्ली, शुक्रवार, फरवरी 19, 2021/माघ 30, 1942
NEW DELHI, FRIDAY, FEBRUARY 19, 2021/MAGHA 30, 1942

वाणिज्य और उद्योग मंत्रालय
(उद्योग संवर्धन और आंतरिक व्यापार विभाग)

अधिसूचना

नई दिल्ली, 19 फरवरी, 2021

फा. सं. 1(1)/2020-एसएसएस.—भारत सरकार केंद्र शासित प्रदेश जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम की घोषणा करती है।

1. स्कीम का शीर्षक: इस स्कीम को जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम कहा जाएगा।
2. कवरेज: यह स्कीम केंद्र शासित प्रदेश जम्मू और कश्मीर को कवर करेगी।
3. स्कीम की शुरुआत और अवधि: यह दिनांक 01.04.2021 से प्रभावी होगी तथा दिनांक 31.03.2037 तक लागू रहेगी।
4. पंजीकरण के लिए आवेदन की अवधि: पंजीकरण दिनांक 01.04.2021 से शुरू होगा तथा दिनांक 30.09.2024 तक जारी रहेगी, जो इस संबंध में जारी दिशानिर्देशों के अधीन है। तथापि, उपर्युक्त अवधि में, पहले ही प्रदान किए जा चुके पंजीकरणों के आधार पर यदि अनुमानित वित्तीय दायित्व अनुमोदित निधि के 115 प्रतिशत तक पहुंच जाता है तो पंजीकरण प्रक्रिया को अस्थायी अथवा स्थायी तौर पर रोका जा सकता है। हालांकि, अनुमोदित निधि की उपलब्धता के आधार पर पंजीकरण प्रक्रिया को दोबारा शुरू किया जा सकता है।
 - 4.1. किसी आवेदक द्वारा पंजीकरण हेतु आवेदन प्रस्तुत कर देने से ही वह इस स्कीम के तहत पंजीकरण का पात्र नहीं होगा। आगे का ब्यौरा स्कीम के दिशानिर्देशों में उपलब्ध कराया जाएगा।

[Handwritten signature]

- 4.2. किसी भी इकाई को तब तक इस स्कीम के तहत पंजीकरण कराने या लाभों का दावा करने का अधिकार नहीं होगा जब तक कि वह दिशानिर्देशों में निर्धारित किए गए अनुसार पंजीकरण प्राधिकरण से विशेष रूप से अनुमोदित न हो।
- 4.3. पंजीकरण दिशानिर्देशों में यथानिर्धारित पंजीकरण प्राधिकरण द्वारा प्रदान किया जाएगा, जो अन्य के साथ-साथ, इकाई की प्रथम दृष्ट्या पात्रता, अनुमोदित निधि की उपलब्धता पर विचार करेगा।
- 4.4. इस स्कीम के तहत प्रोत्साहन प्राप्त करने की इच्छुक सभी इकाइयों को ऑनलाइन पोर्टल के जरिए पंजीकरण हेतु आवेदन करना होगा।
5. पंजीकरण प्रदान करना: पंजीकरण के लिए सभी आवेदनों का निपटान दिनांक 31.03.2025 तक किया जाएगा, जब तक कि इसे अन्यथा बढ़ाया न जाए।
6. परिभाषाएं:
- 6.1. 'अनुमोदित निधि' का तात्पर्य इस स्कीम के प्रत्येक घटक के तहत आबंटित वित्तीय परिव्यय से है।
- 6.2. 'निरपेक्ष बाजार मूल्य' आयकर अधिनियम, 1961 के प्रावधानों के तहत यथा परिभाषित।
- 6.3. 'वाणिज्यिक उत्पादन शुरू करना: इसका तात्पर्य तैयार माल का वाणिज्यिक आधार पर विनिर्माण शुरू करने से है जिसके पूर्व परीक्षण उत्पादन और वाणिज्यिक मात्रा में तैयार उत्पाद के विनिर्माण के लिए पूर्ण संयंत्र एवं मशीनरी की स्थापना तथा विनिर्माण के लिए अपेक्षित कच्चे सामान, उपभोग्य वस्तुओं आदि की उपलब्धता आती है।
- 6.4. 'वाणिज्यिक प्रचालन की शुरुआत: इसका तात्पर्य वाणिज्यिक आधार पर सेवाओं के प्रचालन/सुपुर्दगी शुरू करने से है।
- 6.5. 'मौजूदा इकाई' का तात्पर्य एक इकाई से है जिसने दिनांक 1.4.2021 से पहले वाणिज्यिक उत्पादन/प्रचालन शुरू किया है तथा केंद्र शासित प्रदेश जम्मू और कश्मीर में जीएसटी के तहत पंजीकृत है।
- 6.6. 'तैयार माल' का तात्पर्य औद्योगिक इकाई द्वारा वास्तव में उत्पादित और आपूर्तित सामान से है तथा जिसके लिए यह स्कीम के तहत पंजीकृत है।
- 6.7. 'विनिर्माण इकाई' का तात्पर्य ऐसी इकाई से है जो जो कच्चे माल या निविष्टि को किसी भी तरीके से प्रसंस्कृत करके उसे ऐसे नए उत्पाद में बदलती है जिसका विशेष नाम, स्वरूप तथा इस्तेमाल होता है तथा 'विनिर्माण इकाई' का अर्थ तदनुसार लगाया जाएगा।"
- 6.8. 'नई इकाई'
- (क) विनिर्माण क्षेत्र के लिए इसका तात्पर्य इस स्कीम के तहत 1.4.2021 या उसके बाद पंजीकृत इकाई से है, लेकिन जिसका पंजीकरण दिनांक 31.03.2025 के बाद न हुआ हो। ऐसी इकाई को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक उत्पादन शुरू करना होगा।
- (ख) सेवा क्षेत्र के लिए इसका तात्पर्य इस स्कीम के तहत 1.4.2021 या उसके बाद पंजीकृत इकाई से है, लेकिन जिसका पंजीकरण दिनांक 31.03.2025 के बाद न हुआ हो। ऐसी इकाई को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक प्रचालन उत्पादन शुरू करना होगा।
- (ग) नई इकाई को निम्नलिखित शर्तों को पूरा करना होगा:
- (i) यह पहले से मौजूदा बयवसाय के विघटन या पुनर्गठन से न बनी हो।
- (ii) यह पहले किसी अन्य प्रयोजन के लिए प्रयुक्त संयंत्र एवं मशीनरी को नई इकाई को हस्तांतरित करके न बनी हो।
- (iii) यह किसी अन्य जगह से पुनः स्थापित न हुई हो और/अथवा यह मौजूदा इकाई न हो जो नए नाम और रूप में दोबारा खुली हो।

बशर्ते कि दिनांक 1.4.2021 से पहले इस्तेमाल न की गई धरोहर संपत्ति को इसके बाद वाणिज्यिक अथवा वाणिज्यिक आधार पर हॉस्पिटैलिटी अथवा पर्यटन सेवाओं के लिए इस्तेमाल किए जाने पर, ऐसी पात्रता शर्तों के अनुसार नई इकाई के रूप में विचार किया जाएगा जिनकी बाद में विस्तृत दिशानिर्देशों में व्याख्या की जाएगी।

- 6.9. विनिर्माण इकाइयों के मामले में, 'संयंत्र एवं मशीनरी' में स्थल पर स्थापित औद्योगिक संयंत्र एवं मशीनरी शामिल होगी जिसे खुले बाजार में निरपेक्ष बाजार मूल्य पर नया खरीदा गया हो। इसमें पुनः स्थापित/पुनर्विक्रित/नवीनीकृत संयंत्र एवं मशीनरी शामिल नहीं है।
- 6.10. सेवा क्षेत्र की इकाइयों के मामले में 'भवन और अन्य टिकाऊ भौतिक परिसम्पत्ति' में सेवा क्षेत्र की इकाई के लिए नया भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियां शामिल होंगी जहां निरपेक्ष बाजार मूल्य का पालन करके खरीद की गई हो।
- 6.11. 'कच्चे माल' का तात्पर्य किसी इकाई द्वारा उत्पादन या तैयार सामान के विनिर्माण में प्रयुक्त सामग्री या पदार्थ से है।
- 6.12. 'सेवा' का तात्पर्य वस्तु, पैसे या प्रतिभूति के अलावा अन्य चीजों से है लेकिन इसमें पैसे के इस्तेमाल से संबंधित क्रियाकलाप अथवा नकद अथवा किसी अन्य तरीके से परिवर्तन, एक प्रकार की मुद्रा या मूल्यवर्ग का दूसरे प्रकार की मुद्रा या मूल्यवर्ग में परिवर्तन शामिल है जिसके लिए अलग प्रभार लिया जाता है।
- 6.13. 'सेवा इकाई' का तात्पर्य 'सेवा' प्रदान करने वाली इकाई से है।
- 6.14. 'पर्याप्त विस्तार' का तात्पर्य मौजूदा इकाई में संयंत्र एवं मशीनरी में पहले से ही किए गए कुल निवेश के न्यूनतम पच्चीस प्रतिशत के अतिरिक्त निवेश (विनिर्माण क्षेत्र के लिए), अथवा भवन अथवा अन्य टिकाऊ भौतिक परिसम्पत्तियों के निर्माण (सेवा क्षेत्र के लिए) से है।
अतिरिक्त निवेश के परिणामस्वरूप उत्पादन क्षमता/ सेवा में बढ़ोतरी या विविधता होनी चाहिए तथा यह मौजूदा संयंत्र एवं मशीनरी का प्रतिस्थापन मात्र नहीं होना चाहिए।
- 6.15. 'इकाई' का तात्पर्य सरकार द्वारा विभागीय रूप से संचालित उद्यमों को छोड़कर, किसी औद्योगिक (विनिर्माण) कंपनी अथवा सेवा क्षेत्र के पात्र उद्यम से है, जो वस्तु और सेवा कर के तहत पंजीकृत व्यावसायिक उद्यम है।
- 6.16. 'कार्यशील पूंजी' वर्तमान परिसम्पत्तियों और वर्तमान दायित्वों का अंतर है। यह इकाई के सुचारु और निर्बाध संचालन के लिए अपेक्षित पूंजी है तथा इसका इस्तेमाल दैनिक जरूरतों के वित्तपोषण के लिए किया जाता है जैसे कच्चा माल खरीदना।
- 6.17. इस स्कीम के प्रयोजन के लिए जोन क और जोन ख का तात्पर्य जम्मू और कश्मीर की सरकार द्वारा यथा परिभाषित और दिशानिर्देशों में यथा विनिर्दिष्ट क्षेत्र से होगा।

7. प्रोत्साहन प्राप्त करने के लिए पात्रता:

- 7.1. विनिर्माण के तहत सभी पात्र इकाइयों तथा पात्र सेवा क्षेत्र को इस स्कीम के तहत प्रोत्साहन प्रदान किया जाएगा जैसा कि संबंधित प्रोत्साहन के तहत परिभाषित किया गया है।
- 7.2. यह स्कीम उन इकाइयों पर लागू नहीं होगी जो अनुबंध-1 में दी गई निषेध सूची में सूचीबद्ध उत्पादों का विनिर्माण करते हैं।
- 7.3. भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में न्यूनतम 1 करोड़ रुपए का निवेश करने वाली सेवा क्षेत्र की इकाईयां इस स्कीम के तहत प्रोत्साहन के लिए पात्र होंगी। यह स्कीम अनुबंध-1 में दी गई सकारात्मक सूची में सूचीबद्ध सेवाओं के लिए लागू होगी जिसे संचालन समिति द्वारा और संशोधित किया जा सकता है।
- 7.4. सभी पात्र इकाइयों को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक उत्पादन/प्रचालन शुरू करना होगा।

- 7.5. किसी इकाई द्वारा संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) तथा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों के निर्माण (सेवा क्षेत्र के लिए) में दिनांक 1.4.2019 को या उसके बाद किए गए किसी भी निवेश को, इस स्कीम के पूंजी निवेश प्रोत्साहन, पूंजीगत ब्याज सहायता और जीएसटी संबद्ध प्रोत्साहन के तहत पात्रानुसार निवेश के पात्र मूल्य का निर्णय करते समय ध्यान में रखा जाएगा। हालांकि, वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख 1.4.2021 या इसके बाद होनी चाहिए। कोई भी प्रोत्साहन प्राप्त करने के लिए पात्रता इस स्कीम के तहत पंजीकरण प्रदान किए जाने के अध्यक्षीन है।
- 7.6. (क) संयंत्र एवं मशीनरी की लागत (विनिर्माण क्षेत्र के लिए) जो तैयार सामान के विनिर्माण के लिए अनिवार्य है, में भूमि की लागत, उपभोग्य वस्तुएं, निपटान योग्य वस्तुएं अथवा राजस्व वाली कोई अन्य मद शामिल नहीं है।
(ख) सेवा क्षेत्र की इकाई के लिए भवन निर्माण की लागत तथा अन्य भौतिक परिसम्पत्तियों की अधिप्राप्ति की लागत शामिल है, जो सेवा क्षेत्र की उस इकाई के संचालन के लिए मूलभूत है, लेकिन इसमें भूमि की लागत, उपभोग्य वस्तुएं, निपटान योग्य वस्तुएं अथवा राजस्व वाली कोई अन्य मद शामिल नहीं है।
- 7.7. भारत सरकार की किसी अन्य स्कीमों के तहत लाभ प्राप्त करने वाली इकाइयां इस स्कीम के तहत समान प्रोत्साहन प्राप्त करने के लिए पात्र नहीं होंगी।
- 7.8. खंड 7.7 के प्रावधानों के अध्यक्षीन, ऐसी इकाइयां पात्रता के अनुसार स्कीम के तहत अन्य प्रोत्साहन प्राप्त कर सकती हैं। इस बारे में दिशानिर्देशों में विस्तार से उल्लेख किया जाएगा।
- 7.9. इस स्कीम के लाभार्थी को इस स्कीम के निबंधन और शर्तों द्वारा बाध्य होने के बारे में घोषणा-पत्र प्रस्तुत करना होगा।
- 7.10. इस स्कीम के तहत पात्रता, संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र में) में निवेश (मुख्य और गौण) तथा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र में) की निर्माण लागत के सत्यापन के अध्यक्षीन होगी। हालांकि, प्रोत्साहन विनिर्माण और सेवा क्षेत्र, दोनों के मुख्य वर्गों के लिए पात्र होंगे। इसका विस्तृत ब्यौरा दिशानिर्देशों में निर्धारित किया जाएगा।
- 7.11. प्रोत्साहन प्राप्त करने की अवधि:

सभी पात्र इकाइयां संबंधित प्रोत्साहनों में यथा विनिर्दिष्ट अवधि तक इस स्कीम के तहत विनिर्दिष्ट प्रोत्साहन प्राप्त कर सकती हैं।

8. नोडल एजेंसी

जम्मू और कश्मीर विकास वित्त निगम लिमिटेड (जेकेडीएफसी) अथवा इस संबंध में भारत सरकार द्वारा प्राधिकृत कोई भी अन्य एजेंसी इस स्कीम के विभिन्न घटकों के तहत प्रोत्साहनों के संचालन के लिए नोडल एजेंसी होगी। नोडल एजेंसी पात्र इकाइयों के निर्धारित बैंक खातों में ई-अंतरण के जरिए ही प्रोत्साहन जारी करेगी।

9. शासन और कार्यान्वयन तंत्र

- 9.1 यह स्कीम भारत सरकार यथा उद्योग संवर्धन और आंतरिक व्यापार विभाग (डीपीआईआईटी) के पर्यवेक्षण के अंतर्गत कार्यान्वित की जाएगी। हालांकि, पंजीकरण प्रक्रिया के साथ-साथ विभिन्न प्रोत्साहन घटकों के तहत दावों पर कार्यवाही का अधिकार केंद्र शासित प्रदेश जम्मू और कश्मीर को प्रत्यायोजित किया गया है। स्कीम के कार्यान्वयन के लिए दिशानिर्देशों में विस्तृत जानकारी दी जाएगी।

- 9.2 इस स्कीम के संचालन और कार्यान्वयन के लिए गठित समितियां तथा उनकी शक्तियां और कार्य निम्नानुसार हैं:

9.2.1 शीर्ष समिति

(क) गठन

- (i) केंद्रीय गृह मंत्री-अध्यक्ष
- (ii) केंद्रीय वाणिज्य और उद्योग मंत्री
- (iii) केंद्र शासित प्रदेश जम्मू और कश्मीर के उप-राज्यपाल

(ख) शक्तियां एवं कार्य

- (i) स्कीम के कुल वित्तीय परिव्यय के भीतर किसी भी संशोधन का निर्णय करेगी जो अन्य समितियों को विशेष रूप से प्रत्यायोजित शक्तियां और कार्यों के तहत न आते हों।
- (ii) किसी भी उत्पाद को निषेध सूची से हटाने का अनुमोदन देना।

9.2.2 संचालन समिति

(क) गठन

- (i) सचिव, डीपीआईआईटी-अध्यक्ष
- (ii) सचिव/अपर सचिव, गृह मंत्रालय
- (iii) सचिव, पर्यावरण, वन और जलवायु परिवर्तन मंत्रालय
- (iv) सचिव, एमएसएमई मंत्रालय
- (v) प्रतिनिधि, नीति आयोग
- (vi) अपर सचिव और वित्तीय सलाहकार (एएसएंडएफए), डीपीआईआईटी
- (vii) मुख्य सचिव, जम्मू और कश्मीर सरकार
- (viii) जम्मू और कश्मीर स्कीम के प्रभारी संयुक्त सचिव, डीपीआईआईटी (सदस्य सचिव)

(ख) शक्तियां और कार्य

- (i) सुचारु कार्यान्वयन की निगरानी तथा लागू करने के लिए विस्तृत दिशानिर्देश जारी करना जिसमें केंद्र शासित प्रदेश स्तरीय समिति के समग्र पर्यवेक्षण के अंतर्गत पंजीकरण तथा दावों को स्वीकृत प्रदान करने के लिए प्रत्यायोजन के विभिन्न स्तर शामिल हैं।
- (ii) तारीखों को आगे बढ़ाने सहित पंजीकरण, उत्पादन/प्रचालन की शुरुआत से संबंधित मामलों का निर्णय करना।
- (iii) आवश्यकतानुसार कार्यान्वयन, निगरानी और आईटी सहायता के प्रस्तावों तथा डीपीआईआईटी के स्तर पर परियोजना प्रबंधन इकाई तथा केंद्र शासित प्रदेश के स्तर पर परियोजना कार्यान्वयन इकाई की स्थापना सहित प्रशासनिक लागत घटक के तहत आकस्मिक व्यय संबंधी निर्णय करना।
- (iv) केंद्रीय अप्रत्यक्ष कर और सीमाशुल्क बोर्ड (सीबीआईसी) और केंद्रीय प्रत्यक्ष कर बोर्ड (सीबीडीटी) की सेवाओं का इस्तेमाल करना और विशेष रूप से जाली व नकली दावों को रोकने के लिए जानकारी प्राप्त करने हेतु उपयुक्त अधिकारियों जैसे जीएसटी, आयकर के क्षेत्राधिकार मुख्य आयुक्त, केंद्र शासित प्रदेश जीएसटी के आयुक्त को आवधिक रूप से विशेष अतिथि के रूप में आमंत्रित करना।
- (v) स्कीम के दुरुपयोग को रोकने के लिए सत्यापन हेतु स्वतंत्र तृतीय पक्षकार को नियुक्त करके अथवा योग्य कर्मचारियों का पैनल बनाकर क्रमरहित/औचक निरीक्षण करना।
- (vi) केंद्र शासित प्रदेश के प्रशासन से परामर्श करते हुए सेवा क्षेत्र के तहत पात्रता संबंधी विस्तृत दिशानिर्देश जारी करना।
- (vii) ब्लॉक्स के जोन क और जोन ख में वर्गीकरण को संशोधित करना। हालांकि, वर्गीकरण में यह संशोधन केंद्र शासित प्रदेश जम्मू और कश्मीर द्वारा किए गए ब्लॉकों के वर्गीकरण के अनुरूप होगा।
- (viii) वस्तुओं के लिए निषेध सूची की समीक्षा और इसमें किसी वस्तु को शामिल करना तथा सेवाओं के लिए सकारात्मक सूची में कोई भी बदलाव।

9.2.3 केंद्र शासित प्रदेश स्तरीय समिति

(क) गठन

- (i) मुख्य सचिव, केंद्र शासित प्रदेश जम्मू और कश्मीर- अध्यक्ष
- (ii) सचिव, वित्त, केंद्र शासित प्रदेश जम्मू और कश्मीर
- (iii) सचिव, उद्योग और वाणिज्य, केंद्र शासित प्रदेश जम्मू और कश्मीर (सदस्य सचिव)
- (iv) संयुक्त सचिव (सं.स.) डीपीआईआईटी (अथवा उनके प्रतिनिधि)
- (v) डीपीआईआईटी के आंतरिक वित्त स्कंध के प्रतिनिधि- सदस्य
- (vi) विचाराधीन परियोजना से संबंधित संगत क्षेत्र के किसी अन्य सदस्य को मुख्य सचिव अथवा सचिव (उद्योग और वाणिज्य), केंद्र शासित प्रदेश जम्मू और कश्मीर प्रशासन द्वारा विशेष अतिथि के रूप में आमंत्रित किया जा सकता है।

(ख) शक्तियां व कार्य

- (i) स्कीम की निगरानी और समग्र कार्यान्वयन तथा पंजीकरण प्रदान करने और स्कीम के तहत दावों पर कार्यवाही और अनुमोदन में पारदर्शिता और कुशलता सुनिश्चित करने के लिए उचित जांच व संतुलन स्थापित करना।
- (ii) स्कीम का दुरुपयोग रोकने के लिए समिति उद्योग और वाणिज्य विभाग, केंद्र शासित प्रदेश जम्मू और कश्मीर के साथ मिलकर उचित जांच व संतुलन का होना सुनिश्चित करेगी।

9.3 इकाइयों को पंजीकरण प्रदान करने, दावों पर कार्यवाही करने तथा उन्हें स्वीकृति प्रदान करने की शक्तियों को और प्रत्यायोजित करने का ब्यौरा स्कीम के विस्तृत दिशानिर्देशों में निर्धारित किया जाएगा।

10. स्कीम के तहत प्रोत्साहन

पात्रता के अध्यधीन, स्कीम के तहत निम्नलिखित प्रोत्साहन प्रदान किए जाते हैं:

- (i) पूंजी निवेश प्रोत्साहन (सीआईआई)
- (ii) पूंजीगत ब्याज सहायता (सीआईएस)
- (iii) वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई)
- (iv) कार्यशील पूंजी ब्याज सहायता (डब्ल्यूसीआईएस)

10.1. पूंजी निवेश प्रोत्साहन (सीआईआई):

(क) पात्रता:

- (i) निम्नलिखित इकाइयां इस प्रोत्साहन के लिए पात्र होंगी

I. संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) अथवा भवन और अन्य सभी टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) में अधिकतम 50.00 (पचास) करोड़ रुपए का निवेश करने वाली जोन क और जोन ख, दोनों की नई इकाइयां यह प्रोत्साहन प्राप्त करने के लिए पात्र होंगी।

II. संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) अथवा भवन और अन्य सभी टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) में अधिकतम 50.00 (पचास) करोड़ रुपए का निवेश करने वाली जोन क और जोन ख, दोनों की पर्याप्त विस्तार करने वाली मौजूदा इकाइयां इस प्रोत्साहन के तहत लाभ प्राप्त करने हेतु पात्र होंगी।

- (ii) खंड 6.8 (ग) में परंतुक के अध्यधीन, कोई भी इकाई केवल तभी इस प्रोत्साहन के लिए पात्र होगी जब वह नई संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) की संस्थापना अथवा नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) का निर्माण करती है, जहां खरीद निरपेक्ष बाजार मूल्य पर की गई हो।

(iii) सेवा क्षेत्र की इकाई इस प्रोत्साहन के लिए तब पात्र होगी जब वह नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में कम से कम 1.00 करोड़ रुपए का निवेश करती है।

(ख) केंद्र शासित प्रदेश जम्मू और कश्मीर में जोन क श्रेणी के ब्लॉक्स में स्थित सभी पात्र इकाइयों को संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन निर्माण और अन्य टिकाऊ भौतिक परिसम्पत्तियों की संस्थापना (सेवा क्षेत्र के लिए) के लिए 30 प्रतिशत की दर से पूंजी निवेश सहायता प्रदान की जाएगी जिसकी अधिकतम सीमा 5.00 करोड़ रुपए है।

(ग) केंद्र शासित प्रदेश जम्मू और कश्मीर में जोन ख श्रेणी के ब्लॉक्स में स्थित सभी पात्र इकाइयों को संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन निर्माण और अन्य टिकाऊ भौतिक परिसम्पत्तियों की संस्थापना (सेवा क्षेत्र के लिए) के लिए 50 प्रतिशत की दर से पूंजी निवेश सहायता प्रदान की जाएगी जिसकी अधिकतम सीमा 7.50 करोड़ रुपए है।

(घ) एक मौजूदा इकाई पर्याप्त विस्तार करने के लिए स्कीम की वैधता अवधि के दौरान केवल एक बार यह लाभ प्राप्त कर सकती है।

(ङ) इस स्कीम के तहत पंजीकृत नई इकाई पर्याप्त विस्तार के अंतर्गत लाभ प्राप्त करने की पात्र नहीं होगी।

(च) इस प्रोत्साहन को प्राप्त करने के लिए इकाई का भौतिक सत्यापन अनिवार्य है। हालांकि, विशेष परिस्थितियों में, औचित्य सहित केंद्र शासित प्रदेश की सिफारिश पर, संचालन समिति भौतिक सत्यापन की बजाय इलेक्ट्रॉनिक माध्यमों अथवा उचित माने गए अन्य तरीकों पर विचार कर सकती है।

(छ) पंजीकरण और यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.2. पूंजीगत ब्याज सहायता (सीआईएस)

(क) पात्रता:

(i) नई इकाइयां पात्र संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) और भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण में किए गए निवेश पर लिए गए ऋण के संबंध में इस प्रोत्साहन के लिए पात्र होंगी।

(ii) पर्याप्त विस्तार करने वाली मौजूदा इकाइयां भी खंड 10.2(क)(i) के अनुसार इस प्रोत्साहन के लिए पात्र होंगी।

(iii) पात्र संयंत्र एवं मशीनरी में निवेश के लिए 500 करोड़ रुपए तक की मूल राशि के ऋण पर ब्याज पूंजीगत ब्याज सहायता के लिए पात्र होगा। यदि ऋण की कुल मूल राशि 500 करोड़ रुपए से अधिक है (ऋण समग्र रूप से परिभाषित न कि प्रत्येक किस्त में आहरित राशि के अनुसार) तो 500 करोड़ रुपए से अधिक की ऋण राशि पर ब्याज पूंजीगत ब्याज सहायता हेतु पात्र नहीं होगा।

(iv) पूंजीगत ब्याज सहायता संवितरित राशि के लिए पात्र होगी और यह आवधिक ऋण के लिए स्वीकृत मूल राशि के लिए पात्र नहीं होगी।

(v) एक इकाई इस प्रोत्साहन के लिए तभी पात्र होगी जब वह नई संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) की संस्थापना करती है अथवा नए भवन या अन्य टिकाऊ भौतिक परिसम्पत्तियों का निर्माण (सेवा क्षेत्र के लिए) करती है, जहां खरीद निरपेक्ष बाजार मूल्य के आधार पर की गई हो।

(vi) नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में न्यूनतम 1 करोड़ रुपए का निवेश करने वाली सेवा क्षेत्र की इकाई इस प्रोत्साहन के लिए पात्र होगी।

(ख) सभी पात्र इकाइयां इस स्कीम के तहत पंजीकरण हेतु आवेदन की तारीख के बाद किसी भी तारीख से अधिकतम लगातार 7 वर्षों के लिए 6 प्रतिशत की वार्षिक ब्याज दर से पूंजीगत ब्याज सहायता प्राप्त कर सकती हैं। हालांकि, इस प्रोत्साहन के तहत पात्र राशि का संवितरण वाणिज्यिक उत्पादन आरंभ होने के बाद ही शुरू किया जाएगा।

- (ग) भविष्य में यदि ब्याज की वार्षिक दर 8 प्रतिशत से कम हो जाती है, तब भी पात्र इकाई 2 प्रतिशत की वार्षिक ब्याज दर से न्यूनतम ब्याज राशि का भुगतान करने के लिए बाध्य होगी। (उदाहरण: भविष्य में, एक बैंक द्वारा किसी पात्र इकाई के लिए वार्षिक ऋण दर घटकर 7 प्रतिशत रह जाती है तो ब्याज सहायता की राशि 5 प्रतिशत तक सीमित रहेगी, तथा वह इकाई 2 प्रतिशत ब्याज वहन करेगी।)
- (घ) यह प्रोत्साहन अनुसूचित वाणिज्यिक बैंक अथवा भारतीय रिजर्व बैंक द्वारा पंजीकृत वित्तीय संस्थाओं से लिए गए ऋण पर लागू होगा।
- (ङ) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.3. वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई)

- (क) पात्रता : संयंत्र एवं मशीनरी में निवेश (विनिर्माण क्षेत्र के लिए) और भवन तथा अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण के मूल्य को ध्यान में रखे बिना, इस स्कीम के तहत पंजीकृत तथा जीएसटी पंजीकरण वाली सभी नई इकाइयां इस प्रोत्साहन के तहत लाभ के लिए पात्र होंगी।
- (ख) इस घटक के तहत प्रोत्साहन की अधिकतम सीमा संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण के पात्र मूल्य का 300 प्रतिशत होगी। विनिर्माण के लिए संयंत्र एवं मशीनरी अथवा सेवा क्षेत्र में भवन और टिकाऊ भौतिक परिसम्पत्तियों का मूल्य पूंजी निवेश प्रोत्साहन अथवा पूंजीगत ब्याज सहायता, जो भी लागू हो, के तहत निर्धारित पात्र मूल्य के अनुसार होगा।
- (ग) सभी पात्र इकाइयों को वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 10 वर्षों की अधिकतम अवधि अथवा स्कीम की वैधता तक, जो भी पहले हो, के लिए जीएसटी के सकल भुगतान यथा नकद अथवा इनपुट कर ऋण के जरिए भुगतान किए गए जीएसटी के 100 प्रतिशत के बराबर वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई) प्रदान किया जाएगा। हालांकि, निर्यातित वस्तुओं और सेवाओं पर दिए गए जीएसटी को इस घटक के तहत पात्र प्रोत्साहन राशि के रूप में नहीं गिना जाएगा।
- (घ) एक वित्तीय वर्ष में दी गई प्रोत्साहन राशि इस घटक के तहत पात्र प्रोत्साहन की कुल राशि के दसवें हिस्से से अधिक नहीं होगी जो दावा अवधि के लिए दायर किए गए जीएसटी रिटर्न के अनुसार जीएसटी के पूरे भुगतान के अध्वधीन है।
- (ङ) प्रोत्साहन की मात्रा समान होगी चाहे फिर वह इकाई केंद्र शासित प्रदेश जम्मू और कश्मीर के जोन क में स्थित हो अथवा जोन ख में स्थित हो।
- (च) यदि किसी इकाई द्वारा एक वित्तीय वर्ष में भुगतान किया गया कुल जीएसटी पात्र प्रोत्साहन राशि के दसवें हिस्से से अधिक है, तो शेष राशि को अगले वित्तीय वर्ष (वर्षों) में ले जाया जा सकता है। इसके अलावा, इकाई पहले तीन वर्षों में पूरी पात्र प्रोत्साहन राशि का दावा करने में सक्षम नहीं है तो इसे अगले वर्षों में ले जाया जा सकता है। हालांकि, इसे 10 वर्षों की पात्रता अवधि अथवा स्कीम की वैधता अवधि, जो भी पहले हो, से आगे नहीं ले जाया जा सकता।
- (छ) इस प्रोत्साहन के तहत लाभ प्राप्त करने के लिए, इकाई को जीएसटी के लिए नई पंजीकरण संख्या प्राप्त करना अपेक्षित है। यदि आवेदक की एक अन्य इकाई केंद्र शासित प्रदेश जम्मू और कश्मीर में पंजीकृत है तो मौजूदा जीएसटी संख्या को उस नई इकाई के लिए इस्तेमाल नहीं किया जाएगा जो इस स्कीम के तहत पंजीकृत है। (उदाहरण: यदि मौजूदा इकाई 'क', 'ख' नाम से नई इकाई शुरू करती है तो इकाई 'क' की जीएसटी संख्या जीएसटीएलआई प्राप्त करने के लिए इकाई 'ख' पर लागू नहीं होगी। जीएसटीएलआई प्राप्त करने के लिए इकाई 'ख' को नई जीएसटी संख्या लेना आवश्यक होगा।)
- (ज) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.4. कार्यशील पूंजी ब्याज सहायता (डब्ल्यूसीआईएस)

- (क) पात्रता: इस स्कीम की अधिसूचना की तारीख से पहले केंद्र शासित प्रदेश जम्मू और कश्मीर में जीएसटी के तहत पंजीकृत की सभी मौजूदा इकाइयां इस प्रोत्साहन हेतु पात्र होंगी, जो पंजीकरण तथा दिशानिर्देशों में यथा निर्धारित अन्य शर्तों के अधीन है।
- (ख) केंद्र शासित प्रदेश जम्मू और कश्मीर के जोन क और जोन ख, दोनों में स्थित इकाइयां इस प्रोत्साहन के लिए पात्र हैं।
- (ग) सभी मौजूदा पात्र इकाइयां इस स्कीम के तहत पंजीकरण प्रदान करने की तारीख से अधिकतम लगातार 5 वर्षों के लिए कार्यशील पूंजी ऋण पर 5 प्रतिशत की दर से ब्याज सहायता प्राप्त कर सकती हैं। इस स्कीम घटक के तहत लाभ प्राप्त करने वाली मौजूदा इकाइयां पांच वर्ष की अवधि के लिए पात्र होंगी, चाहे वे पर्याप्त विस्तार ही क्यों न कर रही हों।
- (घ) यदि बैंक द्वारा वार्षिक ब्याज दर 6 प्रतिशत से नीचे चली जाती है, तब भी पात्र इकाइयों को न्यूनतम 1 प्रतिशत की दर से वार्षिक ब्याज का भुगतान करना होगा (उदाहरण: यदि किसी इकाई के लिए बैंक ब्याज दर 5 प्रतिशत हो जाती है तो ब्याज सहायता 4 प्रतिशत तक सीमित होगी तथा 1 प्रतिशत ब्याज इकाई द्वारा वहन किया जाएगा)।
- (ङ) विनिर्माण और सेवा क्षेत्र के लिए इस घटक के तहत अधिकतम लाभ 5 वर्षों में 1 करोड़ रुपए है। कार्यशील पूंजी ब्याज सहायता की पात्र राशि की गणना की पद्धति इसके तहत जारी विस्तृत दिशानिर्देशों में निर्धारित की जाएगी।
- (च) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

11. पंजीकरण हेतु आवेदन, प्रोत्साहन के दावे, अनुमोदन और दावों के संवितरण की प्रक्रिया:

यह अलग से जारी किए जाने वाले दिशानिर्देशों में निर्धारित किए जाएंगे।

12. दावों से संबंधित कार्यवाही/ जांच:

- 12.1. स्कीम के तहत दायर किए गए दावों की डीपीआईआईटी द्वारा नियुक्त मान्यताप्राप्त स्वतंत्र लेखा परीक्षा एजेंसी द्वारा पूर्व-जांच की जाएगी।
- 12.2. जेकेडीएफसी प्रोत्साहनों के संवितरण से पहले 10 प्रतिशत दावों की पूर्व-जांच करेगा। डीपीआईआईटी के मुख्य लेखा नियंत्रक भी उच्च मूल्य वाले 20 प्रतिशत दावों (अर्थात् 5.00 करोड़ रुपए या उससे अधिक), प्रत्येक वित्तीय वर्ष में जारी 1 प्रतिशत कार्यशील पूंजी ब्याज सहायता दावों तथा 5 प्रतिशत अन्य दावों की पश्च लेखापरीक्षा करेगा।
- 12.3. भारत सरकार के सभी संबंधित मंत्रालयों/विभागों के लिए अपने संबंधित अधिनियमों/नियमों/अधिसूचनाओं आदि में संशोधन करना तथा इन निर्णयों को लागू करने के संबंध में आवश्यक निर्देश जारी करना अपेक्षित है।

13. केंद्र सरकार/केंद्र शासित प्रदेश जम्मू और कश्मीर की सरकार/वित्तीय संस्थाओं के अधिकार:

- 13.1. यदि इस स्कीम के तहत प्रोत्साहन प्राप्त करने वाली कोई इकाई वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 10 वर्ष की अवधि के भीतर उत्पादन/प्रचालन बंद कर देती है अथवा अपने स्थान में पूरी तरह अथवा इकाई के किसी हिस्से के स्थान में परिवर्तन करती है अथवा अपने कुल स्थिर पूंजी निवेश के बड़े हिस्से का निपटान कर देती है, तो वह इकाई उत्पादन/प्रचालन बंद करने अथवा स्थान में परिवर्तन करने की तारीख से किसी भी प्रोत्साहन का दावा करने के लिए पात्र नहीं होगी।

इसके अलावा, यदि कोई इकाई वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 5 वर्ष के भीतर उत्पादन/प्रचालन बंद कर देती है अथवा अपने स्थान में पूरी तरह अथवा इकाई के किसी हिस्से के स्थान में परिवर्तन करती है अथवा अपने कुल स्थिर पूंजी निवेश के बड़े हिस्से का निपटान कर देती है, तो ऐसी सभी इकाइयां प्राप्त किए गए सभी अनुदान अथवा प्रोत्साहन लौटाने के लिए बाध्य होंगी।

- 13.2. यदि यह प्रमाणित हो जाता है कि किसी इकाई ने जरूरी तथ्य की गलत व्याख्या करके/छुपाकर, गलत जानकारी देकर प्रोत्साहन प्राप्त किया है तो इकाई को 15 प्रतिशत प्रति वर्ष के ब्याज के साथ समस्त अनुदान अथवा प्रोत्साहन राशि लौटानी होगी तथा वह आपराधिक कार्यवाही के लिए भी जिम्मेदारी होगी।
- 13.3. निविष्टि आपूर्ति को छुपाने अथवा दावों के लिए तृतीय पक्षकार अथवा जम्मू और कश्मीर के बाहर के उत्पादन का सहारा लेने अथवा इसी प्रकार के अन्य गलत तरीकों को अपनाने वाली इकाई आगे के दावों को जब्त करने तथा पहले दिए गए सभी प्रोत्साहनों की 15 प्रतिशत प्रति वर्ष की ब्याज दर से वसूली के लिए जिम्मेदार होगी।
- 13.4. प्रोत्साहन (प्रोत्साहनों) को डिजिटल तरीके से जारी किया जाएगा तथा नोडल एजेंसी लाभार्थी इकाई के संबंध में डीबीटी मिशन द्वारा अपेक्षित सारी जानकारी एकत्र करेगी। नोडल एजेंसी इस संबंध में लाभार्थी इकाई के प्राधिकृत हस्ताक्षरकर्ता से हलफनामा सह क्षतिपूर्ति बॉन्ड लेगी।
- 13.5. नोडल एजेंसी अंतिम किस्त/पूरी राशि प्राप्त होने की तारीख से 3 महीनों के भीतर डीपीआईआईटी को संवितरण के संबंध में सामान्य वित्तीय नियमावली, 2017 के प्रपत्र 12(ग) में प्रोत्साहन का उपयोगिता प्रमाण-पत्र प्रस्तुत करेगी।
14. इकाई द्वारा प्रोत्साहन के भुगतान में देरी पर ब्याज का दावा नहीं किया जा सकता।

राजेन्द्र रत्नू, संयुक्त सचिव

अनुबंध-I

निषेध सूची:

निम्नलिखित उद्योग जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम के तहत लाभ हेतु पात्र नहीं होंगे:

- (i) केंद्रीय जीएसटी प्रशुल्क अधिनियम, 2017 के अध्याय 24 के तहत आने वाली वस्तुएं जो तंबाकू और तम्बाकू निर्मित वस्तुओं से संबंधित हैं।
- (ii) केंद्रीय जीएसटी प्रशुल्क अधिनियम, 2017 के अध्याय 24 के तहत शामिल पान मसाला।
- (iii) पर्यावरण और वन मंत्रालय की अधिसूचना संख्या का.आ.705 (अ) दिनांक 02.09.1999 और का.आ. 698 (अ) दिनांक 17.6.2003 और बाद के संशोधनों के द्वारा निर्धारित किए गए अनुसार 20 माइक्रॉन से कम की प्लास्टिक की थैलियां।
- (iv) केंद्रीय उत्पाद प्रशुल्क अधिनियम, 1985(1986 का 5) की प्रथम सूची के अध्याय-27 के अंतर्गत आने वाली पेट्रोलियम अथवा गैस रिफाइनरी द्वारा उत्पादित वस्तुएं
- (v) प्लाटेशन, रिफाइनरी तथा 10 मेगावॉट से ज्यादा की विद्युत उत्पादक इकाइयां
- (vi) कोक (कैल्साइन्ड पेट्रोलियम कोक सहित), फ्लाई ऐश
- (vii) पर्यावरण मानकों का अनुपालन नहीं करने वाली अथवा पर्यावरण एवं वन तथा जलवायु परिवर्तन मंत्रालय अथवा राज्य पर्यावरण प्रभाव मूल्यांकन प्राधिकरण (एसईआईए) से पर्यावरण संबंधी मंजूरी प्राप्त नहीं करने वाली अथवा संबंधित केंद्रीय प्रदूषण नियंत्रण बोर्ड/ राज्य प्रदूषण नियंत्रण बोर्ड से स्थापना तथा प्रचालन की अपेक्षित सहमति नहीं लेने वाली इकाइयां इस योजना के अंतर्गत प्रोत्साहन हेतु पात्र नहीं होगी।
- (viii) वस्तुओं में कम मूल्य वर्धन क्रियाकलाप जैसे भंडारण के दौरान संरक्षण, सफाई, प्रचालन, पैकिंग, रि-पैकिंग अथवा रि-लेबलिंग, छंटनी, खुदरा बिक्री मूल्य का परिवर्तन, उच्च मूल्य पैकेजिंग तथा प्रसंस्करण को छोड़कर।
- (ix) गोल्ड तथा गोल्ड डोर।
- (x) राब।
- (xi) संगमरमर, ट्रेवर्टिन और ग्रेनाइट।
- (xii) रिवॉल्वर और पिस्टल।
- (xiii) सरकार द्वारा जब भी आवश्यकता समझा जाए, तब एक अलग अधिसूचना के माध्यम से निषेध-सूची में शामिल किया गया कोई उद्योग/क्रियाकलाप। यह ऐसी अधिसूचना की तारीख से प्रभावी होगा।

अनुबंध-II

निम्नलिखित सेवाएं जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम के तहत लाभ हेतु पात्र होंगी, जिनका ब्यौरा दिशानिर्देशों में दिया जाएगा:

सेवा क्षेत्र सकारात्मक सूची	
1	पर्यटन और हॉस्पिटैलिटी सेवाएं (स्वास्थ्य और स्वास्थ्य देखभाल पर्यटन सहित)
2	फिल्म पर्यटन को बढ़ावा देने वाली सेवाएं (फिल्म सिटी, स्टूडियो सहित)
3	रोप-वे, मनोरंजन पार्क और राइड्स
4	हैरिटेज प्रॉपर्टी रिस्टोरेशन सेवाएं
5	स्वास्थ्य देखभाल सेवाएं
6	आईटी और आईटीईएस सेवाएं
7	रखरखाव और रिपेयर सेवाएं
8	फ्रेट टर्मिनल, लॉजिस्टिक्स पार्क और भंडारण (कोल्ड स्टोरेज सेवाओं सहित)
9	परीक्षण, आरएंडडी, विश्लेषण और प्रमाणन सेवाएं
10	शैक्षणिक और कौशल विकास सेवाएं

MINISTRY OF COMMERCE AND INDUSTRY
(Department for Promotion of Industry and Internal Trade)

NOTIFICATION

New Delhi, the 19th February, 2021

F. No. 1(1)/2020-SSS.—The Government of India is pleased to announce New Central Sector Scheme for Industrial Development of Union Territory of Jammu & Kashmir.

1. **Scheme Title:** This Scheme will be called New Central Sector Scheme for Industrial Development of Jammu & Kashmir.
2. **Coverage:** The Scheme will cover the Union Territory of Jammu & Kashmir.
3. **Commencement and Duration of the Scheme:** It will be effective from 01.04.2021 and will remain in force up to and inclusive of 31.03.2037.
4. **Application period for registration:** Registration shall commence from 01.04.2021 and will continue till 30.09.2024, subject to the guidelines issued in this regard. Notwithstanding the aforementioned time period, if based upon the registrations already granted, the projected financial liability reaches 115 percent of the Approved Funds, registration process may be paused, either temporarily or permanently. However, registration process may be resumed depending on availability of Approved Funds.
 - 4.1. Merely submitting application for registration will not entitle any applicant for registration under this scheme. Further details shall be provided in the guidelines of this scheme.
 - 4.2. No unit will have the right to register under this scheme or claim the benefits unless it is specifically approved by the registering authority as laid out in the guidelines.
 - 4.3. The registration will be granted by the registering authority as laid out in the guidelines, which will, inter-alia, consider the prima-facie eligibility of the unit, availability of Approved funds.

4.4. All units willing to avail incentive(s) under this scheme have to apply for registration through the online portal.

5. **Grant of registration:** All applications for registration shall be disposed of by 31.03.2025 unless otherwise extended.

6. **Definitions:**

6.1. **'Approved Funds'** mean financial outlay allocated under each component of this scheme.

6.2. **'Arm's length price'** as defined under the provisions of Income Tax Act, 1961.

6.3. **'Commencement of Commercial Production:** means starting of manufacturing of finished goods on commercial basis which is preceded by trial production and installation of complete plant and machinery for manufacturing of finished products in commercial quantity and all raw materials, consumables, etc. required for manufacture are available.

6.4. **'Commencement of Commercial Operation:** means starting of operation/delivering of services on commercial basis.

6.5. **'Existing Unit'** means a unit which has commenced commercial production/operation prior to 1.4.2021 and is registered under GST in the UT of Jammu & Kashmir.

6.6. **'Finished Goods'** means the goods actually produced and supplied by an industrial unit and for which it is registered under the Scheme.

6.7. **'Manufacturing unit'** means a unit which carries out processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturing unit" shall be construed accordingly."

6.8. **'New Unit'**

(a) For manufacturing sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial production within 3 years from the date of grant of registration.

(b) For Service sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial operation within 3 years from the date of grant of registration.

(c) A new unit will be required to fulfill the following conditions:

(i) It is not formed by splitting up, or reconstruction of a business already in existence.

(ii) It is not formed by transfer to the new unit of plant or machinery previously used for any other purpose.

(iii) It has not relocated from elsewhere and/or is not an existing unit reopened under a new name and style.

Provided that heritage property not in use before 1.4.2021 is restored thereafter for commercial or hospitality or tourism services on commercial basis will also be considered as new unit as per eligibility conditions to be further elaborated in detailed guidelines.

6.9. **'Plant and Machinery'** in case of Manufacturing units shall cover industrial plant and machinery as erected at site which are newly purchased from open market at an arm's length price. It excludes relocated/recycled/refurbished plant and machinery.

6.10. **'Building and other durable physical assets'** in case of Service sector units shall cover new building and other durable physical assets for a service sector unit where purchases have been made following an Arm's length pricing

6.11. 'Raw material' means materials or substances used by any unit, in the production or manufacturing of the finished goods.

6.12. 'Services' means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

6.13. 'Service unit' means a unit providing "services".

6.14. 'Substantial expansion' means an additional investment of minimum twenty-five percent of the total amount of investment already made in an existing unit in plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).

The additional investment should result in increase of production capacity/enhancement of Services or diversification and should not be a mere replacement of existing plant and machinery.

6.15. 'Unit' means any industrial (manufacturing) entity or eligible service sector enterprise other than those run departmentally by Government, which is a registered business enterprise under Goods & Service Tax.

6.16. 'Working Capital' is difference between Current Assets and Current Liabilities. It is the capital required for the smooth and uninterrupted functioning of the unit and is used to finance its day to day needs, such as buying raw materials.

6.17. Zone A and Zone B for the purposes of this scheme shall mean areas as defined by Government of Jammu & Kashmir and as specified in the guidelines.

7. Eligibility for availing incentives:

7.1. All units eligible under Manufacturing and eligible Service sector will be granted incentive(s) under this scheme as defined under respective incentives.

7.2. The scheme shall not be applicable to the units which manufacture the products listed in the *negative list* at Annexure -I.

7.3. Service sector units with a minimum investment of Rs.1 crore in building and other durable physical assets will be eligible for incentives under this scheme. The scheme shall be applicable only for services listed in *positive list* in Annexure-II which may be modified further by the Steering Committee.

7.4. All eligible units have to commence commercial production/operation within 3 years from the date of grant of registration.

7.5. Any investment made on or after 1.4.2019 by a unit in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for service sector) will be taken into consideration to decide the eligible value of investment as per the entitlement under Capital Investment Incentive, Capital Interest subvention and GST Linked Incentive of this scheme. However, the date of commencement of commercial production/ operation has to be on or after 1.4.2021. The eligibility for availing any incentive is subject to grant of registration under the scheme.

7.6. (a) Cost of Plant and Machinery (in manufacturing sector) that is essential for manufacturing of finished goods but excludes cost of land, consumables, disposables or any other item charged to revenue.

(b) Cost of construction of Building and procurement of other durable physical assets for the service sector unit that are basic to the running of that particular unit in service sector

but excludes cost of land, consumables, disposables or any other item charged to revenue.

7.7. Units availing benefits under other schemes of the Government of India will not be eligible for similar incentives under this Scheme.

7.8. Subject to provisions of Clause 7.7, such units can avail other incentive(s) under the Scheme as per eligibility. Details regarding this shall be specified in the guidelines.

7.9. The beneficiary of this scheme has to furnish an undertaking to abide by the terms and conditions of the scheme.

7.10. Eligibility under this scheme will be subject to verification on investment (Core and Non-Core) in Plant and Machinery (in manufacturing sector) and cost of construction of building and other durable physical assets (in service sector). However, the incentive will be eligible only for core segment in both manufacturing and service sector. Details will be laid down in the guidelines.

7.11. Period for availing incentive(s):

All eligible units can avail specified incentive under this scheme up to a period as specified in the respective incentives.

8. Nodal agency

The Jammu & Kashmir Development Finance Corporation Ltd. (JKDFC) or any other agency authorized in this regard by Government of India will be the nodal agency for disbursal of incentives under various components of the scheme. Nodal agency will release incentive only through e-transfer to the designated bank accounts of eligible units.

9. Governance and Implementation Mechanism

9.1 The scheme will be implemented under the supervision of Government of India i.e. the Department for Promotion of Industry & Internal Trade (DPIIT). However, the registration process as well as processing of claims under different incentive components is delegated to the UT of Jammu & Kashmir. Details will be given in the guidelines for implementation of the scheme.

9.2 Committees constituted for governance and implementation of this scheme along with their Power and function are as under:

9.2.1 The Apex Committee

(a) Constitution

- (i) Union Home Minister as Chairperson
- (ii) Union Commerce and Industry Minister
- (iii) Lt. Governor of UT of J&K

(b) Powers and functions

- (i) Decide upon any modification in the scheme within its overall financial outlay which have not been specifically delegated under the power and function of other Committees.
- (ii) Approve any deletion in the negative list

9.2.2 The Steering Committee

(a) Constitution

- (i) Secretary, DPIIT as Chairperson
- (ii) Secretary/ Additional Secretary, Ministry of Home Affairs



- (iii) Secretary, Ministry of Environment, Forest and Climate Change
- (iv) Secretary, Ministry of MSME
- (v) Representative, NITI Aayog
- (vi) Additional Secretary and Financial Advisor (AS&FA), DPIIT
- (vii) Chief Secretary, Government of Jammu & Kashmir
- (viii) Joint Secretary, DPIIT in charge of J&K Schemes (Member Secretary)

(b) Powers and functions

- (i) Monitor the smooth implementation and issue detailed guidelines for execution including the different levels of delegation for registration and sanction of claims under the overall supervision of UT level committee.
- (ii) Decide on matters relating to registration, commencement of production/operation, including extension of the dates.
- (iii) Decide on the proposals for implementation, monitoring and IT support as per needs and contingencies under the administrative cost component including establishing of Project Management Unit at the level of DPIIT and Project Implementation Unit at the UT level.
- (iv) Utilize the services of Central Board of Indirect Tax and Customs (CBIC) and Central Board of Direct Taxes (CBDT) and to periodically invite appropriate officers like jurisdictional Chief Commissioners of GST, Income Tax and Commissioner of UT GST as Special Invitees, for seeking their inputs with particular emphasis on preventing fraudulent or non-genuine claims.
- (v) Get random/surprise inspections done to prevent misuse of the scheme through engagement of an independent third party or empanelment of qualified personnel for verification.
- (vi) Issue detailed guidelines on eligibility under service sector in consultation with the UT administration.
- (vii) Amend the categorization of blocks into Zone A and Zone B. However, this amendment in categorization shall be in alignment with the categorization of Blocks by the UT of Jammu & Kashmir
- (viii) Review and make additions to the negative list for goods and any changes to the positive list for services.

9.2.3 The Union Territory Level Committee

(a) Constitution

- (i) Chief Secretary, UT of Jammu & Kashmir as Chairperson
- (ii) Secretary of Finance, UT of Jammu & Kashmir
- (iii) Secretary of Industry & Commerce, UT of Jammu & Kashmir (Member Secretary)
- (iv) Joint Secretary (JS) DPIIT (or his representative)
- (v) Representative of Internal Finance Wing of DPIIT as member
- (vi) Any other member(s) representing the relevant sectors related to the projects under consideration may be nominated by the Chief Secretary or Secretary (Industry & Commerce) to the administration in UT of J&K as Special Invitees



(b) Powers and functions

- (iii) Monitor the overall implementation of the Scheme and put in place proper checks and balances for ensuring transparency and efficiency in grant of registration, processing and approval of claims under the Scheme.
- (iv) The Committee in coordination with the Department of Industries and Commerce, UT of Jammu and Kashmir shall ensure that proper checks and balances are in place to avoid misuse of the Scheme.

9.3 Details of further delegation of powers for granting registration of units, processing and sanction of claims will be prescribed in the detailed guidelines of the scheme.

10. Incentives under the Scheme

Subject to eligibility, the following incentives are provided under this scheme.

- (i) Capital Investment Incentive (CII).
- (ii) Capital Interest Subvention (CIS).
- (iii) Goods & Services Tax Linked Incentive (GSTLI).
- (iv) Working Capital Interest Subvention (WCIS).

10.1. Capital Investment Incentive(CII):**(a) Eligibility:**

- (i) The following units will be eligible to avail this incentive
 - a. New units with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail this incentive in both Zone A and Zone B.
 - b. Existing units undertaking substantial expansion with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail benefit under this incentive in both Zone A and Zone B.
- (ii) Subject to proviso in Clause 6.8(c), a unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and other durable physical assets (for service sector), where purchases have been made based on Arm's Length Pricing.
- (iii) A service sector unit will be eligible for this incentive only if it makes investment of not less than Rs. 1.00 crore in new building and other durable physical assets
- (b) All eligible units located in Zone A category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @30% of the investment made in plant and machinery (for manufacturing sector), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs. 5.00 crore.
- (c) All eligible units located in Zone B category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @50% of the investment made in plant and machinery(for manufacturing), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs.7.50 crore.
- (d) An existing unit can avail this benefit for substantial expansion only once during the validity period of the scheme.



- (e) A new unit registered under the scheme will not be eligible to avail the benefit under substantial expansion.
- (f) Physical verification of the units is mandatory before availing this incentive. However under special circumstances, on recommendations by UT, with due justification, Steering Committee may consider electronic modes, or any other method as deemed appropriate in lieu of physical verification.
- (g) Detailed procedure for registration and availing this incentive shall be laid down in the guidelines.

10.2. Capital Interest Subvention (CIS)

(a) Eligibility:


- (i) New units will be eligible for this incentive on the loan availed on investment made in eligible plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).
 - (ii) Existing units undertaking substantial expansion will also be eligible for the incentive as per clause 10.2(a)(i).
 - (iii) Interest on loan up to the principal amount of Rs. 500 crore for investment in eligible plant and machinery shall be eligible for Capital Interest subvention. If the total principal amount of loan (loan being defined as a whole and not as per draw-down amount in each tranche) is more than Rupees 500 crore, then interest on the loan amount exceeding Rs. 500 crore would not be eligible for Capital Interest Subvention.
 - (iv) The Capital Interest Subvention would be eligible on amount disbursed and not on the principal amount sanctioned for the term loan.
 - (v) A unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and installs other new durable physical assets (for service sector) where purchases have been made based on Arm's Length Pricing.
 - (vi) A service sector unit with an investment of not less than Rs. 1 crore in new building and other new durable physical assets will be eligible for this incentive.
- (b) All eligible units can avail Capital Interest Subvention at the annual rate of interest of 6% for a maximum of 7 consecutive years from any date after the date of application for registration under this scheme. However, disbursement of eligible amount under this incentive shall begin only after commencement of commercial production.
- (c) In future, if the annual rate of interest falls below 8%, an eligible unit will still be liable to pay a minimum amount of interest at the annual rate of interest of 2%. (Illustration: In future, in case the annual lending rate by a bank for an eligible unit falls to 7%, the amount of interest subvention will be limited to 5%, and the unit will bear 2% interest burden).
- (d) This incentive is applicable on the loans availed from a Scheduled Commercial Banks or Financial Institutions registered by Reserve Bank of India.
- (e) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.3. Goods & Services Tax Linked Incentive (GSTLI)

- (a) **Eligibility:** New units registered under the scheme irrespective of the value of investment in plant and machinery (for manufacturing sector) and construction of building and other durable physical assets (for service sector) and having a GST registration will be eligible for benefit under this incentive.

- (b) Upper limit of incentive under this component shall be 300% of the eligible value of investment made in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for services sector). The value of Plant and Machinery for manufacturing or building and durable physical assets in Services sector units will be as per the eligible value determined under Capital Investment Incentive or Capital Interest Subvention, whichever is applicable.
- (c) All eligible units will be granted Goods & Services Tax Linked Incentive (GSTLI) equal to 100% of Gross payment of GST, i.e. GST paid through cash and input tax credit for a maximum period of 10 years from the date of commencement of commercial production/operation or till the validity of the scheme whichever is earlier. However GST paid on exported goods or services will not be counted towards eligible incentive amount under this component.
- (d) The amount of incentive paid in a financial year will not exceed one-tenth of the total amount of eligible incentive under this component subject to full payment of GST as per GST return filed for the claim period.
- (e) The quantum of incentive will be the same irrespective of the fact whether the unit is located in Zone A or Zone B in the UT of Jammu & Kashmir.
- (f) In case gross GST paid by any unit in a financial year is more than one-tenth of the total amount of eligible incentive, the balance can be carried forward to the subsequent financial year(s). Further, in case the unit is not able to claim full eligible amount of incentives in the first 3 year, the same can be carried forward to subsequent years. However, this will not be carried forward beyond the eligible period of 10 years or beyond the validity of scheme, whichever is earlier.
- (g) In order to avail benefit under this incentive, a unit will be required to have a new registration number for GST. If an applicant has another unit registered within the UT of Jammu & Kashmir, existing GST number shall not be used for the new unit which has been registered under this scheme. (Illustration: If an existing unit 'A' starts another unit with name 'B' then GST number of unit 'A' will not be applicable for availing GSTLI for unit 'B'. A new GST number will be required by unit 'B' to avail GSTLI.)
- (h) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.4. Working Capital Interest Subvention(WCIS)

- (a) **Eligibility:** All existing units in the UT of Jammu & Kashmir registered under GST prior to the date of notification of this scheme will be eligible for this incentive, subject to the registration and other conditions as detailed in the guidelines.
 - (b) Units located both in Zone A and Zone B in the UT of Jammu & Kashmir are eligible for this incentive
 - (c) All existing eligible units can avail interest subvention @ 5% on working capital loan for a maximum of 5 consecutive years from the date of grant of registration under this scheme. Existing eligible units availing benefits under this component will be eligible for five years period, even when they are undertaking substantial expansion.
 - (d) In case, if the annual rate of interest charged by a bank falls below 6%, a minimum amount @1% per annum of interest will still have to be paid by the eligible units (Illustration: If in future, bank rate of interest for a unit becomes 5%, the interest subvention will be limited to 4% and the unit will bear the burden of 1% interest).
 - (e) The maximum benefit under this component for manufacturing as well as service sector units is Rs. 1 crore in 5 years. The methodology for calculation of the eligible amount of working capital interest subvention will be prescribed in the detailed guidelines issued there under.
- 

(f) Detailed procedure for availing this incentive shall be laid down in the guidelines.

11. Process of application for registration, claiming incentives, approval and disbursal of claims:

These shall be prescribed in the detailed guidelines to be issued separately.

12. Processing/ scrutiny of claims:

- 12.1. Claims filed under the scheme will be pre-scrutinized by recognized independent audit agency to be appointed by DPIIT.
- 12.2. JKDFC will undertake pre-scrutiny of 10% claims before disbursement of incentives. The Chief Controller of Accounts of DPIIT will also conduct post-audit of 20% of high value claims (i.e. Rs. 5.00 crore and above), 1% of Working Capital Interest Subvention claims released in each financial year and 5% of other claims.
- 12.3. All concerned Ministries/departments of Government of India are required to amend their respective Acts/Rules/Notification etc. and issue necessary instructions for giving effect to these decisions.

13. Rights of the Central/Union Territory(UT) Government of J&K /Financial Institutions:

- 13.1. In case any unit availing incentives under this scheme goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 10 years after the date of commencement of production/ operation, then the unit will not be eligible to claim any incentive with effect from the date it goes out of production/ operation or changes its location.

Further, all such units will be liable to refund the entire grant or incentive availed if it goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 5 years after the date of commencement of production/ operation.
- 13.2. If it is established that a unit has obtained incentive(s) by misrepresenting/suppressing an essential fact, furnishing of false information the unit has to refund the entire grant or incentive availed with interest of 15% per annum and will also be liable for criminal proceedings.
- 13.3. Concealment of input supplies or routing of third party or non-Jammu & Kashmir production for claims or malpractices of similar kinds will render unit liable for forfeiture of further claims and recovery of all previous incentive(s) paid with interest @15% per annum.
- 13.4. The incentive(s) will be released through digital payment and Nodal agency will collect all information required by the DBT Mission in respect of beneficiary units. Nodal agency shall take an affidavit cum indemnity bond in this regard from the authorized signatory of the beneficiary unit.
- 13.5. The Nodal agency shall furnish Certificate of Utilization of the incentive(s) in Form 12(C) of General Financial Rules, 2017 in respect of disbursements to the DPIIT within a period of 3 months from the date of receipt of the last installment/full amount.

14. No interest on account of delay in payment of incentive can be claimed by the unit

RAJENDRA RATNOO, Jt. Secy.

ANNEXURE-I

Negative List:

The following industries will not be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir :

- (i) All goods falling under Chapter 24 of the Central GST Tariff Act, 2017 which pertains to tobacco and manufactured tobacco substitutes.
- (ii) Pan Masala as covered under Chapter 24 of the Central GST Tariff Act, 2017.
- (iii) Plastic carry bags of less than 20 micron as specified by Ministry of Environment and Forests Notification No. S.O. 705(E) dated 02.09.1999 and S.O. 698(E) dated 17.6.2003 and any subsequent amendments.
- (iv) Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.
- (v) Plantation, Refineries and Power generating Units above 10 MW.
- (vi) Coke (including Calcined Petroleum Coke), Fly Ash.
- (vii) Units not complying with environment standards or not having applicable Environmental Clearance from M/o Environment & Forests and Climate Change or State Environmental Impact Assessments Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board/State Pollution Control Board also will not be eligible for incentive under the scheme.
- (viii) Low value addition activities in goods such as preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price etc. take place excluding high value packaging and processing.
- (ix) Gold and gold dore.
- (x) Molasses
- (xi) Marble, Travertine & Granite.
- (xii) Revolvers and pistols.
- (xiii) Any other industry/activity placed in negative list through a separate notification as and when considered necessary by the Government. It will be effective from the date of such notification.

Annexure-II

The following services, details of which will be given in guidelines, will be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir:

Service Sector Positive List	
1	Tourism & Hospitality Services (including health & wellness tourism)
2	Services promoting Film Tourism (including film cities, studios)
3	Ropeways, Entertainment Parks and Rides
4	Heritage Property Restoration Services

5	Healthcare Services
6	IT & ITeS Services
7	Maintenance and Repair Services
8	Freight Terminals, Logistics Parks & Warehousing (including Cold Store Services)
9	Testing, R&D, Analysis & Certification services
10	Educational & Skill Development Services

**Government of Jammu & Kashmir
Industries & Commerce Department
Civil Secretariat, Jammu**

* * *

Subject:- Procedural Guidelines to the Jammu & Kashmir Industrial Policy, 2021-30.

Reference: Administrative Council Decision No. 46/7/2021 dated 09.04.2021, read with Government Order No 117-IND of 2021 dated 19.04.2021

Government Order No : 118-IND of 2021

D a t e d : 19.04.2021

Sanction is accorded to the adoption of the Procedural Guidelines to the Jammu & Kashmir Industrial Policy, 2021-30, as per annexure appended to this order for its implementation with effect from 01.04.2021.

By order of the Government of Jammu and Kashmir.

Sd/-

(Ranjan Prakash Thakur)

Principal Secretary to the Government

No. IND/DIC-20/2021

Dated: 19.04.2021

Copy to the :-

1. All Financial Commissioners.
2. Director General of Police, J&K.
3. Principal Secretary to the Lieutenant Governor.
4. All Principal Secretaries to Government.
5. Principal Resident Commissioner, J&K Government, New Delhi.
6. Chief Electoral Officer, J&K.
7. All Commissioner/ Secretaries to the Government.
8. Joint Secretary (J&K), Ministry of Home Affairs, Government of India.
9. Divisional Commissioner, Jammu/Kashmir.
10. Director General, J&K Institute of Management, Public Administration and Rural Development, Jammu.
11. Chairman, J&K Special Tribunal.
12. All HoD's of Industries and Commerce Department.
13. All Deputy Commissioners.
14. Director, Information.
15. Director, Archives, Archaeology and Museums.
16. General Manager, Government Press, Jammu/Srinagar.
17. Private Secretary to the Hon'ble Lieutenant Governor.
18. Private Secretary to the Chief Secretary.
19. Private Secretaries to Advisor (F)/(B)/(BK) to Lieutenant Governor.
20. Private Secretary to Principal Secretary to the Government, Industries and Commerce Department.
21. In-charge website, GAD/ I&C Department.
22. Notification file.

(Sartaj Hussain Madni)

Deputy Secretary to the Government

**Procedural Guidelines to the Jammu
and Kashmir Industrial Policy
2021-30**

Amx

Contents

1. REGISTRATION OF NEW UNITS FOR INCENTIVES	2
2. REGISTRATION OF EXISTING UNITS FOR INCENTIVES	2
3. OPERATIONAL GUIDELINES FOR SANCTION/ GRANT OF INCENTIVES UNDER THE JAMMU AND KASHMIR INDUSTRIAL POLICY, 2021	2
4. CATEGORY WISE PROCEDURES FOR SANCTION/GRANT OF VARIOUS INCENTIVES	4
5. SUBSIDY (100%) ON PURCHASE/ INSTALLATION OF DIESEL GENSET	4
6. SUBSIDY ON OBTAINING OF QUALITY CERTIFICATE	5
7. SUBSIDY ON AUTOMATION	6
8. SUBSIDY ON GREEN ENVIRONMENT PROTECTION INITIATIVE	7
9. TURNOVER BASED INCENTIVE	7
10. SGST REIMBURSEMENT	8
11. CHANGE OF CONSTITUTION	8
12. CHANGE IN NAME AND STYLE	10
13. DEREGISTRATION OF UNITS	11
14. CHANGE IN LINE OF ACTIVITY/ ADDITIONAL LINE OF ACTIVITY	12
15. SUBSTANTIAL EXPANSION/NEW UNIT	12
16. MISCELLANEOUS FUNCTIONS AND POWERS	13
17. ASSESSMENT	14
18. POWER TO ISSUE CLARIFICATIONS	14
19. ANNEXURE	15



1. Registration of New Units for Incentives

- 1.1. Any Entrepreneur/Firm/Company desirous of claiming incentives under J&K Industrial Policy 2021-30 shall have to get registered with Department of Industries & Commerce. In order to proceed further an ID has to be created on the Single Window Portal **www.investjk.in**
- 1.2. The creation of ID shall require the following details:
 - i. PAN Card of Individual/ Company or Firm.
 - ii. Valid email ID
 - iii. Working Phone number for validation of OTP
- 1.3. The applicant shall apply online for Provisional Registration on the above-mentioned portal along with following documents:
 - i. Detailed Project Report of the proposed Enterprise which shall include details as specified in the Land Allotment Policy and as per Annexure I
 - ii. Land papers (Revenue papers regarding ownership/rent deed duly registered by the registering authority/lease deed in case of govt land).
 - iii. Partnership Deed/ Certificate of Incorporation and resolution of Board of Directors in case of Companies/ Form-A in case of Firms registered with Registrar of Firms
 - iv. GSTIN Registration.

2. Registration of Existing Units for Incentives

In respect of existing units, the Permanent Registration/ EM-II/ Acknowledgement of Date of Production (Operation) with valid GST Registration shall be sufficient for being eligible for Incentives under the Policy.

3. Operational guidelines for sanction/ grant of incentives under the Jammu and Kashmir Industrial Policy, 2021

- 3.1. The DICs shall approve the incentive cases up to Rs. 5.00 Lac in the District Level Committee headed by the General Manager, DIC (concerned). The said Committee shall have following members:
 - i. Functional Manager Marketing
 - ii. Accountant
- 3.2. Incentive cases from Rs. 5.00 Lac to Rs.50 Lac shall be approved by Division Level Committee headed by Director of Industries and Commerce

(concerned). The Divisional Level Committee shall consist of the following members:

- i. Joint Director (Dev), Directorate of I&C concerned
- ii. Chief Accounts Officer, Directorate of I&C Concerned
- iii. Deputy Director (PDM) Directorate of I&C Concerned
- iv. General Manager, DIC Concerned (Member Secretary)

3.3. Incentive cases exceeding Rs.50 Lac shall be approved by UT Level Committee headed by Administrative Secretary, Industries & Commerce.

The UT Level Committee shall consist of the following members:

- i. Director (I&C), (concerned) (Member Secretary)
- ii. Director Finance, (I&C)
- iii. Director Planning. (I&C)
- iv. Any other member to be coopted by the committee

3.4. 10% of the cases approved by District Level Committees shall be subjected to audit, before disbursement of incentive amount, by a Committee nominated by the respective Directors, Industries & Commerce. This audit shall be applicable to all the incentives approved by District Level Committees under the J&K Industrial Policy, 2021.

3.5. All the transactions pertaining to purchase of Equipment on which incentive is claimed shall have to be through the banking instruments.

4. Category wise procedures for sanction/grant of various incentives

4.1. Subsidy (100%) on Purchase/ Installation of Diesel Genset

- 4.1.1. A subsidy of 100% on purchase and installation of DG set from 10 KW to 2000 KW capacity shall be allowed.
- 4.1.2. The subsidy shall, however, be provided, subject to installation of Retrofitted Emission Control Devices /Equipment, as per the condition laid down by the Hon'ble Green Tribunal for DG Sets of 125 KVA capacity and above.
- 4.1.3. Capacity of DG Set should have relevance with the power connected to the unit.
- 4.1.4. The amount of the subsidy on DG Set shall not exceed Rs. 40.00 Lac for Zone-A and Rs. 45.00 Lac for Zone-B in any case. (as Annexure I)
- 4.1.5. The amount of subsidy on purchase of one DG set shall be paid to the supplier through the Bank even if the promoter may not have taken any loan for purchase of the DG set.
- 4.1.6. An amount of 50% of the subsidy on DG set shall be paid on verification of installation of the DG Set and the remainder shall be paid after six



months of installation. The disbursement however shall be affected only after the unit has commenced production/ operations and the same has been acknowledged by the concerned General Manager.

4.1.7. DG Set purchased/installed shall not be allowed to be shifted for the period of ten years counted from the date of installation, except with the approval of Director I&C.

4.1.8. The procedure for availing subsidy on the purchase and installation of DG set is given in the following paras:

4.1.8.1. After the unit holder purchases and installs the DG set, he/she shall apply to General Manager for sanction of subsidy along with the following documents:

- i. Application Form for claiming DG Set incentive (Annexure II)
- ii. Bills/ Invoices of DG set
- iii. CA certificate regarding investments made on purchase of DG set. (Annexure III)
- iv. Satisfactory commissioning certificate/ sanctioned power load and fitness certificate from PDD.
- v. Mode of payment certificate from bank, if any.
- vi. Agreement (Annexure IV) and Indemnity Bond (Annexure V) on disbursement as per format duly registered before Magistrate/ Sub Registrar.
- vii. Any other document as notified by the Government of J&K.

4.1.9. After the cases are approved by concerned committees the General Manager shall sanction the claim up to Rs. 5.00 Lac.

4.1.10. In cases of claims exceeding Rs. 5.00 Lac the General Manager shall recommend the case to Director, Industries & Commerce concerned for approval by the Divisional Level Committee.

4.1.11. The concerned General Manager, after the approval by the Divisional Level Committee/ District Level Committee shall issue sanction order within 7 days.

4.1.12. The General Manager shall disburse the incentive within a period of 7 days from the date of receipt of funds.

4.2. Incentives on Pollution Control Devices:

The procedural guidelines for availing of incentives under this scheme shall be as under:

4.2.1. 60% subsidy shall be available on purchase and installation of Pollution Control Devices/ Equipment, subject to an upper ceiling of Rs. 50.00 Lac per unit. The units undertaking Substantial Expansion shall be eligible only for the balance amount out of maximum ceiling of Rs.50 lac, if some



amount of Subsidy has already been availed by the unit in the earlier policies.

- 4.2.2. After the pollution control devices/ equipment are installed in the unit premises, the unit holder shall submit the application along with the documents as provided in these guidelines for availing the incentive on the devices/ equipment to the General Manager Concerned.
- 4.2.3. The General Manager shall within 7 days forward the list of Pollution Control Devices/Equipment to the J&K, PCB for certifying the installation and satisfactory commissioning of the installed equipment, if not issued earlier.
- 4.2.4. After certification of satisfactory installation and commissioning of the Pollution Control Devices by J&K PCB, the General Manager shall place the case before the District Level Committee or Divisional Level Committee as the case may be.
- 4.2.5. The General Manager shall ensure that the unit holder has not already claimed the said subsidy on the same equipment under the Capital Investment Subsidy or similar subsidy schemes of Central/ UT Government.
- 4.2.6. Checklist of Documents:
 - i. Application Form. (Annexure VI)
 - ii. Bills/Invoices
 - iii. C.A. Certificate regarding investment made on the project as per the prescribed proforma. (Annexure VII)
 - iv. Bank Loan Certificate/ Means of Finance/ Source of investment.
 - v. Power connection sanction copy/ power connected certificate.
 - vi. Mode of payment certificates of Pollution Control Devices.
 - vii. Consent from PCB.
 - viii. Agreement (Annexure VIII) and Indemnity Bond (Annexure IX) on disbursement as per format duly registered before Magistrate/ Sub Registrar.
 - ix. Any other document that is as notified by the Government of J&K.
- 4.2.7. The concerned General Manager, after the approval by the Divisional Level Committee/ District Level Committee shall issue sanction order within 7 days.
- 4.2.8. The General Manager shall disburse the incentive within a period of 7 days from the date of receipt of funds.
- 4.3. **Subsidy on Obtaining of Quality Certificate:**
 - 4.3.1. The industrial units procuring quality certification like ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK etc. shall be given a subsidy of 30% of the

total cost incurred for obtaining the said certificate, subject to a maximum of Rs.2.00 Lac as certified by the Chartered Accountant. This incentive, however, can be availed only once under this policy. The subsidy shall be available to New Units, Existing units and Existing units undertaking Substantial Expansion.

4.3.2. The General Manager shall place the case before the District Level Committee for approval of sanction of subsidy after the unit holder claims the incentive and produces the following documents in support of his/her claim.

- i. Application Form. (Annexure X)
- ii. Bills/Invoices
- iii. CA Certificate regarding the total cost incurred for obtaining the said certificate. (Annexure XI)
- iv. Attested copy of the quality certificate.
- v. Mode of payment certificate from bank, if any.
- vi. Agreement (Annexure XII) and Indemnity Bond (Annexure XIII) on disbursement as per format duly registered before Magistrate/ Sub Registrar.
- vii. Any other document that is as notified by the Government of J&K.

4.3.3. The General Manager shall issue sanction order within a period of 7 days after the approval of district level committee and convey the liability of funds to the Directorate on the same day.

4.3.4. The General Manager shall disburse the incentive within a period of 7 days from the date of receipt of funds.

4.4. **Subsidy on Automation:**

4.4.1. The promoters shall submit a proposal to the concerned General Manager DIC for undertaking Automation in their unit highlighting the benefits attributed to the same in respect of their unit. A subsidy of 30% of the total cost incurred for automation shall be available to the unit subject to a maximum of Rs.2.00 Lac as certified by the Chartered Accountant. This incentive, however, can be availed only once. The subsidy shall be available to New Units, Existing units and Existing units undertaking Substantial Expansion.

4.4.2. The General Manager shall place the case before the District Level Committee for approval of sanction of subsidy after the unit holder claims the incentive and produces the following documents in support of his/her claim.

- i. Application Form. (Annexure XIV)
- ii. Bills/Invoices
- iii. Certificate from Chartered Accountant regarding the total cost

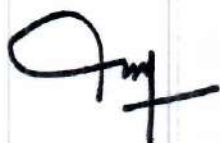
- incurred for automation of the unit. (Annexure XV)
- iv. Mode of payment certificate from bank, if any.
 - v. Agreement (Annexure XVI) and Indemnity Bond (Annexure XVII) on disbursement as per format duly registered before Magistrate/ Sub Registrar.
 - vi. Any other document that is as notified by the Government of J&K.
- 4.4.3. The General Manager shall issue sanction order within a period of 7 days after the approval of District Level Committee and convey the liability of funds to the Directorate on the same day.
- 4.4.4. The General Manager shall disburse the incentive within a period of 7 days from the date of receipt of funds.

4.5. Subsidy on Green Environment Protection Initiative:

- 4.5.1. The promoters shall apply for subsidy after installation of equipment's for rainwater harvesting, wastewater recycling, zero discharge process/ solid waste management. The installation of these equipment's shall be eligible for a subsidy of 50% of the total cost incurred in respect of the same. This incentive, however, can be availed only once. The subsidy shall be available to New Units, Existing units and Existing units undertaking Substantial Expansion.
- 4.5.2. The General Manager shall place the case before the District Level Committee for approval of sanction of subsidy after the unit holder apply for availing the incentive and produces the following documents in support of his/her claim:
- i. Application Form. (Annexure XVIII)
 - ii. Bills/Invoices
 - iii. Certificate from Chartered Accountant regarding the total cost incurred for obtaining the said certificate. (Annexure XIX)
 - iv. Proof of payments made through Bank mode.
 - v. Agreement (Annexure XX) and Indemnity Bond (Annexure XXI) on disbursement as per format duly registered before Magistrate/ Sub Registrar.
 - vi. Any other document as notified by the Government of J&K.
- 4.5.3. The General Manager shall issue sanction order within a period of 7 days after the approval of District Level Committee and convey the liability of funds to the Directorate on the same day.
- 4.5.4. The General Manager shall disburse the incentive within a period of 7 days from the date of receipt of funds.

4.6. Turnover Based Incentive

Separate orders to be issued by Government of J&K to avail the Turnover incentive.



4.7. SGST Reimbursement

Separate orders to be issued by Government of J&K to avail the SGST incentive.

5. Change of Constitution

5.1. Change in Constitution before/during project implementation shall be allowed/ governed by following clauses:

- 5.1.1. Change in Constitution among the family members (Spouse/ Blood relations) of allottee or in favour of partner(s)/shareholders and without addition of any outside member as partner/ shareholder.
- 5.1.2. Proprietary firm becoming partnership firm where the proprietor of the original firm holds not less than 51% or more shares in profit and loss and capital investment within the same legal entity.
- 5.1.3. Partnership firm becoming proprietary firm with exit of all but one partner within the same legal entity.
- 5.1.4. Where proprietary concern or partnership concern converts into a private limited company or public limited company and the original proprietor/partners together hold not less than 51% of the authorized share capital of the same legal entity.
- 5.1.5. Changes within the partnership firm where the original partners together hold not less than 51% in the share of profit and loss and the capital investment in the original partnership firm and the reconstituted partnership firm without change of name of the firm.
- 5.1.6. In respect of Private Limited/ Public Limited firm where there are changes in shareholding and the original shareholders continue to maintain their holding of 51% or more in the same legal entity.
- 5.1.7. In cases, where NOC was given by Industrial Development Corporation(s)/DIC to the J&K State Financial Corporation/ Scheduled Banks/Public Financial Institutions for creating equitable mortgage on the allotted premises, and the terms of NOC were complied with and the unit is transferred by these institutions for recovery of the loan or otherwise.
- 5.1.8. Change in Constitution necessitated due to division of plot among original partners in case dispute among the partners.
- 5.1.9. Change of constitution as a result of transfer of ownership of company to another one in case there is no change in shareholders due to transfer.

5.1.10. The permission for Change in constitution of all units shall be granted by the concerned Director Industries & Commerce.

5.1.11. If it is observed that the change of lease hold rights is made through a Change in Constitution before the unit comes into production, such a transfer will be considered void and land shall be resumed after cancellation of allotment except in case of changes as per clause 5.1.9.

5.2. In case of merger/ Amalgamation of two or more units which are registered permanently shall be allowed/ governed by following clause:

In case of merger/ amalgamation of two or more units with same constitution, a fee of Rs. 10,000 per Kanal for such transfer shall be charged. However, in case Change of Constitution takes place by virtue of such merger/ amalgamation, 50% of prevalent premium for such transfer shall be charged. The units undertaking merger shall be permanently registered. Except in cases where owner of both the units is same and at least one of the units is permanently registered.

5.3. Change in Constitution however shall be subject to completion of following formalities and processes at Directorate/DIC Level:

5.3.1. Furnishing of documents viz. Partnership Deed/Dissolution Deed/Retirement Deed duly registered in the Court of Law.

5.3.2. Public Notices in minimum two leading dailies inviting objections for Change of Constitution. The notice shall be got published by GM of concerned DIC after receipt of application regarding change of constitution.

5.3.3. NOC/NDC from the concerned Bank/ Financial Institution/ Industrial Development

Corporation/ An undertaking (attested by a Magistrate) stating that any liability arising due to Change of Constitution shall be borne by the Proprietor/ Partners/ Company.

5.4. Following formalities and Processes shall be completed at Industrial Development Corporation Level after formal Order for change in constitution.

5.4.1. The formal order for change of constitution issued by GM DIC after approval from Director Industries and Commerce shall be final. The

following shall be completed at Industrial Development Corporation Level.

- 5.4.2. Execution of supplementary/ fresh lease deed.
- 5.4.3. For Change in Constitution, where transfer of unit is within the family/ legal heirs and without addition of any outside member as partner/share holder, no fee shall be charged for such transfers.
- 5.4.4. Proprietary firm becoming partnership firm where the proprietor of the original firm holds not less than 51% or more share in Profit and Loss and Capital Investment within the same legal entity, a fee of Rs. 10,000 per Kanal shall be charged for such transfers.
- 5.4.5. Where proprietary concern or partnership concern converts into a Private Limited Company or Public Limited Company and the original proprietor/partners together hold not less than 51% of the authorized share capital of the same legal entity, a fee of Rs. 10,000 per Kanal shall be charged for such transfers.
- 5.4.6. In case of retirement of the original promoter(s)/ share holder(s)/ Director(s) where only Rs. 10,000 per Kanal has been charged while inducting partner(s)/share holder(s)/Director(s), as per clause 5.5.4 and 5.5.5, a fee at the rate of 50% of the prevalent premium amount shall be charged for such transfers.
- 5.4.7. In case of retirement of any of the partner(s)/ share holder(s)/ Director(s), except original promoter/ share holder(s)/ Directors, as per clause 5.5.4 and 5.5.5, no premium shall be charged.
- 5.4.8. In case of dispute/ mutual settlement between the partners/ promoters in a company, the division of plot shall be permissible, subject to payment of a fee of Rs. 10,000 per Kanal for such transfer. However, such division shall be subject to justifying the requirement of the extent of premises already allotted for undertaking new activities.

6. Change in Name and Style

- 6.1. The request of the allottee(s) for change in Name and Style of the unit shall be allowed by the General Manager, DIC in case of MSMEs /(Large Units) after approval of Director, Industries & Commerce subject to fulfillment of following conditions/formalities/processes:
 - i. Furnishing of documents viz Resolution of Board of Directors, Firm/Company Registration Certificate, Change/Amendments in Articles

- of Association, Memorandum of Association of the Company regarding the change in Name and Style.
- ii. Public Notice in leading dailies inviting objections.
 - iii. NOC/NDC from the concerned Bank/Financial Institution/State Taxes Department/ PDD/ Industrial Development Corporation(s) wherever required.
 - iv. An undertaking by the Promoter (attested by a Magistrate) stating therein that liability/outstanding if any against erstwhile Name and Style shall be borne by the Proprietor/Partners/Company with changed Name and Style.
 - v. Clearances of all outstanding estates dues, if any.

6.2. Process to be adopted by Industrial Development Corporation

- i. Execution of supplementary/Fresh lease deed as may be applicable.
- ii. Payment of 5% of prevalent land premium to the concerned Corporation in case of change in name & style of the Unit.
- iii. Any other formality as may be deemed appropriate by the General Manager DIC/concerned Director, Industries & Commerce as the case may be.

7. Deregistration of Units

De-registration of Industrial Units shall be permitted by the Director Industries and Commerce concerned, upon recommendation of concerned General Manager of the District Industries Centre subject to following conditions:

- i. Furnishing of documents viz. Resolution of Board of Directors for de registration of unit/Incorporation Certificate by the Registrar of Companies/Articles of Association/Memorandum of Association/EM-I of incoming unit and EM-II of Existing unit to be de-registered.
- ii. Public Notices in minimum two leading dailies inviting objections.
- iii. NOC/NDC from the concerned Bank/Financial Institution/Sales Tax/PDD/DIC wherever required.
- iv. An undertaking by the incoming Promoter (attested by a Magistrate) stating therein that liability if any arising due to transfer of lease hold rights (Outright sale) shall be borne by the Proprietor/Partners/Company along with declaration that land is free from all encumbrances.
- v. Clearances of all estate's dues supported by NDC in this regard, if any.
- vi. Any other formality as may be deemed appropriate by the General Manager concerned/Director-Industries and Commerce.

8. Change in Line of Activity/ Additional Line of Activity

8.1. The request for change in the Line of Activity or Additional Line of Activity shall be considered by the respective Committees of Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 as per the cut-off value of proposed investment in Plant & Machinery only in cases where additional land is required by the unit, otherwise the power to grant permission for the same shall vest with the concerned GM in case of MSME and Director I&C in case of Large units, which shall be subject to fulfillment of following:

- i. Justification by the applicant for Change in Line of Activity/Additional Line of Activity viz-a-viz the quantum of land already allotted.
- ii. That such changes in Line of Activity/Additional Line of Activity are compatible to the nature of Industrial Estate and shall not be detrimental to the other neighboring allottees/units.
- iii. Furnishing of documents viz. Detailed Project Report, regarding the change in Line of Activity/Additional Line of Activity.
- iv. Any other formality as may be deemed appropriate by the General Manager DIC/concerned Director, Industries & Commerce.

8.2. Process to be adopted by Industrial Development Corporation

Once the Change in Line of Activity/ Additional Line of Activity is allowed the IDC shall adopt the following process

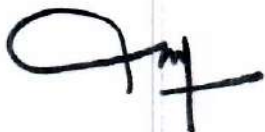
- i. Clearances of all outstanding estates dues, if any.
- ii. Execution of supplementary/Fresh lease deed as may be applicable.
- iii. Payment of 5% of prevalent land premium to the concerned Corporation only in case of change in line of activity.
- iv. Any other formality as may be deemed appropriate by the Managing Director, IDC.

8.3. In cases where change in Line of Activity is requested in case of new/provisionally registered units, the maximum period for coming into production shall be reckoned from the original date of final allotment letter.

8.4. In cases where change in Line of Activity results in change in category of the unit as per PCB norms from Less Polluting to High Polluting (green to orange, orange to red) the authority to grant approval in such cases shall vest with Administrative Secretary, Industries & Commerce Department.

9. Substantial Expansion/New unit:

The request for substantial expansion in case of units which have already come into production shall be permitted by the concerned GM DIC in case



of MSME and Director Industries & Commerce in case of Large Units. The proposal for new unit on the already allotted land shall be considered only in case of units which have already come into production and shall be permitted by the respective Committees of Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 as per the cut off value of proposed investment in Plant & Machinery which shall be subject to fulfillment of following:

- i. Furnishing of Detailed Project Report (DPR) in case of Substantial Expansion and DPR along with Resolution of Board of Directors, Memorandum of Association of the Company needs to be furnished in case of the New Units proposed to be established on already allotted premises of the functional unit.
- ii. Execution of supplementary/Fresh lease deed as may be applicable.
- iii. Payment of 5% of prevalent land premium to the concerned Corporation in case of new unit on already allotted land.
- iv. Any other formality as may be deemed appropriate by the General Manager DIC/concerned Director, Industries & Commerce/Managing Director, IDC as the case may be.
- v. It shall also be subject to the fulfillment of building norms and Environmental stipulations and provided that such changes/expansion are compatible to the nature of the Industrial Estate and are not detrimental to other neighboring allottees/ units.

10. Miscellaneous Functions and Powers

10.1. In respect of units having investment in plant and machinery/ building and all other durable physical assets up to Rs 5 Crores. The GMs shall exercise the following powers:

- i. Issuance of Provisional registration
- ii. Issuance of Permanent registration/ acknowledgement of Date of Commercial Production/ Operation
- iii. Assessment/ reassessment of raw materials and finished goods
- iv. Change in location of the Unit within the District
- v. Change in Name and Style of Unit of the Unit which are registered provisionally.
- vi. Grant of permission for repair/export of machinery out of the UT where incentives have been received by the unit holder in case of Small and Medium scale units.

10.2. In case of units having investment in plant and machinery/ building and all other durable physical assets more than Rs 5 Crores the Director shall exercise the powers of assessment/ reassessment of raw materials and finished goods

11. Assessment

- 11.1. The basic assessment of raw material and finished goods shall be done within fifteen (15) days from the date of issuance of Date of Production.
- 11.2. Self-certified documents as Annexure XXII in respect of consumption in respect of raw materials and production of finished goods during the year shall be submitted to concerned GM, DIC Industries and Commerce Department at the end of each financial year. (by 30th June every year)

12. Power to Issue Clarifications

The administrative department shall have the power to issue clarification to the procedures laid down in the guidelines.



**Jammu and Kashmir
Industrial Land Allotment Policy
2021-30**



**Government of Jammu & Kashmir
Industries & Commerce Department
Civil Secretariat, Jammu**

* * *

Subject: - Jammu & Kashmir Industrial Land Allotment Policy, 2021-30.
Reference: Administrative Council Decision No. 10/02/2021 dated 22.01.2021,
read with GAD U.O No. GDC-35/CM/2021 dated 17.03.2021.

**Government Order No: 65 –IND of 2021
D a t e d : 24. 03. 2021**

Sanction is accorded to the adoption of the Jammu & Kashmir Industrial Land Allotment Policy, 2021-30, as per annexure appended to this order for its implementation with effect from 01.04.2021.

By order of the Government of Jammu and Kashmir.

Sd/-

(Ranjan Prakash Thakur)

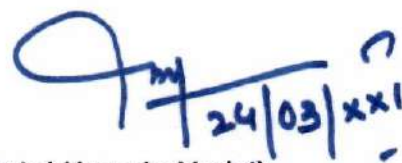
Principal Secretary to the Government

No. IND/Gen/43/2020

Dated: 24 .03.2021

Copy to the :-

1. All Financial Commissioners.
2. Director General of Police, J&K.
3. Principal Secretary to the Lieutenant Governor.
4. All Principal Secretaries to Government.
5. Principal Resident Commissioner, J&K Government, New Delhi.
6. Chief Electoral Officer, J&K.
7. All Commissioner/ Secretaries to the Government.
8. Joint Secretary (J&K), Ministry of Home Affairs, Government of India.
9. Divisional Commissioner, Jammu/Kashmir.
10. Director General, J&K Institute of Management, Public Administration and Rural Development, Jammu.
11. Chairman, J&K Special Tribunal.
12. All HoD's of Industries and Commerce Department.
13. All Deputy Commissioners.
14. Director, Information.
15. Director, Archives, Archaeology and Museums.
16. General Manager, Government Press, Jammu/Srinagar.
17. Private Secretary to the Hon'ble Lieutenant Governor.
18. Private Secretary to the Chief Secretary.
19. Private Secretaries to Advisor (F)/(B)/(BK) to Lieutenant Governor.
20. Private Secretary to Principal Secretary to the Government, Industries and Commerce Department.
21. In-charge website, GAD/ I&C Department.
22. Notification file.


24/03/2021

(Sartaj Hussain Madni)

Deputy Secretary to the Government

Contents

1. INTRODUCTION	3
2. POLICY VISION	3
3. MISSION	4
4. OBJECTIVES	4
5. DURATION	5
6. ZONATION	5
7. APPLICATION FOR LAND ALLOTMENT	13
8. PROJECT APPRAISAL AND EVALUATION	14
9. LAND ALLOTMENT COMMITTEES	16
10. LAND ALLOTMENT PROCESS	17
11. PROVISIONAL REGISTRATION	19
12. CHANGE OF LOCATION OF ALLOTTED LAND	19
13. ALLOTMENT OF LAND TO THE PUBLIC UTILITIES	20
14. CANCELLATION OF LEASE DEED AND RETRIEVAL	20
15. TRANSFER OF LEASE HOLD RIGHTS	21
16. ANCILLARIZATION OF PREMISES	22
17. DE-REGISTRATION OF UNITS	22
18. DEFINITIONS UNDER THE POLICY	23



1. INTRODUCTION

1. Jammu & Kashmir with the hope inspired by the goals of Development Vision of the Country and determination to consolidate gains on the macro-economic front and to face the economic challenges that lie ahead, looks forward for forging a strong, diversified, resilient and competitive economy. Towards this end, industries have a specific role in raising pace of development to a dynamic self-sustaining level.
- 1.1 For a strong industrial base, a highly structured industrial land bank is seen as a central and pivotal pillar in attainment of the mission of moving the region to higher levels of industrial proficiency, productivity and competitiveness.
- 1.2 Though Jammu and Kashmir announced its first Industrial Policy in 1995 and substituted it by another policy in 1998. The first detailed and comprehensive Industrial Policy was announced in the year 2004 which was followed by Industrial Policy of 2016. These policies provided the basic mechanism of Industrial Land Allotment. However, land remained a limiting factor for the industrial growth in the region.
- 1.3 Thus, Jammu and Kashmir requires an elaborate Industrial Land Allotment Policy that will provide an effective framework and codified industrial land allotment system backed by a comprehensive industrial land bank, for attracting large industrial investments in the region.
- 1.4 This Policy document has therefore been formulated with consciousness and belief that it will assist the government to carve a place for itself in the national economy and a niche for its products in the national and international market.

2. POLICY VISION

The policy is aimed at evolving a fair and transparent mechanism for land allotment for industrial use including Education and Health sector. This is envisaged with a vision to achieve inclusive growth and bring economic prosperity through sustainable industrialization &



employment generation. The Policy Vision, in the aforesaid context, has to be:

"... to augment the industrially viable land into a highly structured industrial land bank readily available for allotment to genuine entrepreneurs, that would transform the regional economy from a land constrained one to a receptive industrial investment destination in tune with the national policies."

3. MISSION

Land Allotment Policy is not an end in itself but a means of achieving higher level of welfare for the society. Land availability has therefore a pivotal role in industrial growth which inter alia has a bearing on integrating the regional economy with national and global economies. The Jammu and Kashmir Industrial Land Policy 2021 provides a framework which will attract and realize national and international investments. The mission of the trade sector is therefore is:

"To stimulate the development and industrial growth through enhancing competitiveness by keeping available state-of-art land bank to the entrepreneurs, aiming to facilitate rapid industrialization besides creating an enabling ecosystem to upscale economic development and create employment opportunities; ensure sustainable development and balanced growth of industry to make UT of J&K one of the preferred destinations for investment."

4. OBJECTIVES

Jammu and Kashmir, by adopting this Policy aims to achieve the following objectives:

- To provide an efficient and transparent mechanism for industrial land allotment in a time bound manner.
- To encourage, promote and facilitate more investment in enterprises and build a strong, responsive and vibrant business environment in the region.
- To create employment opportunities for the unemployed youth.



- To enable environment of "Ease of Doing Business" i.e. creating of conducive industrial environment.
- To move more speedily towards transformation of its role from 'regulator' to 'facilitator' and from performer to enabler for the industrial sector.
- To create new opportunities for creation of dedicated sector specific industrial parks.

5. DURATION

- 5.1 This policy shall remain in operation for ten years from the date of its adoption. However, the Policy shall be reviewed from time to time based on a critical assessment of feedback from stakeholders, and change in scope that is regarded necessary.
- 5.2 The Government may come up with a policy for earlier allottees of land prior to this policy.

6. ZONATION BASED ON THE EXTENT/DEGREE OF INDUSTRIAL DEVELOPMENT IN DIFFERENT DISTRICTS

A Community Block/Municipal Corporation/Municipal Council shall be the unit for industrial zone. Each district has been divided into Zone-A and Zone-B, on the basis of industrial development, centrality of the place and urbanization, so as to promote equitable spatial industrial growth. The land rates for allotment, in each zone, shall be notified by the government from time to time.

Districts wise Break up of Blocks in Zone A & B of Jammu Division			
S No	Districts	Zone	Block
1	Doda	Zone A	Nil
		Zone B	I. Assar II. Bhaderwah, Bhagwah III. Bhalessa (Gandoh) IV. Bhalla, Changa V. Chilli Pingal

			VI. Chiralla VII. Dali Udhayanpur VIII. Doda IX. Gundana X. Jakyas XI. Kahra XII. Kastigarh XIII. Khalleni XIV. Marmat XV. Thathri
2	Jammu	Zone A	I. Bishnah II. Marh III. Satwari IV. Nagrota V. R.S. Pura VI. Miran Sahib
		Zone B	I. Akhnoor II. Bhalwal Brahmana III. Arnia IV. Dansal V. Khour VI. Mathwar VII. MairaMandrian VIII. MandalPhallain IX. KharahBalli X. Pargwal XI. ChowkiChoura XII. Samwan XIII. Suchetgarh XIV. Bhalwal
3	Kathua	Zone A	I. Hiranagar II. Kathua
		Zone B	I. Bani II. Duggan III. Bhasohli IV. LohaiMalhar V. Baggan VI. Bhoond VII. Duggain VIII. Billawar IX. Mahanpur X. DingaAmb XI. Mandli

			XII. Keerian XIII. Barnoti XIV. Marheen XV. NagrotaGujroo XVI. DharMahanpur XVII. Nagri
4	Kishtwar	Zone A	Nil
		Zone B	I. Bunjwah II. Dachan III. Drabshalla IV. Inderwal V. Kishtwar VI. Marwah VII. Mughal Maidan VIII. Nagsani IX. Padder X. Palmar XI. Thakrai XII. Trigam XIII. Warwan
5	Poonch	Zone A	Nil
		Zone B	I. Balakote II. Bufliaz III. Lasana IV. Loran V. Mandi VI. Mankote VII. Mendhar VIII. Nangali Sahib Sai Baba IX. Poonch X. Sathra XI. Surankote
6	Rajouri	Zone A	Nil
		Zone B	I. Budhal II. Dangri III. Darhal IV. Doongi V. Kalakote

			VI. Khawas VII. Lamberi VIII. Manjakote IX. Moughla X. Nowshera XI. Panjgrain XII. Planger XIII. QilaDarhal XIV. Rajnagar XV. Rajouri XVI. Seri XVII. Siot XVIII. Sunderbani XIX. Thanamandi
7	Ramban	Zone A	Nil
		Zone B	I. Banihal II. Batote III. Gandhri IV. Gool V. Gundi Dharam VI. Khari VII. Rajgarh VIII. Ramban IX. Ramsoo X. Sangaldan XI. Ukhral
8	Reasi	Zone A	I. Katra
		Zone B	I. Arnas II. Bamagh III. Chasana IV. GulabGarh V. JijBagli VI. Mahore VII. Panthal VIII. Pouni IX. Reasi X. ThakraKote XI. Thuroo
9	Samba	Zone A	I. Bari Brahmana II. Samba III. Vijaypur IV. Purmandal

		Zone B	I. Sumb II. Nud III. Rajpura IV. Ramgarh V. Ghagwal
10	Udhampur	Zone A	I. Udhampur
		Zone B	I. Chanunta II. Chenani III. Dudu IV. Ghordhi V. Jaganoo VI. Khoon VII. Kulwanta VIII. Latti IX. Majalta X. Mounгри XI. Narsoo XII. Panchari XIII. ParliDhar XIV. Ramnagar XV. Sewna XVI. Tikkri
<i>Note: Municipal Committees shall form part of the nearest Block.</i>			

Districts wise Break up of Blocks in Zone A & B of Kashmir Division			
S No	Districts	Zone	Block
1	Anantnag	Zone A	I. Anantnag II. Bijibehara III. Sagam
		Zone B	I. Achabal II. Breng III. Chattergul IV. Dachnipora V. Hiller Shahabad VI. Khooveripora VII. Larnoo VIII. Phalgam IX. Qazigund Partly X. Shahabad XI. Shangus XII. Verinag XIII. Vessu

2	Bandipore	Zone A	Nil
		Zone B	I. Aloosa II. Arin III. Baktoor IV. Bandipore V. Banokoot VI. Ganastan VII. Gurez VIII. Hajin IX. Naidkhai X. Nowgam XI. Sumbal XII. Tulial
3	Baramulla	Zone A	I. Baramulla II. Tangmarg
		Zone B	I. Bijhama II. Boniyar III. ChandilWanigam IV. Hardaboora V. Kangroosa VI. Khaipora VII. KhoreSherabad VIII. Kunzer IX. Lalpora X. Nadihal XI. Narwav XII. Noorkhah XIII. Parenpillan XIV. Pattan XV. Rafiabad XVI. Rohama XVII. Sangrama XVIII. Singhpura XIX. Sopore XX. TujjarSharief XXI. Uri XXII. Waqoorra XXIII. Wailoo XXIV. Zaingeer

4	Budgam	Zone A	I. Budgam
		Zone B	I. B.K.Pora II. Beerwah III. Chadoora IV. Charisharief V. Khag VI. Khan-Sahib VII. Nagam VIII. Narbal IX. Pakherpora X. Parnewa XI. Rathsun XII. S.K. Pora XIII. Soibugh XIV. Sukhnag (Hard Panzoo) XV. Surasyar XVI. Waterhail
5	Ganderbal	Zone A	I. Ganderbal
		Zone B	I. Kangan II. Lar III. Gund IV. Safapora V. Sherpathri VI. Wakura
6	Kulgam	Zone A	Nil
		Zone B	I. Behibagh II. D.H.Pora III. D.K.Marg IV. Devsar V. Frisal VI. Kulgam VII. Kund VIII. Menzgam IX. Pahlloo X. Pombay XI. Qaimoh
7	Kupwara	Zone A	Nil

		Zone B	I. Drugmulla II. Handwara III. HerriQadirabad IV. Hyhama V. Kalarooch VI. Keran VII. Kralpora VIII. Kuligam IX. Kupwara X. Lalpora XI. Langate XII. Machil XIII. Magam XIV. Mawar XV. Qalamabad XVI. Meelyaal XVII. Natnussa XVIII. Qaziabad XIX. Rajwar XX. Ramhal XXI. ReddiChowkibal XXII. Sogam XXIII. Tangdar XXIV. Teethwal XXV. Trathpora XXVI. Trehgam XXVII. Wavoora
8	Pulwama	Zone A	I. Pulwama II. Pampore
		Zone B	I. Arpal II. Awantipora III. Dadsura IV. Kakapora V. Keller VI. Litter VII. Nawa VIII. Shadimarg IX. Tral
9	Shopian	Zone A	Nil
		Zone B	I. Chitrigam II. Herman III. Imamsahib IV. Kanji Ullar V. Kaprin VI. Keller VII. Ramnagri

			VIII. Shopian IX. Zainpora
10	Srinagar	Zone A	I. Srinagar II. Eidgah III. Hazratbal IV. Qamarwari
		Zone B	I. Harwan II. Khonmoh
Note: Municipal Committees shall form part of the nearest Block.			

7. APPLICATION FOR LAND ALLOTMENT

- a. Department of Industries and Commerce shall upload vacant industrial land available in different Industrial Estates on the Single Window Portal.
- b. Land availability advertisements, both in print and online, shall be issued by Department of Industries and Commerce/ Developing Agency concerned, inviting prospective entrepreneurs to apply online on the portal.
- c. A Processing fee at the time of application shall be charged as follows:
 - i. Up to 1 Acre – Rs. 10,000
 - ii. Above 1 Acre to 5 Acre – Rs. 25,000
 - iii. Above 5 Acre – Rs. 50,000
- d. Project report:

The Applicant must submit a Detailed Project Report (DPR) online along with the application. The Detailed Project Report shall comprise of:-

- Promoter's background including qualification and experience;
- Details of items to be manufactured/ services rendered and its marketing potential;
- Land area applied for and tentative break-up of possible areas;
- Plan Layout;
- Implementation Schedule;
- Product process flowchart;

- Projected cash flow statements;
- Total investment detail including investment in Technical and Non-Technical Civil work, Plant & Machinery, Requirement of Working Capital;
- Sources of Finance for the Project;
- Projected Employment details;
- Power requirement;
- Water requirement.
- Balance Sheets for the last three years of the Applicant Company / Promoters with necessary Resolutions, IT Returns and documents concerning financial /technical support, if applicable.
- The Registration documents depending on types of organization viz. Proprietorship, Partnership, Trust, Private / Public Limited Company, etc. along with certified copy of the Partnership Deed, Memorandum and Article of Association and relevant documents, as applicable.

8. PROJECT APPRAISAL AND EVALUATION

- 8.1 All the applications received for allocation of industrial land shall be scrutinized (on technical and financial criteria) by the Divisional Level Appraisal Committee. The timeline for screening shall be 30 days.
- 8.2 The composition of each Divisional Level Appraisal Committee shall be as under:

S. No	Designation	Role
1	Joint Director, Industries and Commerce, of the concerned Division	Chairman
2	Executive Engineer, EM&RE Wing Power Development Department	Member
3	General Manager of DIC concerned	Member Secretary
4	Representative of Pollution Control Board	Member
5	Zonal Manager, J&K Bank	Member
6	General Manager SIDCO	Member
7	General Manager SICOP	Member
8	Representative of the Industry nominated	Member
9	Domain Expert	Member
* Joint Director, Skill Development Department; Nodal Principal,		

Higher Education Department, and Deputy Director (Headquarter), Directorate of Health Services (concerned) shall be co-opted for appraisal of proposals pertaining to their departments on case to case basis.

*** Any other person can be co-opted by the Committee having subject matter specialization.*

- 8.3 For evaluating an application, the Divisional Level Appraisal Committee shall take into consideration the following parameters:

S.No	Parameters
1	Level of Proposed Investment
2	Extent of employment generation
3	Qualification (Qualification of the applicant/ any of its promoters)
4	Experience of the promoters
5	Shifting from non-conforming area/ rented premises
6	Land Utilization
7	Women Entrepreneur/ Ex-Servicemen/ Scheduled Caste
8	First Generation entrepreneurs intending to set up business for the first time
9	Resource Position
10	Income tax payments by promoter/ applicant (if applicable)
11	Past performance of existing operations of the applicant/ group concerns
12	Expansion by applicant/ its promoters to set up expansion projects
13	Start-up/ micro industries/ new technologies/ projects with innovative ideas
14	Environment friendly, energy efficient, high tech, high value added enterprises
15	Category of industry – Red, Orange, Green

- 8.4 Applications that are cleared by the Divisional Level Appraisal Committee shall be forwarded to concerned Land Allotment Committee for further land allotment process through respective Directorates.

- 8.5 Following conditions shall be considered while an application is being examined by the Divisional Level Appraisal Committee:

8.5.1 The proposed project should be falling in the category of permissible activities; should not involve high pollution and high water consumption.

8.5.2 Where the applicant/ its promoters are already having industrial plots in various Industrial Estates in J&K and



the plot is lying vacant/ project is yet to be implemented, the requirement of additional land is to be justified.

8.5.3 Where the applicant/ promoters are in default towards payment or dues of the Corporation in respect of the existing allotted plots, the same shall be required to clear before issuance of allotment letter.

8.5.4 Apart from points mentioned above, committee must also consider the justification of the land applied.

9. LAND ALLOTMENT COMMITTEES

There shall be three Committees viz the Divisional Level Land Allotment Committee, the High Level Land Allotment Committee and the Apex Level Land Allotment Committee, with the following composition:

9.1 Divisional Level Land Allotment Committee

S. No	Designation	Role
1	Director, Industries and Commerce, concerned	Chairman
3	Chief Engineer, EM&RE Wing Power Development Department concerned	Member
4	Managing Director SIDCO	Member
5	Managing Director SICOP	Member
6	General Manager of the DIC concerned	Member Secretary
7	Representative of Pollution Control Board	Member
8	Representative of the Industry nominated	Member

** Director Colleges, Higher Education Department; Director, Skill Development Department, and Director, Health Services (concerned) shall be co-opted for land allotment pertaining to their departments on case to case basis.*

9.2 High Level Land Allotment Committee

S. No	Designation	Role
1	Administrative Secretary, Industries and Commerce Department	Chairman
2	Representative from Power Development Department not below rank of Additional	Member

	Secretary	
3	Representative from Department of Forest, Ecology and Environment not below rank of Additional Secretary	Member
4	Representative from Administrative Secretary Housing and Urban Development Department not below rank of Additional Secretary	Member
5	Member Secretary, Pollution Control Board	Member
6	Director, Industries & Commerce Concerned	Member Secretary
7	MD SIDCO	Member
8	MD SICOP	Member
9	Representative of the Industry nominated	Member
* Representatives (not below the rank of Additional Secretary) of Administrative Secretary of Health & Medical Education Department; Skill Development Department and Higher Education Department shall be co-opted for land allotment pertaining to their departments on case to case basis.		

9.3 Apex Level Land Allotment Committee

S. No	Designation	Role
1	Chief Secretary	Chairman
2	Administrative Secretary Industries & Commerce	Member Secretary
3	Administrative Secretary PDD	Member
4	Administrative Secretary Department of Forest, Ecology and Environment	Member
5	Administrative Secretary Housing and Urban Development Department	Member
6	Chairman, Pollution Control Board	Member
7	MD JKDFC	Member
8	MD SIDCO	Member
9	Representative of the Industry nominated	Member
* Administrative Secretaries of Health & Medical Education Department; Skill Development Department and Higher		

10. LAND ALLOTMENT PROCESS

The land shall be allotted on lease to the investors initially for a period of 40 years which may be extendable to 99 years. The Land Allotment Letter shall define all the terms and conditions of the lease including compliance of the timelines for coming into production.

- 10.1 Projects upto Rs. 50 crore shall be decided by the Divisional Level Land Allotment Committee, after proper screening and recommendation, by the Divisional Level Appraisal Committee.
- 10.2 Projects greater than Rs.50 crore but less than Rs. 200 crore, shall be decided by the High Level Land Allotment Committee, after proper screening and recommendation, by the Divisional Level Appraisal Committee.
- 10.3 Projects greater than Rs. 200 cr., shall be decided by the Apex Level Land Allotment Committee, after proper screening and recommendation, by the Divisional Level Appraisal Committee.
- 10.4 The Divisional Level Land Allotment Committee, High Level Land Allotment Committee and Apex Level Land Allotment Committee shall decide land allotment application within 45 days' from the day of receiving recommendation from the Divisional Level Appraisal Committee.
- 10.5 If two or more applicants are competing for same plot, the relevant Land Allotment Committee may interact with all of them to select the most suitable applicant.
- 10.6 Once approved, the Industrial Development Corporation shall immediately issue a land allotment certificate to the applicant.



10.7 Payment of Premium

10.7.1 An allottee must pay 100% land premium within 60 days from the date of issuance of allotment letter and before the execution of lease deed.

10.7.2 All payments shall be made in online mode through the Single Window Portal as per the Jammu and Kashmir Single Window (Industrial Investments and Business Facilitation) Act 2018.

10.8 **Execution of Lease Deed and Physical Possession**

10.8.1 A lease deed in the prescribed format will be executed between the allottee and Industrial Development Corporation concerned, within 60 days from the date of issuance of allotment letter. In case of failure to execute the lease deed, a final notice of 30 days shall be given to the allottee immediately on expiry of the 60 days' time period.

10.8.2 Once the execution of lease deed is complete, the concerned Estate Manager will cause actual plot to be measured immediately as per the area approved by the concerned Land Allotment Committee and mark the boundary of the plot as per the site plan. The possession certificate in the prescribed format duly mentioning the plot number, exact area/khasra number(s)/coordinates etc. shall be signed by the allottee and the concerned Estate Manager within 15 days.

10.8.3 In case of non-execution of lease deed, including non-payment of payable premium, even after the expiry of notice period, the land allotment shall be cancelled by the concerned Industrial Development Corporation immediately.

10.8.4 The refund application, if any filed by the allottee, will be disposed by the concerned Land Allotment Committee.



11. PROVISIONAL REGISTRATION

- 11.1 Provisional registration of the enterprise shall initially be valid for 3 years, within which they shall commence production/render service. The 3 years shall be counted from the date of acquiring possession of land.
- 11.2 The Director Industries may, however, extend the period of the provisional registration, on the recommendations/decision of the concerned Land Allotment Committee by one year at a time on the merits of each case, subject to the maximum of 5 years.
- 11.3 Grant of extension of provisional registration shall be considered for only such cases where premium due to the Industrial Development Corporation/Department has been paid in full and there is no default in the payment of dues towards the Industrial Development Corporation/Department. Extension fee equivalent to 5% of the total premium assessed at the time of provisional allotment of the plot will be charged for extension sought for the 1st and 2nd year respectively, which will not be refundable / adjustable in the premium of the plot.

12. CHANGE OF LOCATION OF ALLOTTED LAND

- 12.1 Land once allotted cannot be changed. However, the concerned Land Allotment Committee shall be empowered to review the allotment subject to availability of land, in case were genuine reasons exist.
- 12.2 If an applicant surrenders allotted land after execution of lease deed within a period of 2 years, the allotment shall be cancelled and the allottee shall forfeit 20% of the premium of land and the balance 80% shall be refunded. The land shall revert back to the land bank of the concerned Corporation. The land shall, thereafter, again be put on the Single Window Portal for fresh allotment.

13. ALLOTMENT OF LAND TO THE PUBLIC UTILITIES

- 13.1 Industrial Development Corporation concerned shall, as per Industrial Estate Development plan, allot land for public/utility such as Fire & Emergency Services, Police Station,



Government/ESI Dispensaries, Power Development Department, Public Health Engineering Department, Scheduled Banks etc. at the premium and rent rates fixed by the respective Industrial Development Corporation. Land may also be allotted for public utility services which are compatible with industrial usage of a given Industrial Estate. Industrial Development Corporation concerned may waive off/ reduce the premium or rent rates for such public utility agencies, if needed.

- 13.2 The land identified in an Industrial Estate for other commercial utilities such as petrol pumps, restaurants, warehouses, etc. required in the Industrial Estates shall be allotted through competitive bidding by the concerned Industrial Development Corporation.

14. CANCELLATION OF LEASE DEED AND RETRIEVAL

- 14.1 The land allotted under the policy shall be cancelled under following conditions:

14.1.1 In case of failure on the part of allottee to make total payment towards premium within stipulated time from the date of issuance of the allotment letter;

14.1.2 Violation of any condition in the lease deed;

14.1.3 Failure to come into production within stipulated time;

14.1.4 Failure to adhere to any other condition(s) stipulated in the J&K Industrial Policy and/or guidelines;

14.1.5 Non-operation of an enterprise for a continuous period of 5 years.

- 14.2 The concerned Industrial Development Corporation shall immediately take necessary action for cancellation of the lease deed and eviction of the allottee.

- 14.3 The cancelled allotment, however, can be restored on application by the allottee within 30 days of the cancellation on payment of restoration charges @10% of the original



premium subject to the condition that the unit has deposited 50% of the premium and all other dues.

15. TRANSFER OF LEASE HOLD RIGHTS

15.1 Transfer of lease hold rights in an Industrial Estate managed by concerned Industrial Development Corporations shall be permitted by the Director Industries, only after the unit comes into production and subject to fulfilment of following conditions:

15.1.1 Furnishing of documents viz. Copy of Memorandum of Understanding/Incorporation Certificate by the Registrar of Companies/Articles of Association/Memorandum of Association/EM- I of Incoming unit and EM-II of Existing unit to be de-registered/ Public Notices in minimum two leading dailies inviting objections;

15.1.2 NOC/NDC from the concerned Bank/Financial Institution/Sales Tax/ PDD/wherever required;

15.1.3 An undertaking by the incoming Promoter (attested by a Judicial/ Executive Magistrate) stating therein that liability, if any, arising due to transfer of lease hold rights shall be borne by the Proprietor/Partners/Company along with declaration that land is free from all encumbrances;

15.1.4 Clearances of all estate's dues, if any;

15.1.5 Execution of surrender deed before execution of fresh lease deed;

15.1.6 Furnishing of transfer/release/relinquishment deed;

15.1.7 De-registration of the outgoing unit by the concerned Director, Industries & Commerce in case the incoming promoter desires to establish an Enterprise with different Line of Activity/Name and Style;

15.1.8 Execution of fresh lease deed;



15.1.9 Any other formality as may be deemed appropriate by the Managing Director, Industrial Development Corporation concerned.

15.2 Payment of transfer fees @ 20% of the prevalent land premium. In case of transfer of lease hold rights even by way of public auction, transfer fee @ 20% of the prevalent land premium applicable on the date of issuance of transfer order/permission by the concerned Corporation shall be payable.

16. ANCILLARIZATION OF PREMISES

Functional Industrial Enterprise may rent not exceeding 60% of built up area for setting up of Industrial Enterprise(s) ancillary to such Industrial Enterprise(s) by charging nominal processing fee and only after executing the tripartite agreement involving the concerned Industrial Development Corporation.

17. DE-REGISTRATION OF UNITS

De-registration of an industrial units shall be permitted by the Director Industries and Commerce concerned, upon recommendation of concerned General Manager of the District Industries Center subject to fulfilment of following conditions:

- 17.1 Furnishing of documents viz. Resolution of Board of Directors for de-registration of unit/ / Incorporation Certificate by the Registrar of Companies/Articles of Association/ Memorandum of Association/ EM- I of Incoming unit and EM-II of Existing unit to be de-registered.
- 17.2 Public Notices in minimum two leading dailies inviting objections.
- 17.3 NOC/NDC from the concerned Bank/Financial Institution/Sales Tax/ PDD/DIC wherever required.
- 17.4 An undertaking by the incoming Promoter (attested by a Magistrate) stating therein that liability if any arising due to transfer of lease hold rights (Outright-sale) shall be borne by the Proprietor/Partners/Company along with declaration that land is free from all encumbrances.



- 17.5 Clearances of all estate's dues supported by NDC in this regard, if any.
- 17.6 Prior permission for transfer of Lease hold rights from concerned Industrial Development Corporation in favour of New Unit.
- 17.7 Any other formality as may be deemed appropriate by the GM concerned /Director Industries and Commerce

18. DEFINITIONS UNDER THE POLICY

Unless otherwise provided under various schemes of DPIIT, Ministry of Commerce and Industries, Government of India and Jammu and Kashmir Industrial Policy—

- 18.1 **"Allotment"** means allotment of land/ premises for establishment of Industrial/Service Enterprise/ unit as prescribed in this policy;
- 18.2 **"Allottee"** means an Industrial Enterprise in whose favour an allotment of a land/ plot/ premises has been made under this policy;
- 18.3 **"Applicant"** means an individual or person including a group of individuals under Indian Partnership Act 1932 or a company registered under the Companies Act, 2013 or Limited Liability Partnership Act 2008, or Cooperative Institution, or Hindu Undivided Family (HUF) under section 2(31) of the Income Tax Act, 1961, or a body incorporated under any Act, who has made an application following the prescribed procedure of Jammu and Kashmir Government for establishing an Industrial Enterprises/ Unit;
- 18.4 **"Date of Commencement of Commercial Production"** means the date on which the industrial undertaking starts commercial production, as certified by the Department of Industries and Commerce Jammu and Kashmir;
- 18.5 **"Premises"** means and includes any plot, land, shop, godown, shed, any structure, which is meant for lease;
- 18.6 **"Processing Fee"** means a non-refundable fee, which shall be payable by applicants to Industrial Development

Corporation at the time of filing application or obtaining any approvals under the provisions of this policy;

- 18.7 **"Land / Site"** means a plot of land which is under consideration for allotment;
- 18.8 **"Industrial Development Corporation"** means the agency responsible for development, maintenance, allotment and management of government industrial land;
- 18.9 **"Lessee"** means the transferee to whom the land is allotted;
- 18.10 **"Lessor"** means the concerned corporation which will allot land to the Lessee;
- 18.11 **"Lease"** of immovable property is a contractual agreement for transfer of a right to enjoy such property, made for a certain time, express or implied, in consideration a price paid or promised of money, service or any other thing of value to be rendered periodically or on specified occasions to the transferor by the transferee;
- 18.12 **"Lease Rent"** means the annual rent charged to Lessee during lease term as fixed by the Board of Directors of the Concerned Corporation;
- 18.13 **"Premium"** means Land premium fixed by the government from time to time;
- 18.14 **"Plant and Machinery"** means newly purchased industrial plant and machinery as erected at site. Plant and Machinery for the service sector industrial unit shall include cost of construction of building and all other durable physical assets basic to the running of that particular service industry but exclude cost of land and consumables, disposables or any other item charged to revenue as defined under Jammu and Kashmir Industrial Promotion Policy 2020;
- 18.15 **"Substantial Expansion"** means increase by not less than 25% in the value of fixed capital investment in Plant & Machinery of an industrial unit for the purpose of expansion of capacity / modernization and diversification.



Annexure II- Application Form for Claiming DG Set Subsidy

APPLICATION FOR SANCTION OF SUBSIDY FOR THE PURCHASE OF GENERATOR SET

1. Name and address of the unit:
 - a. Registered Office:
 - b. Factory Office:
 - c. Zone (A or B) as notified by Government of J&K:
 - d. Location:
 - i. Village /Town
2. Unit Type:
(New/Existing/Existing Unit undertaking Substantial Expansion)
3. EM-II/Udyam Registration/IEM Number and Date:
4. Date of Production
(as authenticated by General Manager)
5. Line of Activity
6. Constitution (Proprietor/ Partnership/ Company)
7. Name(s) of Proprietor/ Directors/Partners:
8. Total Employment:
9. Total sanctioned power:
10. Details of existing Genset (if applicable)
 - a. Make:
 - b. Capacity:
 - c. Year of Purchase:
11. Details of generator set purchased newly
 - a. Date of purchase:
 - b. Capacity:
 - c. Purchased from:
(Full address to be furnished)
 - d. Cost of Genset with alternator:
 - e. Invoice Number:
 - f. Date of installation of the Generator:
12. Amount of Central / State subsidy if any:
(Availed for the Gen set earlier)

Declarations

I/ We hereby declare that the information given above and the statement and other documents enclosed are true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**



Annexure III- CA Certificate for DG Set Subsidy

CERTIFICATE FROM THE REGISTERED CHARTERED ACCOUNTANT

Name of the Chartered Accountant:
UDIN No.:

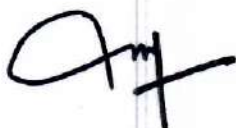
It is hereby certified that M/S (name of the unit with location) has made capital investment on the purchase of DG Set as per the details given below:

1. Make of DG Set
2. Supplier's Name
3. Capacity of DG Set
4. Amount of investment in Rupees

I/We have checked the books of accounts of the unit, the invoices etc., and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid item have been duly paid for and no credit is raised there against in the books of the unit.

Date:
Place:

Signature of the Chartered Accountant
Registration No & Seal along with UDIN



Annexure IV- Agreement for claiming DG Set Subsidy

This agreement is made at _____ on this ___ day of 20___ between the Government of J&K (hereinafter called the General Manager, District Industries Center, _____ of the first party) & Mr/ Ms _____ S/o, D/o, W/o _____ R/o _____ authorized signatory of M/s _____

which expression shall include their successors, heirs, executors of the unit registered with the Industries and Commerce Department and District Industries Centre, _____ vide Registration No. _____ Dated _____ for _____ Line of Activity _____
"(herein after called the second party on second part)".

Whereas the General Manager, District Industries Centre, _____ (1st party) has sanctioned an amount of Rs. _____ (in words _____) vide Order No: _____ dated _____ and issued under endorsement No: _____ Dated _____ as subsidy on account of purchase and installation of D.G. set of _____ KVA capacity in _____ favour _____ of _____ M/s _____

[2nd party].

Whereas an amount of Rs. _____ (in words _____) has been sanctioned in pursuance to Govt. Order No: _____ dated _____ read with procedural guide-lines issued vide Govt. Order No: _____ dated _____ and for the purchase and installation of D.G. set of _____ KVA in favour of _____

_____ after having been satisfied that the said D.G. set has been installed in the unit premises of the above unit holder. The detail of D.G set installed is here asunder:

D.G. set of _____ KVA capacity purchased from M/s _____ vide Invoice No: _____ dated _____.



SPECIFICATION AND REMARKS:

Whereas the disbursement of the sanctioned amount of D.G. set subsidy is subject to the terms and conditions as mentioned in the sanctioning order and disbursement for which purpose the unit holder (2nd party) binds itself as under:

1. That the D.G. set shall not be shifted from the Plant to any other place within the period of 10 (Ten) years from the date of its installation except with the prior approval of the Director Industries & Commerce. The requests for transfer of their requirement will not normally be accepted, but in exceptional cases and on some valid grounds. In case, the Director Industries & Commerce is not satisfied with such justifications and unit holder shifted the D.G. set, the unit holder shall have to refund the total subsidy granted to him together with interest there on at the prevailing rates from the date of drawl of subsidy.
2. That the D.G. set would be utilized exclusively for industrial purpose relevant to approved manufacturing products of the unit.
3. That any amount due to the Government from the unit holder on account of rent of the shed/land etc. will be deducted from the claim.

Hence this agreement executed,

Part - I	Part-II
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure V- Indemnity Bond for claiming DG Set Subsidy

Known by all men by these presents that I, _____
S/o, D/o, W/o _____ R/o _____
Authorized signatory of M/s _____

firmly bind into the Govt. which expression shall unless excluded by or repugnant to the context included his successors and assigns in the sum of Rs. _____
(in words _____) herein
under referred to as to the said amount to be paid to the Government on demand
for this payment to be well and truly made.

I have been paid an amount of Rs. _____ (in words _____) on the
installation of One No _____ KVA Capacity of D.G. Set in
_____ and I have obtained the
requisite certificate / receipt from the concerned authorities for the payment of
aforesaid amount, which has been attached with the claim.

I hereby undertake that all the documents and details contained are true and in
future, if any claim is found to be false, I undertake to indemnify the Government in
full for the loss that may be caused to the State Government as a result of such
false claim.

I also bind myself and my heirs, executants, administrators, legal representatives
and assignees; we bind ourselves and the persons for the time being having
control, over the assets and affairs.

Signed on _____ day _____ of, 20 ____.

WITNESSES	EXECUTANT
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure VI- Application Form for Claiming Pollution Control Devices Subsidy

APPLICATION FOR SANCTION OF SUBSIDY FOR THE PURCHASE OF POLLUTION CONTROL DEVICES

1. Name and address of the unit:
 - a. Registered Office:
 - b. Factory Office:
 - c. Zone (A or B) as notified by Government of J&K:
 - d. Location:
 - i. Village /Town
2. Unit Type:
(New/Existing/Existing Unit undertaking Substantial Expansion)
3. EM-II/ Udyam Registration/IEM Number and Date:
4. Date of Production
(as authenticated by General Manager)
5. Line of Activity
6. Constitution (Proprietor / Partnership / Company):
7. Name(s) of Proprietor/ Partners/ Directors:
8. Total Employment:
9. Fixed Capital Investment
 - a. Land
 - b. Building
 - c. Plant & Machinery / Equipment
 - d. Miscellaneous Fixed Asset
10. Total Cost incurred on Purchase and Installation:
of Pollution Control Devices (as certified by CA)

Declarations

I/ We hereby declare that the information given above and the statement and other documents enclosed are true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**



Annexure VII- CA Certificate for Pollution Control Devices

CERTIFICATE FROM THE REGISTERED CHARTERED ACCOUNTANT

Name of the Chartered Accountant:
UDIN No.:

I / We hereby certify that M/S (name of the unit with location) has made capital investment in their unit for the period from to for manufacturing / rendering service of by the unit.

S No	Item/s of fixed assets investment	Value of in Rupees
1.	Cost of land including purchase, value, registration etc.	
2.	Cost of development of land including boundary wall, approach road, culvert / bridges, godown, labour Quarter etc (pl. specify)	
3.	Cost of Building	
	a. Factory building/Nursing Home/ Hotel etc.	
	b. Office building	
	c. Architect fees/ fees towards preparation of estimate etc.	
4.	Cost of plant & machinery	
5.	Pollution Control Devices	
6.	Accessories	
7.	Loading, unloading, transportation, erection expenditure, insurance etc.	
8.	Pre-operative preliminary expenses to be capitalized	
9.	Electrical installation	
10.	Miscellaneous fixed assets/essential items etc.	

Total

I/We have checked the books of accounts of the unit, the invoices etc., and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid items have been duly paid for and no credit is raised there against in the books of the unit.

Date:
Place:

Signature of the Chartered Accountant
Registration No & Seal along with UDIN



Annexure VIII- Agreement for claiming incentive on Pollution Control Devices

This agreement is made at _____ on this ___ day of 20___ between the Government of I&K (hereinafter called the General Manager, District Industries Centre, _____ of the first party) and Mr/ Ms _____ S/o, D/o, W/o _____ R/o _____ authorized signatory of M/s _____ which expression shall include their successors, heirs, executors of the unit registered with the Industries and Commerce Department and District Industries Centre, _____ vide Registration No. _____ Dated _____ for _____ Line of Activity _____ ("hereinafter called the second party on second part").

Whereas the General Manager, District Industries Centre, _____ (1st party) has sanctioned an amount of Rs. _____ (in words _____) vide Order No: _____ dated _____ and issued under endorsement No: _____ Dated _____ as subsidy on account of purchase and installation of Pollution Control Devices in favour of M/s _____ [2nd party].

Whereas an amount of Rs. _____ (in words _____) has been sanctioned in pursuance to Govt. Order No: _____ dated _____ read with procedural guide-lines issued vide Govt. Order No: _____ dated _____ and for the purchase and installation of Pollution Control Devices in favour of _____

_____ after having been satisfied that the said Pollution Control Device(s) has/have been installed in the unit premises of the above unit holder. The detail of Pollution Control Devices installed is here asunder:

Name of Device(s):

Specification:



SPECIFICATION AND REMARKS:

Whereas the disbursement of the sanctioned amount of Pollution Control Devices is subject to the terms and conditions as mentioned in the sanctioning order and disbursement for which purpose the unit holder (2nd party) binds itself as under:

1. That the Pollution Control Devices shall not be shifted from the Plant to any other place from the date of its installation except with the prior approval of the Director of Industries & Commerce. The requests for transfer of the requirement will not normally be accepted, but in exceptional cases and on some valid grounds. In case, the Director Industries & Commerce is not satisfied with such justifications and unit holder shifted the Pollution Control Devices, the unit holder shall have to refund the total subsidy granted to him together with interest hereon at the prevailing rates from the date of drawl of subsidy.
2. That the Pollution Control Devices would be utilized exclusively for industrial purpose relevant to approved manufacturing products of the unit.
3. That any amount due to the Government from the unit holder on account of rent of the shed/land etc. will be deducted from the claim.

Hence this agreement executed,

Part - I	Part-II
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure IX- Indemnity Bond for claiming incentive on Pollution Control Devices

Known by all men by these presents that I, _____
S/o, D/o, W/o _____ R/o _____
Authorized signatory of M/s _____

firmly bind into the Govt. which expression shall unless excluded by or repugnant to the context included his successors and assigns in the sum of Rs. _____
(in words _____) herein
under referred to as to the said amount to be paid to the Government on demand for this payment to be well and truly made.

I have been paid an amount of Rs. _____ (in words _____) on the installation of Pollution Control Devices in _____ and I have obtained the requisite certificate / receipt from the concerned authorities for the payment of aforesaid amount, which has been attached with the claim.

I hereby undertake that all the documents and details contained are true and in future, if any claim is found to be false, I undertake to indemnify the Government in full for the loss that may be caused to the State Government as a result of such false claim.

I also bind myself and my heirs, executors, administrators, legal representatives and assignees; we bind ourselves and the persons for the time being having control, over the assets and affairs.

Signed on _____ day _____ of, 20____.

WITNESSES	EXECUTANT
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure X- Application Form for Claiming Quality Certificate Subsidy

APPLICATION FOR SANCTION OF SUBSIDY FOR THE PURCHASE OF QUALITY CERTIFICATION

1. Name and address of the unit:
 - a. Registered Office:
 - b. Factory Office:
 - c. Zone (A or B) as notified by Government of J&K:
 - d. Location:
 - i. Village /Town
2. Unit Type:
(New/Existing/Existing Unit undertaking Substantial Expansion)
3. Certificate Type (ISO/ ISI/ BIS/ FPO/ BEE/ AGMARK/ ECOMARK/ZED RATED/
ANY OTHER- Please specify):
4. Date of Issuance of Certificate
5. EM-II/Udyam Registration/IEM Number and Date
6. Date of Production
(as authenticated by General Manager)
7. Line of Activity:
8. Constitution:
(Proprietor / Partnership / Company)
9. Name(s) of Proprietor/ Partners/ Directors:
10. Total Employment:
11. Total Cost incurred for obtaining said Certificate:
(as certified by CA)

Declarations

I/ We hereby declare that the information given above and the statement and other documents enclosed are true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**



Annexure XI- CA Certificate of Quality Certification

CERTIFICATE FROM THE REGISTERED CHARTERED ACCOUNTANT

Name of the Chartered Accountant:

UDIN No.:

I / We hereby certify that M/S (name of the unit with location) has made investment in obtaining of Quality Certificate as per the details given below:

1. Name of Quality Certificate
2. Date of Obtaining of Quality Certificate
3. Amount of investment in Rupees

I/We have checked the books of accounts of the unit, the invoices etc. and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid item have been duly paid for and no credit is raised there against in the books of the unit.

Date:

Place:

Signature of the Chartered Accountant
Registration No & Seal along with UDIN



SPECIFICATION AND REMARKS:

Whereas the disbursement of the sanctioned amount of Quality Certification is subject to the terms and conditions as mentioned in the sanctioning order and disbursement for which purpose the unit holder (2nd party) binds itself as under:

1. That any amount due to the Government from the unit holder on account of rent of the shed/land etc. will be deducted from the claim.

Hence this agreement executed,

Part – I	Part-II
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XII- Agreement for claiming incentive on Quality Certification

This agreement is made at _____ on this ___ day of 20___ between the Government of J&K (herein after called the General Manager, District Industries Centre, _____ of the first party) and Mr/ Ms _____ S/o, D/o, W/o _____ R/o _____ authorized signatory of M/s _____

which expression shall include their successors, heirs, executors of the unit registered with the Industries and Commerce Department and District Industries Centre, _____ vide Registration No. _____ Dated _____ for _____ Line of Activity _____
"(herein after called the second party on second part)".

Whereas the General Manager, District Industries Centre, _____ (1st party) has sanctioned _____ an _____ amount _____ of Rs. _____ (in words _____) vide Order No: _____ dated _____ and issued under endorsement No: _____ Dated _____ as subsidy on account of obtaining of Quality Certification (ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK etc.) in favour of M/s _____

_____ [2nd party].

Whereas an amount of Rs. _____ (in words _____) has been sanctioned in pursuance to Govt. Order No: _____ dated _____ read with procedural guide-lines issued vide Govt. Order No: _____ dated _____ and for obtaining Quality Certification in favour of _____

_____ after having been satisfied that the said Quality Certificate (ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK etc.) has/have been procured in the unit premises of the above unit holder. The detail of the procured Quality Certificate here asunder:

Name of Certificate(s):

Specification:



Annexure XIII- Indemnity Bond for claiming incentive on Quality Certification

Known by all men by these presents that I, _____
S/o, D/o, W/o _____ R/o _____
Authorized signatory of M/s _____

firmly bind into the Govt. which expression shall unless excluded by or repugnant to the context included his successors and assigns in the sum of Rs. _____
(in words _____) herein under referred to as to the said amount to be paid to the Government on demand for this payment to be well and truly made.

I have been paid an amount of Rs. _____ (in words _____) on obtaining Quality Certification (ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK etc.) in _____ and I have obtained the requisite certificate / receipt from the concerned authorities for the payment of aforesaid amount, which has been attached with the claim.

I hereby undertake that all the documents and details contained are true and in future, if any claim is found to be false, I undertake to indemnify the Government in full for the loss that may be caused to the State Government as a result of such false claim.

I also bind myself and my heirs, executants, administrators, legal representatives and assignees; we bind ourselves and the persons for the time being having control, over the assets and affairs.

Signed on _____ day _____ of, 20____.

<u>WITNESSES</u>	<u>EXECUTANT</u>
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XIV- Application Form for Claiming incentives on Automation

APPLICATION FOR SANCTION OF INCENTIVE for AUTOMATION

1. Name and address of the unit:
 - a. Registered Office:
 - b. Factory Office:
 - c. Zone (A or B) as notified by Government of J&K:
 - d. Location:
 - i. Village /Town
2. PAN of the Unit:
3. GSTIN of the Unit:
4. Unit Category:
(Micro/Small/Medium) or Large-Scale Unit
5. EM-II/ Udyam Registration/IEM Number and Date
6. Date of Production
(as authenticated by General Manager)
7. Date of verification of Automation by Industries and Commerce Department:
8. Unit Type:
(New/Existing/Existing Unit undertaking Substantial Expansion)
9. Line of Activity
10. Constitution (Proprietor / Partnership / Company)
11. Name(s) of Proprietor/ Partners/ Directors:
12. Total Employment:
13. Expenditure incurred on Automation (as certified by CA)

Declarations

I/ We hereby declare that the information given above and the statement and other documents enclosed are true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**



Annexure XV- CA Certificate for Automation

CERTIFICATE FROM THE REGISTERED CHARTERED ACCOUNTANT

Name of the Chartered Accountant:
UDIN No.:

I / We hereby certify that M/S (name of the unit with location) has made investment in Automation as per the details given below:

1. Supplier's Name& Details
2. Name of Components
3. Amount of investment in Rupees

I/We have checked the books of accounts of the unit, the invoices etc. and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid item have been duly paid for and no credit is raised there against in the books of the unit.

Date:
Place:

Signature of the Chartered Accountant
Registration No & Seal along with UDIN



Annexure XVI- Agreement for claiming incentive on Automation

This agreement is made at _____ on this day of 20____ between the Government of J&K (hereinafter called the General Manager, District Industries Centre, _____ of the first party) and Mr/Ms _____ S/o, D/o, W/o _____ R/o _____

_____ authorized signatory of M/s _____

which expression shall include their successors, heirs, executors of the unit registered with the Industries and Commerce Department and District Industries Centre, _____ vide Registration No. _____ Dated _____ for _____ Line of Activity _____
"(hereinafter called the second party on second part)".

Whereas the General Manager, District Industries Centre, _____ (1st party) has sanctioned an amount of Rs. _____

(in words _____)

vide Order No: _____ dated _____ and issued under

endorsement No: _____ Dated _____ as

incentive on account of Automation in favour of

M/s _____

_____ [2nd party].

Whereas an amount of Rs. _____

(in words _____) has

been sanctioned in pursuance to Govt. Order No: _____ dated

_____ read with procedural guide-lines issued vide Govt.

Order No: _____ dated _____ and

for the purchase of items used for Automation in favour of

_____ after having been satisfied that the said Automation has/have been done in the unit premises of the above unit holder. The detail of the Automation here asunder:

Name of Certificate(s):

Specification:



SPECIFICATION AND REMARKS:

Whereas the disbursement of the sanctioned amount of Automation is subject to the terms and conditions as mentioned in the sanctioning order and disbursement for which purpose the unit holder (2nd party) binds itself as under:

1. That the items used for Automation shall not be shifted from the Plant to any other place from the date of its installation except with the prior approval of the Director Industries & Commerce. The requests for transfer of their requirement will not normally be accepted, but in exceptional cases and on some valid grounds. In case, the Director Industries & Commerce is not satisfied with such justifications and unit holder shifted the items used for Automation, the unit holder shall have to refund the total subsidy granted to him together with interest there on at the prevailing rates from the date of drawal of subsidy.
2. That the Automation would be utilized exclusively for industrial purpose relevant to approved manufacturing products of the unit.
3. That any amount due to the Government from the unit holder on account of rent of the shed/land etc. will be deducted from the claim.

Hence this agreement executed,

Part – I	Part-II
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XVII- Indemnity Bond for claiming incentive on Automation

Known by all men by these presents that I, _____
S/o, D/o, W/o _____ R/o _____
Authorized signatory of M/s _____

_____ firmly bind into the Govt. which expression shall unless excluded by or repugnant to the context included his successors and assigns in the sum of Rs. _____
(in words _____) herein under referred to as to the said amount to be paid to the Government on demand for this payment to be well and truly made.

I have been paid an amount of Rs. _____ (in words _____) on incentive of Automation _____ and I have obtained the requisite certificate / receipt from the concerned authorities for the payment of aforesaid amount, which has been attached with the claim.

I hereby undertake that all the documents and details contained are true and in future, if any claim is found to be false, I undertake to indemnify the Government in full for the loss that may be caused to the State Government as a result of such false claim.

I also bind myself and my heirs, executants, administrators, legal representatives and assignees; we bind ourselves and the persons for the time being having control, over the assets and affairs.

Signed on _____ day _____ of, 20____.

<u>WITNESSES</u>	<u>EXECUTANT</u>
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XVIII- Application Form for Claiming Green Environment Protection Initiative

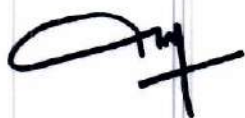
APPLICATION FOR SANCTION OF SUBSIDY FOR GREEN AND ENVIRONMENT PROTECTION INITIATIVE

1. Name and address of the unit:
 - a. Registered Office:
 - b. Factory Office:
 - c. Zone (A or B) as notified by Government of J&K:
 - d. Location:
 - i. Village /Town
2. Unit Type:
(New/Existing/Existing Unit undertaking Substantial Expansion)
3. EM-II/ Udyam Registration/ IEM Number and Date:
4. Date of Production:
(as authenticated by General Manager)
5. Constitution (Proprietor / Partnership / Company):
6. Name(s) of Proprietor/ Partners/ Directors:
7. Total Employment:
8. Total Cost incurred on Purchase and Installation of Equipment for Green/ Environment Protection:
(as certified by CA)

Declarations

I/ We hereby declare that the information given above and the statement and other documents enclosed are true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**



Annexure XIX- CA Certificate for Green Environment Protection Initiative

CERTIFICATE FROM THE REGISTERED CHARTERED ACCOUNTANT

Name of the Chartered Accountant:

UDIN No.:

I / We hereby certify that M/S (name of the unit with location) has made capital investment on the purchase of Green and Environment Protection Devices as per the details given below:

1. Make of Green and Environment Protection Devices
2. Supplier's Name
3. Amount of investment in Rupees

I/We have checked the books of accounts of the unit, the invoices etc. and certify that the aforesaid information is verified and certified to be true. We also certify that all the aforesaid item have been duly paid for and no credit is raised there against in the books of the unit.

Date:

Place:

Signature of the Chartered Accountant

Registration No & Seal along with UDIN



Annexure XX- Agreement for claiming incentive on Green Environment Protection Initiative

This agreement is made at _____ on this day of 20____ between the Government of J&K (hereinafter called the General Manager, District Industries Centre, _____ of the first party) and Mr/ Ms _____ S/o, D/o, W/o _____ R/o _____ authorized signatory of M/s _____

which expression shall include their successors, heirs, executors of the unit registered with the Industries and Commerce Department and District Industries Centre, _____ vide Registration No. _____ Dated _____ for _____ Line of Activity _____
"(herein after called the second party on second part)".

Whereas the General Manager, District Industries Centre, _____ (1st party) has sanctioned _____ an _____ amount _____ of Rs. _____ (in words _____) vide Order No: _____ dated _____ and issued under endorsement No: _____ Dated _____ as subsidy on account of purchase and installation of Green and Environment Protection Devices _____ in favour of _____ M/s _____

_____ [2nd party].

Whereas an amount of Rs. _____ (in words _____) has been sanctioned in pursuance to Govt. Order No: _____ dated _____ read with procedural guide-lines issued vide Govt. Order No: _____ dated _____ and for the purchase of Green and Environment Protection Devices in favour of _____

_____ after having been satisfied that the said Green and Environment Protection Device(s) has/have been installed in the unit premises of the above unit holder. The detail of Green and Environment Protection Device (s) installed is here asunder:

Name of Device(s):

Specification:




SPECIFICATION AND REMARKS:

Whereas the disbursement of the sanctioned amount of Green Environment Protection Initiative is subject to the terms and conditions as mentioned in the sanctioning order and disbursement for which purpose the unit holder (2nd party) binds itself as under:

4. That the Green and Environment Protection Devices shall not be shifted from the Plant to any other place from the date of its installation except with the prior approval of the Director Industries & Commerce. The requests for transfer of their requirement will not normally be accepted, but in exceptional cases and on some valid grounds. In case, the Director Industries & Commerce is not satisfied with such justifications and unit holder shifted the Green and Environment Protection Devices, the unit holder shall have to refund the total subsidy granted to him together with interest thereon at the prevailing rates from the date of drawal of subsidy.
5. That the Green and Environment Protection Devices would be utilized exclusively for industrial purpose relevant to approved manufacturing products of the unit.
6. That any amount due to the Government from the unit holder on account of rent of the shed/land etc. will be deducted from the claim.

Hence this agreement executed,

Part – I	Part-II
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XXI- Indemnity Bond for claiming incentive on Green Environment Protection Initiative

Known by all men by these presents that I, _____
S/o, D/o, W/o _____ R/o _____
Authorized signatory of M/s _____

firmly bind into the Govt. which expression shall unless excluded by or repugnant to the context included his successors and assigns in the sum of Rs. _____
(in words _____) herein under referred to as to the said amount to be paid to the Government on demand for this payment to be well and truly made.

I have been paid an amount of Rs. _____ (in words _____) on the installation of Green and Environment Protection Devices in _____ and I have obtained the requisite certificate / receipt from the concerned authorities for the payment of aforesaid amount, which has been attached with the claim.

I hereby undertake that all the documents and details contained are true and in future, if any claim is found to be false, I undertake to indemnify the Government in full for the loss that may be caused to the State Government as a result of such false claim.

I also bind myself and my heirs, executants, administrators, legal representatives and assignees; we bind ourselves and the persons for the time being having control, over the assets and affairs.

Signed on _____ day _____ of, 20____.

WITNESSES	EXECUTANT
<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:	<u>WITNESSES:</u> Signature: Name: S/o, D/o, W/o: R/o:



Annexure XXII- Assessment Performa

Annual Consumption Performa of Raw material and production of finished goods for the year of _____ in favour of M/s _____

S N o	Name of the unit & address	Pmt. No./ EM II/ IEM/ Udyam No & date	Line of Activity	Date of Production of Original line & additional line (if any)	No. of Shifts.	No. of Worke rs Regula r Skilled	Un- Skilled	Total	No. & date of No Dues Certifi cate of PDD.
1	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-
1									
Annual Assessment of Raw Material				Quantity	Total utilized capacity of raw material during _____				
					Local	Imported	Total		
-11-				-12-					
RAW MATERIAL PER ANNUM									
1.									
Annual Assessment of Finished Goods. (per annum)				Quantity	Total utilized capacity of finished goods during _____				
					Local	Export	Total		
-13-				-14-					

Declarations

I/ We hereby declare that the information given above is true and correct, to the best of our knowledge.

**Proprietor/Partner/Director/
Authorized signatory**





भारत का राजपत्र The Gazette of India

सी.जी.-डी.एल.-अ.-19022021-225276
CG-DL-E-19022021-225276

असाधारण
EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 59]
No. 59]

नई दिल्ली, शुक्रवार, फरवरी 19, 2021/माघ 30, 1942
NEW DELHI, FRIDAY, FEBRUARY 19, 2021/MAGHA 30, 1942

वाणिज्य और उद्योग मंत्रालय
(उद्योग संवर्धन और आंतरिक व्यापार विभाग)

अधिसूचना

नई दिल्ली, 19 फरवरी, 2021

फा. सं. 1(1)/2020-एसएसएस.—भारत सरकार केंद्र शासित प्रदेश जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम की घोषणा करती है।

1. **स्कीम का शीर्षक:** इस स्कीम को जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम कहा जाएगा।
2. **कवरेज:** यह स्कीम केंद्र शासित प्रदेश जम्मू और कश्मीर को कवर करेगी।
3. **स्कीम की शुरूआत और अवधि:** यह दिनांक 01.04.2021 से प्रभावी होगी तथा दिनांक 31.03.2037 तक लागू रहेगी।
4. **पंजीकरण के लिए आवेदन की अवधि:** पंजीकरण दिनांक 01.04.2021 से शुरू होगा तथा दिनांक 30.09.2024 तक जारी रहेगी, जो इस संबंध में जारी दिशानिर्देशों के अध्वधीन है। तथापि, उपर्युक्त अवधि में, पहले ही प्रदान किए जा चुके पंजीकरणों के आधार पर यदि अनुमानित वित्तीय दायित्व अनुमोदित निधि के 115 प्रतिशत तक पहुंच जाता है तो पंजीकरण प्रक्रिया को अस्थायी अथवा स्थायी तौर पर रोका जा सकता है। हालांकि, अनुमोदित निधि की उपलब्धता के आधार पर पंजीकरण प्रक्रिया को दोबारा शुरू किया जा सकता है।
 - 4.1. किसी आवेदक द्वारा पंजीकरण हेतु आवेदन प्रस्तुत कर देने से ही वह इस स्कीम के तहत पंजीकरण का पात्र नहीं होगा। आगे का ब्यौरा स्कीम के दिशानिर्देशों में उपलब्ध कराया जाएगा।

- 4.2. किसी भी इकाई को तब तक इस स्कीम के तहत पंजीकरण कराने या लाभों का दावा करने का अधिकार नहीं होगा जब तक कि वह दिशानिर्देशों में निर्धारित किए गए अनुसार पंजीकरण प्राधिकरण से विशेष रूप से अनुमोदित न हो।
- 4.3. पंजीकरण दिशानिर्देशों में यथानिर्धारित पंजीकरण प्राधिकरण द्वारा प्रदान किया जाएगा, जो अन्य के साथ-साथ, इकाई की प्रथम दृष्ट्या पात्रता, अनुमोदित निधि की उपलब्धता पर विचार करेगा।
- 4.4. इस स्कीम के तहत प्रोत्साहन प्राप्त करने की इच्छुक सभी इकाइयों को ऑनलाइन पोर्टल के जरिए पंजीकरण हेतु आवेदन करना होगा।
5. **पंजीकरण प्रदान करना:** पंजीकरण के लिए सभी आवेदनों का निपटान दिनांक 31.03.2025 तक किया जाएगा, जब तक कि इसे अन्यथा बढ़ाया न जाए।
6. **परिभाषाएं:**
 - 6.1. 'अनुमोदित निधि' का तात्पर्य इस स्कीम के प्रत्येक घटक के तहत आबंटित वित्तीय परिव्यय से है।
 - 6.2. 'निरपेक्ष बाजार मूल्य' आयकर अधिनियम, 1961 के प्रावधानों के तहत यथा परिभाषित।
 - 6.3. 'वाणिज्यिक उत्पादन शुरू करना: इसका तात्पर्य तैयार माल का वाणिज्यिक आधार पर विनिर्माण शुरू करने से है जिसके पूर्व परीक्षण उत्पादन और वाणिज्यिक मात्रा में तैयार उत्पाद के विनिर्माण के लिए पूर्ण संयंत्र एवं मशीनरी की स्थापना तथा विनिर्माण के लिए अपेक्षित कच्चे सामान, उपभोग्य वस्तुओं आदि की उपलब्धता आती है।
 - 6.4. 'वाणिज्यिक प्रचालन की शुरुआत: इसका तात्पर्य वाणिज्यिक आधार पर सेवाओं के प्रचालन/सुपुर्दगी शुरू करने से है।
 - 6.5. 'मौजूदा इकाई' का तात्पर्य एक इकाई से है जिसने दिनांक 1.4.2021 से पहले वाणिज्यिक उत्पादन/प्रचालन शुरू किया है तथा केंद्र शासित प्रदेश जम्मू और कश्मीर में जीएसटी के तहत पंजीकृत है।
 - 6.6. 'तैयार माल' का तात्पर्य औद्योगिक इकाई द्वारा वास्तव में उत्पादित और आपूर्ति सामान से है तथा जिसके लिए यह स्कीम के तहत पंजीकृत है।
 - 6.7. 'विनिर्माण इकाई' का तात्पर्य ऐसी इकाई से है जो जो कच्चे माल या निविष्टि को किसी भी तरीके से प्रसंस्कृत करके उसे ऐसे नए उत्पाद में बदलती है जिसका विशेष नाम, स्वरूप तथा इस्तेमाल होता है तथा 'विनिर्माण इकाई' का अर्थ तदनुसार लगाया जाएगा।"
 - 6.8. 'नई इकाई'
 - (क) विनिर्माण क्षेत्र के लिए इसका तात्पर्य इस स्कीम के तहत 1.4.2021 या उसके बाद पंजीकृत इकाई से है, लेकिन जिसका पंजीकरण दिनांक 31.03.2025 के बाद न हुआ हो। ऐसी इकाई को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक उत्पादन शुरू करना होगा।
 - (ख) सेवा क्षेत्र के लिए इसका तात्पर्य इस स्कीम के तहत 1.4.2021 या उसके बाद पंजीकृत इकाई से है, लेकिन जिसका पंजीकरण दिनांक 31.03.2025 के बाद न हुआ हो। ऐसी इकाई को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक प्रचालन उत्पादन शुरू करना होगा।
 - (ग) नई इकाई को निम्नलिखित शर्तों को पूरा करना होगा:
 - (i) यह पहले से मौजूदा वयवसाय के विघटन या पुनर्गठन से न बनी हो।
 - (ii) यह पहले किसी अन्य प्रयोजन के लिए प्रयुक्त संयंत्र एवं मशीनरी को नई इकाई को हस्तांतरित करके न बनी हो।
 - (iii) यह किसी अन्य जगह से पुनःस्थापित न हुई हो और/अथवा यह मौजूदा इकाई न हो जो नए नाम और रूप में दोबारा खुली हो।

बशर्ते कि दिनांक 1.4.2021 से पहले इस्तेमाल न की गई धरोहर संपत्ति को इसके बाद वाणिज्यिक अथवा वाणिज्यिक आधार पर हॉस्पिटैलिटी अथवा पर्यटन सेवाओं के लिए इस्तेमाल किए जाने पर, ऐसी पात्रता शर्तों के अनुसार नई इकाई के रूप में विचार किया जाएगा जिनकी बाद में विस्तृत दिशानिर्देशों में व्याख्या की जाएगी।

- 6.9. विनिर्माण इकाइयों के मामले में, 'संयंत्र एवं मशीनरी' में स्थल पर स्थापित औद्योगिक संयंत्र एवं मशीनरी शामिल होगी जिसे खुले बाजार में निरपेक्ष बाजार मूल्य पर नया खरीदा गया हो। इसमें पुनः स्थापित/पुनर्चक्रित/नवीनीकृत संयंत्र एवं मशीनरी शामिल नहीं है।
- 6.10. सेवा क्षेत्र की इकाइयों के मामले में 'भवन और अन्य टिकाऊ भौतिक परिसम्पत्ति' में सेवा क्षेत्र की इकाई के लिए नया भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियां शामिल होंगी जहां निरपेक्ष बाजार मूल्य का पालन करके खरीद की गई हो।
- 6.11. 'कच्चे माल' का तात्पर्य किसी इकाई द्वारा उत्पादन या तैयार सामान के विनिर्माण में प्रयुक्त सामग्री या पदार्थ से है।
- 6.12. 'सेवा' का तात्पर्य वस्तु, पैसे या प्रतिभूति के अलावा अन्य चीजों से है लेकिन इसमें पैसे के इस्तेमाल से संबंधित क्रियाकलाप अथवा नकद अथवा किसी अन्य तरीके से परिवर्तन, एक प्रकार की मुद्रा या मूल्यवर्ग का दूसरे प्रकार की मुद्रा या मूल्यवर्ग में परिवर्तन शामिल है जिसके लिए अलग प्रभार लिया जाता है।
- 6.13. 'सेवा इकाई' का तात्पर्य 'सेवा' प्रदान करने वाली इकाई से है।
- 6.14. 'पर्याप्त विस्तार' का तात्पर्य मौजूदा इकाई में संयंत्र एवं मशीनरी में पहले से ही किए गए कुल निवेश के न्यूनतम पच्चीस प्रतिशत के अतिरिक्त निवेश (विनिर्माण क्षेत्र के लिए), अथवा भवन अथवा अन्य टिकाऊ भौतिक परिसम्पत्तियों के निर्माण (सेवा क्षेत्र के लिए) से है।
अतिरिक्त निवेश के परिणामस्वरूप उत्पादन क्षमता/ सेवा में बढ़ोतरी या विविधता होनी चाहिए तथा यह मौजूदा संयंत्र एवं मशीनरी का प्रतिस्थापन मात्र नहीं होना चाहिए।
- 6.15. 'इकाई' का तात्पर्य सरकार द्वारा विभागीय रूप से संचालित उद्यमों को छोड़कर, किसी औद्योगिक (विनिर्माण) कंपनी अथवा सेवा क्षेत्र के पात्र उद्यम से है, जो वस्तु और सेवा कर के तहत पंजीकृत व्यावसायिक उद्यम है।
- 6.16. 'कार्यशील पूंजी' वर्तमान परिसम्पत्तियों और वर्तमान दायित्वों का अंतर है। यह इकाई के सुचारु और निर्बाध संचालन के लिए अपेक्षित पूंजी है तथा इसका इस्तेमाल दैनिक जरूरतों के वित्तपोषण के लिए किया जाता है जैसे कच्चा माल खरीदना।
- 6.17. इस स्कीम के प्रयोजन के लिए जोन क और जोन ख का तात्पर्य जम्मू और कश्मीर की सरकार द्वारा यथा परिभाषित और दिशानिर्देशों में यथा विनिर्दिष्ट क्षेत्र से होगा।

7. प्रोत्साहन प्राप्त करने के लिए पात्रता:

- 7.1. विनिर्माण के तहत सभी पात्र इकाइयों तथा पात्र सेवा क्षेत्र को इस स्कीम के तहत प्रोत्साहन प्रदान किया जाएगा जैसा कि संबंधित प्रोत्साहन के तहत परिभाषित किया गया है।
- 7.2. यह स्कीम उन इकाइयों पर लागू नहीं होगी जो अनुबंध-I में दी गई निषेध सूची में सूचीबद्ध उत्पादों का विनिर्माण करते हैं।
- 7.3. भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में न्यूनतम 1 करोड़ रुपए का निवेश करने वाली सेवा क्षेत्र की इकाइयां इस स्कीम के तहत प्रोत्साहन के लिए पात्र होंगी। यह स्कीम अनुबंध-II में दी गई सकारात्मक सूची में सूचीबद्ध सेवाओं के लिए लागू होगी जिसे संचालन समिति द्वारा और संशोधित किया जा सकता है।
- 7.4. सभी पात्र इकाइयों को पंजीकरण प्रदान करने की तारीख से 3 वर्ष के भीतर वाणिज्यिक उत्पादन/प्रचालन शुरू करना होगा।

- 7.5. किसी इकाई द्वारा संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) तथा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों के निर्माण (सेवा क्षेत्र के लिए) में दिनांक 1.4.2019 को या उसके बाद किए गए किसी भी निवेश को, इस स्कीम के पूंजी निवेश प्रोत्साहन, पूंजीगत व्याज सहायता और जीएसटी संबद्ध प्रोत्साहन के तहत पात्रतानुसार निवेश के पात्र मूल्य का निर्णय करते समय ध्यान में रखा जाएगा। हालांकि, वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख 1.4.2021 या इसके बाद होनी चाहिए। कोई भी प्रोत्साहन प्राप्त करने के लिए पात्रता इस स्कीम के तहत पंजीकरण प्रदान किए जाने के अध्यक्षीन है।
- 7.6. (क) संयंत्र एवं मशीनरी की लागत (विनिर्माण क्षेत्र के लिए) जो तैयार सामान के विनिर्माण के लिए अनिवार्य है, में भूमि की लागत, उपभोग्य वस्तुएं, निपटान योग्य वस्तुएं अथवा राजस्व वाली कोई अन्य मद शामिल नहीं है।
(ख) सेवा क्षेत्र की इकाई के लिए भवन निर्माण की लागत तथा अन्य भौतिक परिसम्पत्तियों की अधिप्राप्ति की लागत शामिल है, जो सेवा क्षेत्र की उस इकाई के संचालन के लिए मूलभूत है, लेकिन इसमें भूमि की लागत, उपभोग्य वस्तुएं, निपटान योग्य वस्तुएं अथवा राजस्व वाली कोई अन्य मद शामिल नहीं है।
- 7.7. भारत सरकार की किसी अन्य स्कीमों के तहत लाभ प्राप्त करने वाली इकाइयां इस स्कीम के तहत समान प्रोत्साहन प्राप्त करने के लिए पात्र नहीं होंगी।
- 7.8. खंड 7.7 के प्रावधानों के अध्यक्षीन, ऐसी इकाइयां पात्रता के अनुसार स्कीम के तहत अन्य प्रोत्साहन प्राप्त कर सकती हैं। इस बारे में दिशानिर्देशों में विस्तार से उल्लेख किया जाएगा।
- 7.9. इस स्कीम के लाभार्थी को इस स्कीम के निबंधन और शर्तों द्वारा बाध्य होने के बारे में घोषणा-पत्र प्रस्तुत करना होगा।
- 7.10. इस स्कीम के तहत पात्रता, संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र में) में निवेश (मुख्य और गौण) तथा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र में) की निर्माण लागत के सत्यापन के अध्यक्षीन होगी। हालांकि, प्रोत्साहन विनिर्माण और सेवा क्षेत्र, दोनों के मुख्य वर्गों के लिए पात्र होंगे। इसका विस्तृत ब्यौरा दिशानिर्देशों में निर्धारित किया जाएगा।
- 7.11. प्रोत्साहन प्राप्त करने की अवधि:
सभी पात्र इकाइयां संबंधित प्रोत्साहनों में यथा विनिर्दिष्ट अवधि तक इस स्कीम के तहत विनिर्दिष्ट प्रोत्साहन प्राप्त कर सकती हैं।

8. नोडल एजेंसी

जम्मू और कश्मीर विकास वित्त निगम लिमिटेड (जेकेडीएफसी) अथवा इस संबंध में भारत सरकार द्वारा प्राधिकृत कोई भी अन्य एजेंसी इस स्कीम के विभिन्न घटकों के तहत प्रोत्साहनों के संवितरण के लिए नोडल एजेंसी होगी। नोडल एजेंसी पात्र इकाइयों के निर्धारित बैंक खातों में ई-अंतरण के जरिए ही प्रोत्साहन जारी करेगी।

9. शासन और कार्यान्वयन तंत्र

9.1 यह स्कीम भारत सरकार यथा उद्योग संवर्धन और आंतरिक व्यापार विभाग (डीपीआईआईटी) के पर्यवेक्षण के अंतर्गत कार्यान्वित की जाएगी। हालांकि, पंजीकरण प्रक्रिया के साथ-साथ विभिन्न प्रोत्साहन घटकों के तहत दावों पर कार्यवाही का अधिकार केंद्र शासित प्रदेश जम्मू और कश्मीर को प्रत्यायोजित किया गया है। स्कीम के कार्यान्वयन के लिए दिशानिर्देशों में विस्तृत जानकारी दी जाएगी।

9.2 इस स्कीम के संचालन और कार्यान्वयन के लिए गठित समितियां तथा उनकी शक्तियां और कार्य निम्नानुसार हैं:

9.2.1 शीर्ष समिति

(क) गठन

- (i) केंद्रीय गृह मंत्री- अध्यक्ष
- (ii) केंद्रीय वाणिज्य और उद्योग मंत्री
- (iii) केंद्र शासित प्रदेश जम्मू और कश्मीर के उप-राज्यपाल

(ख) शक्तियां एवं कार्य

- (i) स्कीम के कुल वित्तीय परिव्यय के भीतर किसी भी संशोधन का निर्णय करेगी जो अन्य समितियों को विशेष रूप से प्रत्यायोजित शक्तियां और कार्यों के तहत न आते हों।
- (ii) किसी भी उत्पाद को निषेध सूची से हटाने का अनुमोदन देना।

9.2.2 संचालन समिति**(क) गठन**

- (i) सचिव, डीपीआईआईटी-अध्यक्ष
- (ii) सचिव/अपर सचिव, गृह मंत्रालय
- (iii) सचिव, पर्यावरण, वन और जलवायु परिवर्तन मंत्रालय
- (iv) सचिव, एमएसएमई मंत्रालय
- (v) प्रतिनिधि, नीति आयोग
- (vi) अपर सचिव और वित्तीय सलाहकार (एएसएंडएफए), डीपीआईआईटी
- (vii) मुख्य सचिव, जम्मू और कश्मीर सरकार
- (viii) जम्मू और कश्मीर स्कीम के प्रभारी संयुक्त सचिव, डीपीआईआईटी (सदस्य सचिव)

(ख) शक्तियां और कार्य

- (i) सुचारु कार्यान्वयन की निगरानी तथा लागू करने के लिए विस्तृत दिशानिर्देश जारी करना जिसमें केंद्र शासित प्रदेश स्तरीय समिति के समग्र पर्यवेक्षण के अंतर्गत पंजीकरण तथा दावों को स्वीकृत प्रदान करने के लिए प्रत्यायोजन के विभिन्न स्तर शामिल हैं।
- (ii) तारीखों को आगे बढ़ाने सहित पंजीकरण, उत्पादन/प्रचालन की शुरूआत से संबंधित मामलों का निर्णय करना।
- (iii) आवश्यकतानुसार कार्यान्वयन, निगरानी और आईटी सहायता के प्रस्तावों तथा डीपीआईआईटी के स्तर पर परियोजना प्रबंधन इकाई तथा केंद्र शासित प्रदेश के स्तर पर परियोजना कार्यान्वयन इकाई की स्थापना सहित प्रशासनिक लागत घटक के तहत आकस्मिक व्यय संबंधी निर्णय करना।
- (iv) केंद्रीय अप्रत्यक्ष कर और सीमाशुल्क बोर्ड (सीबीआईसी) और केंद्रीय प्रत्यक्ष कर बोर्ड (सीबीडीटी) की सेवाओं का इस्तेमाल करना और विशेष रूप से जाली व नकली दावों को रोकने के लिए जानकारी प्राप्त करने हेतु उपयुक्त अधिकारियों जैसे जीएसटी, आयकर के क्षेत्राधिकार मुख्य आयुक्त, केंद्र शासित प्रदेश जीएसटी के आयुक्त को आवधिक रूप से विशेष अतिथि के रूप में आमंत्रित करना।
- (v) स्कीम के दुरुपयोग को रोकने के लिए सत्यापन हेतु स्वतंत्र तृतीय पक्षकार को नियुक्त करके अथवा योग्य कर्मचारियों का पैनल बनाकर क्रमरहित/औचक निरीक्षण करना।
- (vi) केंद्र शासित प्रदेश के प्रशासन से परामर्श करते हुए सेवा क्षेत्र के तहत पात्रता संबंधी विस्तृत दिशानिर्देश जारी करना।
- (vii) ब्लॉक्स के जोन क और जोन ख में वर्गीकरण को संशोधित करना। हालांकि, वर्गीकरण में यह संशोधन केंद्र शासित प्रदेश जम्मू और कश्मीर द्वारा किए गए ब्लॉकों के वर्गीकरण के अनुरूप होगा।
- (viii) वस्तुओं के लिए निषेध सूची की समीक्षा और इसमें किसी वस्तु को शामिल करना तथा सेवाओं के लिए सकारात्मक सूची में कोई भी बदलाव।

9.2.3 केंद्र शासित प्रदेश स्तरीय समिति

(क) गठन

- (i) मुख्य सचिव, केंद्र शासित प्रदेश जम्मू और कश्मीर- अध्यक्ष
- (ii) सचिव, वित्त, केंद्र शासित प्रदेश जम्मू और कश्मीर
- (iii) सचिव, उद्योग और वाणिज्य, केंद्र शासित प्रदेश जम्मू और कश्मीर(सदस्य सचिव)
- (iv) संयुक्त सचिव (सं.स.) डीपीआईआईटी (अथवा उनके प्रतिनिधि)
- (v) डीपीआईआईटी के आंतरिक वित्त स्कंध के प्रतिनिधि- सदस्य
- (vi) विचाराधीन परियोजना से संबंधित संगत क्षेत्र के किसी अन्य सदस्य को मुख्य सचिव अथवा सचिव (उद्योग और वाणिज्य), केंद्र शासित प्रदेश जम्मू और कश्मीर प्रशासन द्वारा विशेष अतिथि के रूप में आमंत्रित किया जा सकता है।

(ख) शक्तियां व कार्य

- (i) स्कीम की निगरानी और समग्र कार्यान्वयन तथा पंजीकरण प्रदान करने और स्कीम के तहत दावों पर कार्यवाही और अनुमोदन में पारदर्शिता और कुशलता सुनिश्चित करने के लिए उचित जांच व संतुलन स्थापित करना।
- (ii) स्कीम का दुरुपयोग रोकने के लिए समिति उद्योग और वाणिज्य विभाग, केंद्र शासित प्रदेश जम्मू और कश्मीर के साथ मिलकर उचित जांच व संतुलन का होना सुनिश्चित करेगी।

9.3 इकाइयों को पंजीकरण प्रदान करने, दावों पर कार्यवाही करने तथा उन्हें स्वीकृति प्रदान करने की शक्तियों को और प्रत्यायोजित करने का ब्यौरा स्कीम के विस्तृत दिशानिर्देशों में निर्धारित किया जाएगा।

10. स्कीम के तहत प्रोत्साहन

पात्रता के अध्यधीन, स्कीम के तहत निम्नलिखित प्रोत्साहन प्रदान किए जाते हैं:

- (i) पूंजी निवेश प्रोत्साहन (सीआईआई)
- (ii) पूंजीगत ब्याज सहायता (सीआईएस)
- (iii) वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई)
- (iv) कार्यशील पूंजी ब्याज सहायता (डब्ल्यूसीआईएस)

10.1. पूंजी निवेश प्रोत्साहन (सीआईआई):

(क) पात्रता:

- (i) निम्नलिखित इकाइयां इस प्रोत्साहन के लिए पात्र होंगी

I. संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) अथवा भवन और अन्य सभी टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) में अधिकतम 50.00 (पचास) करोड़ रुपए का निवेश करने वाली जोन क और जोन ख, दोनों की नई इकाइयां यह प्रोत्साहन प्राप्त करने के लिए पात्र होंगी।

II. संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) अथवा भवन और अन्य सभी टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) में अधिकतम 50.00 (पचास) करोड़ रुपए का निवेश करने वाली जोन क और जोनख, दोनों की पर्याप्त विस्तार करने वाली मौजूदा इकाइयां इस प्रोत्साहन के तहत लाभ प्राप्त करने हेतु पात्र होंगी।

- (ii) खंड 6.8 (ग) में परंतुक के अध्यधीन, कोई भी इकाई केवल तभी इस प्रोत्साहन के लिए पात्र होगी जब वह नई संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) की संस्थापना अथवा नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) का निर्माण करती है, जहां खरीद निरपेक्ष बाजार मूल्य पर की गई हो।

- (iii) सेवा क्षेत्र की इकाई इस प्रोत्साहन के लिए तब पात्र होगी जब वह नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में कम से कम 1.00 करोड़ रुपए का निवेश करती है।
- (ख) केंद्र शासित प्रदेश जम्मू और कश्मीर में जोन क श्रेणी के ब्लॉक्स में स्थित सभी पात्र इकाइयों को संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन निर्माण और अन्य टिकाऊ भौतिक परिसम्पत्तियों की संस्थापना (सेवा क्षेत्र के लिए) के लिए 30 प्रतिशत की दर से पूंजी निवेश सहायता प्रदान की जाएगी जिसकी अधिकतम सीमा 5.00 करोड़ रुपए है।
- (ग) केंद्र शासित प्रदेश जम्मू और कश्मीर में जोन ख श्रेणी के ब्लॉक्स में स्थित सभी पात्र इकाइयों को संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन निर्माण और अन्य टिकाऊ भौतिक परिसम्पत्तियों की संस्थापना (सेवा क्षेत्र के लिए) के लिए 50 प्रतिशत की दर से पूंजी निवेश सहायता प्रदान की जाएगी जिसकी अधिकतम सीमा 7.50 करोड़ रुपए है।
- (घ) एक मौजूदा इकाई पर्याप्त विस्तार करने के लिए स्कीम की वैधता अवधि के दौरान केवल एक बार यह लाभ प्राप्त कर सकती है।
- (ङ) इस स्कीम के तहत पंजीकृत नई इकाई पर्याप्त विस्तार के अंतर्गत लाभ प्राप्त करने की पात्र नहीं होगी।
- (च) इस प्रोत्साहन को प्राप्त करने के लिए इकाई का भौतिक सत्यापन अनिवार्य है। हालांकि, विशेष परिस्थितियों में, औचित्य सहित केंद्र शासित प्रदेश की सिफारिश पर, संचालन समिति भौतिक सत्यापन की बजाय इलेक्ट्रॉनिक माध्यमों अथवा उचित माने गए अन्य तरीकों पर विचार कर सकती है।
- (छ) पंजीकरण और यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.2. पूंजीगत ब्याज सहायता (सीआईएस)

(क) पात्रता:

- (i) नई इकाइयां पात्र संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) और भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण में किए गए निवेश पर लिए गए ऋण के संबंध में इस प्रोत्साहन के लिए पात्र होंगी।
 - (ii) पर्याप्त विस्तार करने वाली मौजूदा इकाइयां भी खंड 10.2(क)(i) के अनुसार इस प्रोत्साहन के लिए पात्र होंगी।
 - (iii) पात्र संयंत्र एवं मशीनरी में निवेश के लिए 500 करोड़ रुपए तक की मूल राशि के ऋण पर ब्याज पूंजीगत ब्याज सहायता के लिए पात्र होगा। यदि ऋण की कुल मूल राशि 500 करोड़ रुपए से अधिक है (ऋण समग्र रूप से परिभाषित न कि प्रत्येक किस्त में आहरित राशि के अनुसार) तो 500 करोड़ रुपए से अधिक की ऋण राशि पर ब्याज पूंजीगत ब्याज सहायता हेतु पात्र नहीं होगा।
 - (iv) पूंजीगत ब्याज सहायता संवितरित राशि के लिए पात्र होगी और यह आवधिक ऋण के लिए स्वीकृत मूल राशि के लिए पात्र नहीं होगी।
 - (v) एक इकाई इस प्रोत्साहन के लिए तभी पात्र होगी जब वह नई संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) की संस्थापना करती है अथवा नए भवन या अन्य टिकाऊ भौतिक परिसम्पत्तियों का निर्माण (सेवा क्षेत्र के लिए) करती है, जहां खरीद निरपेक्ष बाजार मूल्य के आधार पर की गई हो।
 - (vi) नए भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों में न्यूनतम 1 करोड़ रुपए का निवेश करने वाली सेवा क्षेत्र की इकाई इस प्रोत्साहन के लिए पात्र होगी।
- (ख) सभी पात्र इकाइयां इस स्कीम के तहत पंजीकरण हेतु आवेदन की तारीख के बाद किसी भी तारीख से अधिकतम लगातार 7 वर्षों के लिए 6 प्रतिशत की वार्षिक ब्याज दर से पूंजीगत ब्याज सहायता प्राप्त कर सकती हैं। हालांकि, इस प्रोत्साहन के तहत पात्र राशि का संवितरण वाणिज्यिक उत्पादन आरंभ होने के बाद ही शुरू किया जाएगा।

- (ग) भविष्य में यदि ब्याज की वार्षिक दर 8 प्रतिशत से कम हो जाती है, तब भी पात्र इकाई 2 प्रतिशत की वार्षिक ब्याज दर से न्यूनतम ब्याज राशि का भुगतान करने के लिए बाध्य होगी। (उदाहरण: भविष्य में, एक बैंक द्वारा किसी पात्र इकाई के लिए वार्षिक ऋण दर घटकर 7 प्रतिशत रह जाती है तो ब्याज सहायता की राशि 5 प्रतिशत तक सीमित रहेगी, तथा वह इकाई 2 प्रतिशत ब्याज वहन करेगी।)
- (घ) यह प्रोत्साहन अनुसूचित वाणिज्यिक बैंक अथवा भारतीय रिजर्व बैंक द्वारा पंजीकृत वित्तीय संस्थाओं से लिए गए ऋण पर लागू होगा।
- (ङ) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.3. वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई)

- (क) पात्रता : संयंत्र एवं मशीनरी में निवेश (विनिर्माण क्षेत्र के लिए) और भवन तथा अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण के मूल्य को ध्यान में रखे बिना, इस स्कीम के तहत पंजीकृत तथा जीएसटी पंजीकरण वाली सभी नई इकाइयां इस प्रोत्साहन के तहत लाभ के लिए पात्र होंगी।
- (ख) इस घटक के तहत प्रोत्साहन की अधिकतम सीमा संयंत्र एवं मशीनरी (विनिर्माण क्षेत्र के लिए) में किए गए निवेश अथवा भवन और अन्य टिकाऊ भौतिक परिसम्पत्तियों (सेवा क्षेत्र के लिए) के निर्माण के पात्र मूल्य का 300 प्रतिशत होगी। विनिर्माण के लिए संयंत्र एवं मशीनरी अथवा सेवा क्षेत्र में भवन और टिकाऊ भौतिक परिसम्पत्तियों का मूल्य पूंजी निवेश प्रोत्साहन अथवा पूंजीगत ब्याज सहायता, जो भी लागू हो, के तहत निर्धारित पात्र मूल्य के अनुसार होगा।
- (ग) सभी पात्र इकाइयों को वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 10 वर्षों की अधिकतम अवधि अथवा स्कीम की वैधता तक, जो भी पहले हो, के लिए जीएसटी के सकल भुगतान यथा नकद अथवा इनपुट कर ऋण के जरिए भुगतान किए गए जीएसटी के 100 प्रतिशत के बराबर वस्तु और सेवा कर संबद्ध प्रोत्साहन (जीएसटीएलआई) प्रदान किया जाएगा। हालांकि, निर्यातित वस्तुओं और सेवाओं पर दिए गए जीएसटी को इस घटक के तहत पात्र प्रोत्साहन राशि के रूप में नहीं गिना जाएगा।
- (घ) एक वित्तीय वर्ष में दी गई प्रोत्साहन राशि इस घटक के तहत पात्र प्रोत्साहन की कुल राशि के दसवें हिस्से से अधिक नहीं होगी जो दावा अवधि के लिए दायर किए गए जीएसटी रिटर्न के अनुसार जीएसटी के पूरे भुगतान के अध्यधीन है।
- (ङ) प्रोत्साहन की मात्रा समान होगी चाहे फिर वह इकाई केंद्र शासित प्रदेश जम्मू और कश्मीर के जोन क में स्थित हो अथवा जोन ख में स्थित हो।
- (च) यदि किसी इकाई द्वारा एक वित्तीय वर्ष में भुगतान किया गया कुल जीएसटी पात्र प्रोत्साहन राशि के दसवें हिस्से से अधिक है, तो शेष राशि को अगले वित्तीय वर्ष (वर्षों) में ले जाया जा सकता है। इसके अलावा, इकाई पहले तीन वर्षों में पूरी पात्र प्रोत्साहन राशि का दावा करने में सक्षम नहीं है तो इसे अगले वर्षों में ले जाया जा सकता है। हालांकि, इसे 10 वर्षों की पात्रता अवधि अथवा स्कीम की वैधता अवधि, जो भी पहले हो, से आगे नहीं ले जाया जा सकता।
- (छ) इस प्रोत्साहन के तहत लाभ प्राप्त करने के लिए, इकाई को जीएसटी के लिए नई पंजीकरण संख्या प्राप्त करना अपेक्षित है। यदि आवेदक की एक अन्य इकाई केंद्र शासित प्रदेश जम्मू और कश्मीर में पंजीकृत है तो मौजूदा जीएसटी संख्या को उस नई इकाई के लिए इस्तेमाल नहीं किया जाएगा जो इस स्कीम के तहत पंजीकृत है। (उदाहरण: यदि मौजूदा इकाई 'क', 'ख' नाम से नई इकाई शुरू करती है तो इकाई 'क' की जीएसटी संख्या जीएसटीएलआई प्राप्त करने के लिए इकाई 'ख' पर लागू नहीं होगी। जीएसटीएलआई प्राप्त करने के लिए इकाई 'ख' को नई जीएसटी संख्या लेना आवश्यक होगा।)
- (ज) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

10.4. कार्यशील पूंजी ब्याज सहायता (डब्ल्यूसीआईएस)

- (क) पात्रता: इस स्कीम की अधिसूचना की तारीख से पहले केंद्र शासित प्रदेश जम्मू और कश्मीर में जीएसटी के तहत पंजीकृत की सभी मौजूदा इकाइयां इस प्रोत्साहन हेतु पात्र होंगी, जो पंजीकरण तथा दिशानिर्देशों में यथा निर्धारित अन्य शर्तों के अधीन हैं।
- (ख) केंद्र शासित प्रदेश जम्मू और कश्मीर के जोन क और जोन ख, दोनों में स्थित इकाइयां इस प्रोत्साहन के लिए पात्र हैं।
- (ग) सभी मौजूदा पात्र इकाइयां इस स्कीम के तहत पंजीकरण प्रदान करने की तारीख से अधिकतम लगातार 5 वर्षों के लिए कार्यशील पूंजी ऋण पर 5 प्रतिशत की दर से ब्याज सहायता प्राप्त कर सकती हैं। इस स्कीम घटक के तहत लाभ प्राप्त करने वाली मौजूदा इकाइयां पांच वर्ष की अवधि के लिए पात्र होंगी, चाहे वे पर्याप्त विस्तार ही क्यों न कर रही हों।
- (घ) यदि बैंक द्वारा वार्षिक ब्याज दर 6 प्रतिशत से नीचे चली जाती है, तब भी पात्र इकाइयों को न्यूनतम 1 प्रतिशत की दर से वार्षिक ब्याज का भुगतान करना होगा (उदाहरण: यदि किसी इकाई के लिए बैंक ब्याज दर 5 प्रतिशत हो जाती है तो ब्याज सहायता 4 प्रतिशत तक सीमित होगी तथा 1 प्रतिशत ब्याज इकाई द्वारा वहन किया जाएगा)।
- (ङ) विनिर्माण और सेवा क्षेत्र के लिए इस घटक के तहत अधिकतम लाभ 5 वर्षों में 1 करोड़ रुपए है। कार्यशील पूंजी ब्याज सहायता की पात्र राशि की गणना की पद्धति इसके तहत जारी विस्तृत दिशानिर्देशों में निर्धारित की जाएगी।
- (च) यह प्रोत्साहन प्राप्त करने की विस्तृत प्रक्रिया दिशानिर्देशों में निर्धारित की जाएगी।

11. पंजीकरण हेतु आवेदन, प्रोत्साहन के दावे, अनुमोदन और दावों के संवितरण की प्रक्रिया:

यह अलग से जारी किए जाने वाले दिशानिर्देशों में निर्धारित किए जाएंगे।

12. दावों से संबंधित कार्यवाही/ जांच:

- 12.1. स्कीम के तहत दायर किए गए दावों की डीपीआईआईटी द्वारा नियुक्त मान्यताप्राप्त स्वतंत्र लेखा परीक्षा एजेंसी द्वारा पूर्व-जांच की जाएगी।
- 12.2. जेकेडीएफसी प्रोत्साहनों के संवितरण से पहले 10 प्रतिशत दावों की पूर्व-जांच करेगा। डीपीआईआईटी के मुख्य लेखा नियंत्रक भी उच्च मूल्य वाले 20 प्रतिशत दावों (अर्थात् 5.00 करोड़ रुपए या उससे अधिक), प्रत्येक वित्तीय वर्ष में जारी 1 प्रतिशत कार्यशील पूंजी ब्याज सहायता दावों तथा 5 प्रतिशत अन्य दावों की पश्च लेखापरीक्षा करेगा।
- 12.3. भारत सरकार के सभी संबंधित मंत्रालयों/विभागों के लिए अपने संबंधित अधिनियमों/नियमों/अधिसूचनाओं आदि में संशोधन करना तथा इन निर्णयों को लागू करने के संबंध में आवश्यक निर्देश जारी करना अपेक्षित है।

13. केंद्र सरकार/केंद्र शासित प्रदेश जम्मू और कश्मीर की सरकार/वित्तीय संस्थाओं के अधिकार:

- 13.1. यदि इस स्कीम के तहत प्रोत्साहन प्राप्त करने वाली कोई इकाई वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 10 वर्ष की अवधि के भीतर उत्पादन/प्रचालन बंद कर देती है अथवा अपने स्थान में पूरी तरह अथवा इकाई के किसी हिस्से के स्थान में परिवर्तन करती है अथवा अपने कुल स्थिर पूंजी निवेश के बड़े हिस्से का निपटान कर देती है, तो वह इकाई उत्पादन/प्रचालन बंद करने अथवा स्थान में परिवर्तन करने की तारीख से किसी भी प्रोत्साहन का दावा करने के लिए पात्र नहीं होगी।

इसके अलावा, यदि कोई इकाई वाणिज्यिक उत्पादन/प्रचालन शुरू करने की तारीख से 5 वर्ष के भीतर उत्पादन/प्रचालन बंद कर देती है अथवा अपने स्थान में पूरी तरह अथवा इकाई के किसी हिस्से के स्थान में परिवर्तन करती है अथवा अपने कुल स्थिर पूंजी निवेश के बड़े हिस्से का निपटान कर देती है, तो ऐसी सभी इकाइयां प्राप्त किए गए सभी अनुदान अथवा प्रोत्साहन लौटाने के लिए बाध्य होंगी।

- 13.2. यदि यह प्रमाणित हो जाता है कि किसी इकाई ने जरूरी तथ्य की गलत व्याख्या करके/छुपाकर, गलत जानकारी देकर प्रोत्साहन प्राप्त किया है तो इकाई को 15 प्रतिशत प्रति वर्ष के ब्याज के साथ समस्त अनुदान अथवा प्रोत्साहन राशि लौटानी होगी तथा वह आपराधिक कार्यवाही के लिए भी जिम्मेदारी होगी।
- 13.3. निविष्टि आपूर्ति को छुपाने अथवा दावों के लिए तृतीय पक्षकार अथवा जम्मू और कश्मीर के बाहर के उत्पादन का सहारा लेने अथवा इसी प्रकार के अन्य गलत तरीकों को अपनाने वाली इकाई आगे के दावों को जप्त करने तथा पहले दिए गए सभी प्रोत्साहनों की 15 प्रतिशत प्रति वर्ष की ब्याज दर से वसूली के लिए जिम्मेदार होगी।
- 13.4. प्रोत्साहन (प्रोत्साहनों) को डिजिटल तरीके से जारी किया जाएगा तथा नोडल एजेंसी लाभार्थी इकाई के संबंध में डीबीटी मिशन द्वारा अपेक्षित सारी जानकारी एकत्र करेगी। नोडल एजेंसी इस संबंध में लाभार्थी इकाई के प्राधिकृत हस्ताक्षरकर्ता से हलफनामा सह क्षतिपूर्ति बॉन्ड लेगी।
- 13.5. नोडल एजेंसी अंतिम किस्त/पूरी राशि प्राप्त होने की तारीख से 3 महीनों के भीतर डीपीआईआईटी को संवितरण के संबंध में सामान्य वित्तीय नियमावली, 2017 के प्रपत्र 12(ग) में प्रोत्साहन का उपयोगिता प्रमाण-पत्र प्रस्तुत करेगी।
14. इकाई द्वारा प्रोत्साहन के भुगतान में देरी पर ब्याज का दावा नहीं किया जा सकता।

राजेन्द्र रत्नू, संयुक्त सचिव

अनुबंध-1

निषेध सूची:

निम्नलिखित उद्योग जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम के तहत लाभ हेतु पात्र नहीं होंगे:

- (i) केंद्रीय जीएसटी प्रशुल्क अधिनियम, 2017 के अध्याय 24 के तहत आने वाली वस्तुएं जो तंबाकू और तम्बाकू निर्मित वस्तुओं से संबंधित हैं।
- (ii) केंद्रीय जीएसटी प्रशुल्क अधिनियम, 2017 के अध्याय 24 के तहत शामिल पान मसाला।
- (iii) पर्यावरण और वन मंत्रालय की अधिसूचना संख्या का.आ.705 (अ) दिनांक 02.09.1999 और का.आ. 698 (अ) दिनांक 17.6.2003 और बाद के संशोधनों के द्वारा निर्धारित किए गए अनुसार 20 माइक्रॉन से कम की प्लास्टिक की थैलियां।
- (iv) केंद्रीय उत्पाद प्रशुल्क अधिनियम, 1985(1986 का 5) की प्रथम सूची के अध्याय-27 के अंतर्गत आने वाली पेट्रोलियम अथवा गैस रिफाइनरी द्वारा उत्पादित वस्तुएं
- (v) प्लांटेशन, रिफाइनरी तथा 10 मेगावॉट से ज्यादा की विद्युत उत्पादक इकाइयां
- (vi) कोक (केल्साइन्ड पेट्रोलियम कोक सहित), फ्लाई ऐश
- (vii) पर्यावरण मानकों का अनुपालन नहीं करने वाली अथवा पर्यावरण एवं वन तथा जलवायु परिवर्तन मंत्रालय अथवा राज्य पर्यावरण प्रभाव मूल्यांकन प्राधिकरण (एसईआईएए) से पर्यावरण संबंधी मंजूरी प्राप्त नहीं करने वाली अथवा संबंधित केंद्रीय प्रदूषण नियंत्रण बोर्ड/ राज्य प्रदूषण नियंत्रण बोर्ड से स्थापना तथा प्रचालन की अपेक्षित सहमति नहीं लेने वाली इकाइयां इस योजना के अंतर्गत प्रोत्साहन हेतु पात्र नहीं होंगी।
- (viii) वस्तुओं में कम मूल्य वर्धन क्रियाकलाप जैसे भंडारण के दौरान संरक्षण, सफाई, प्रचालन, पैकिंग, रि-पैकिंग अथवा रि-लेबलिंग, छंटनी, खुदरा बिक्री मूल्य का परिवर्तन, उच्च मूल्य पैकेजिंग तथा प्रसंस्करण को छोड़कर।
- (ix) गोल्ड तथा गोल्ड डोर।
- (x) राब।
- (xi) संगमरमर, ट्रेवर्टिन और ग्रेनाइट।
- (xii) रिवॉल्वर और पिस्टल।
- (xiii) सरकार द्वारा जब भी आवश्यकज्ञ समझा जाए, तब एक अलग अधिसूचना के माध्यम से निषेध-सूची में शामिल किया गया कोई उद्योग/क्रियाकलाप। यह ऐसी अधिसूचना की तारीख से प्रभावी होगा।

अनुबंध-II

निम्नलिखित सेवाएं जम्मू और कश्मीर के औद्योगिक विकास के लिए केंद्रीय क्षेत्र की नई स्कीम के तहत लाभ हेतु पात्र होंगी, जिनका ब्यौरा दिशानिर्देशों में दिया जाएगा:

सेवा क्षेत्र सकारात्मक सूची	
1	पर्यटन और हॉस्पिटैलिटी सेवाएं (स्वास्थ्य और स्वास्थ्य देखभाल पर्यटन सहित)
2	फिल्म पर्यटन को बढ़ावा देने वाली सेवाएं (फिल्म सिटी, स्टूडियो सहित)
3	रोप-वे, मनोरंजन पार्क और राइड्स
4	हैरिटेज प्रॉपर्टी रिस्टोरेशन सेवाएं
5	स्वास्थ्य देखभाल सेवाएं
6	आईटी और आईटीईएस सेवाएं
7	रखरखाव और रिपेयर सेवाएं
8	फ्रेट टर्मिनल, लॉजिस्टिक्स पार्क और भंडारण (कोल्ड स्टोरेज सेवाओं सहित)
9	परीक्षण, आरएंडडी, विश्लेषण और प्रमाणन सेवाएं
10	शैक्षणिक और कौशल विकास सेवाएं

MINISTRY OF COMMERCE AND INDUSTRY
(Department for Promotion of Industry and Internal Trade)

NOTIFICATION

New Delhi, the 19th February, 2021

F. No. 1(1)/2020-SSS.—The Government of India is pleased to announce New Central Sector Scheme for Industrial Development of Union Territory of Jammu & Kashmir.

- 1. Scheme Title:** This Scheme will be called New Central Sector Scheme for Industrial Development of Jammu & Kashmir.
- 2. Coverage:** The Scheme will cover the Union Territory of Jammu & Kashmir.
- 3. Commencement and Duration of the Scheme:** It will be effective from 01.04.2021 and will remain in force up to and inclusive of 31.03.2037.
- 4. Application period for registration:** Registration shall commence from 01.04.2021 and will continue till 30.09.2024, subject to the guidelines issued in this regard. Notwithstanding the aforementioned time period, if based upon the registrations already granted, the projected financial liability reaches 115 percent of the Approved Funds, registration process may be paused, either temporarily or permanently. However, registration process may be resumed depending on availability of Approved Funds.
 - 4.1.** Merely submitting application for registration will not entitle any applicant for registration under this scheme. Further details shall be provided in the guidelines of this scheme.
 - 4.2.** No unit will have the right to register under this scheme or claim the benefits unless it is specifically approved by the registering authority as laid out in the guidelines.
 - 4.3.** The registration will be granted by the registering authority as laid out in the guidelines, which will, inter-alia, consider the prima-facie eligibility of the unit, availability of Approved funds.

4.4. All units willing to avail incentive(s) under this scheme have to apply for registration through the online portal.

5. **Grant of registration:** All applications for registration shall be disposed of by 31.03.2025 unless otherwise extended.

6. Definitions:

6.1. **‘Approved Funds’** mean financial outlay allocated under each component of this scheme.

6.2. **‘Arm’s length price’** as defined under the provisions of Income Tax Act, 1961.

6.3. **‘Commencement of Commercial Production:** means starting of manufacturing of finished goods on commercial basis which is preceded by trial production and installation of complete plant and machinery for manufacturing of finished products in commercial quantity and all raw materials, consumables, etc. required for manufacture are available.

6.4. **‘Commencement of Commercial Operation:** means starting of operation/delivering of services on commercial basis.

6.5. **‘Existing Unit’** means a unit which has commenced commercial production/operation prior to 1.4.2021 and is registered under GST in the UT of Jammu & Kashmir.

6.6. **‘Finished Goods’** means the goods actually produced and supplied by an industrial unit and for which it is registered under the Scheme.

6.7. **‘Manufacturing unit’** means a unit which carries out processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturing unit” shall be construed accordingly.”

6.8. ‘New Unit’

(a) For manufacturing sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial production within 3 years from the date of grant of registration.

(b) For Service sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial operation within 3 years from the date of grant of registration.

(c) A new unit will be required to fulfill the following conditions:

(i) It is not formed by splitting up, or reconstruction of a business already in existence.

(ii) It is not formed by transfer to the new unit of plant or machinery previously used for any other purpose.

(iii) It has not relocated from elsewhere and/or is not an existing unit reopened under a new name and style.

Provided that heritage property not in use before 1.4.2021 is restored thereafter for commercial or hospitality or tourism services on commercial basis will also be considered as new unit as per eligibility conditions to be further elaborated in detailed guidelines.

6.9. **‘Plant and Machinery’** in case of Manufacturing units shall cover industrial plant and machinery as erected at site which are newly purchased from open market at an arm’s length price. It excludes relocated/recycled/refurbished plant and machinery.

6.10. **‘Building and other durable physical assets’** in case of Service sector units shall cover new building and other durable physical assets for a service sector unit where purchases have been made following an Arm’s length pricing

- 6.11. 'Raw material'** means materials or substances used by any unit, in the production or manufacturing of the finished goods.
- 6.12. 'Services'** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.
- 6.13. 'Service unit' means a unit providing "services".**
- 6.14. 'Substantial expansion'** means an additional investment of minimum twenty-five percent of the total amount of investment already made in an existing unit in plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).
- The additional investment should result in increase of production capacity/enhancement of Services or diversification and should not be a mere replacement of existing plant and machinery.
- 6.15. 'Unit'** means any industrial (manufacturing) entity or eligible service sector enterprise other than those run departmentally by Government, which is a registered business enterprise under Goods & Service Tax.
- 6.16. 'Working Capital'** is difference between Current Assets and Current Liabilities. It is the capital required for the smooth and uninterrupted functioning of the unit and is used to finance its day to day needs, such as buying raw materials.
- 6.17. Zone A and Zone B** for the purposes of this scheme shall mean areas as defined by Government of Jammu & Kashmir and as specified in the guidelines.

7. Eligibility for availing incentives:

- 7.1.** All units eligible under Manufacturing and eligible Service sector will be granted incentive(s) under this scheme as defined under respective incentives.
- 7.2.** The scheme shall not be applicable to the units which manufacture the products listed in the **negative list** at Annexure –I.
- 7.3.** Service sector units with a minimum investment of Rs.1 crore in building and other durable physical assets will be eligible for incentives under this scheme. The scheme shall be applicable only for services listed in **positive list** in Annexure-II which may be modified further by the Steering Committee.
- 7.4.** All eligible units have to commence commercial production/operation within 3 years from the date of grant of registration.
- 7.5.** Any investment made on or after 1.4.2019 by a unit in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for service sector) will be taken into consideration to decide the eligible value of investment as per the entitlement under Capital Investment Incentive, Capital Interest subvention and GST Linked Incentive of this scheme. However, the date of commencement of commercial production/ operation has to be on or after 1.4.2021. The eligibility for availing any incentive is subject to grant of registration under the scheme.
- 7.6. (a)** Cost of Plant and Machinery (in manufacturing sector) that is essential for manufacturing of finished goods but excludes cost of land, consumables, disposables or any other item charged to revenue.
- (b)** Cost of construction of Building and procurement of other durable physical assets for the service sector unit that are basic to the running of that particular unit in service sector

but excludes cost of land, consumables, disposables or any other item charged to revenue.

7.7. Units availing benefits under other schemes of the Government of India will not be eligible for similar incentives under this Scheme.

7.8. Subject to provisions of Clause 7.7, such units can avail other incentive(s) under the Scheme as per eligibility. Details regarding this shall be specified in the guidelines.

7.9. The beneficiary of this scheme has to furnish an undertaking to abide by the terms and conditions of the scheme.

7.10. Eligibility under this scheme will be subject to verification on investment (Core and Non-Core) in Plant and Machinery (in manufacturing sector) and cost of construction of building and other durable physical assets (in service sector). However, the incentive will be eligible only for core segment in both manufacturing and service sector. Details will be laid down in the guidelines.

7.11. Period for availing incentive(s):

All eligible units can avail specified incentive under this scheme up to a period as specified in the respective incentives.

8. Nodal agency

The Jammu & Kashmir Development Finance Corporation Ltd. (JKDFC) or any other agency authorized in this regard by Government of India will be the nodal agency for disbursement of incentives under various components of the scheme. Nodal agency will release incentive only through e-transfer to the designated bank accounts of eligible units.

9. Governance and Implementation Mechanism

9.1 The scheme will be implemented under the supervision of Government of India i.e. the Department for Promotion of Industry & Internal Trade (DPIIT). However, the registration process as well as processing of claims under different incentive components is delegated to the UT of Jammu & Kashmir. Details will be given in the guidelines for implementation of the scheme.

9.2 Committees constituted for governance and implementation of this scheme along with their Power and function are as under:

9.2.1 The Apex Committee

(a) Constitution

- (i) Union Home Minister as Chairperson
- (ii) Union Commerce and Industry Minister
- (iii) Lt. Governor of UT of J&K

(b) Powers and functions

- (i) Decide upon any modification in the scheme within its overall financial outlay which have not been specifically delegated under the power and function of other Committees.
- (ii) Approve any deletion in the negative list

9.2.2 The Steering Committee

(a) Constitution

- (i) Secretary, DPIIT as Chairperson
- (ii) Secretary/ Additional Secretary, Ministry of Home Affairs

- (iii) Secretary, Ministry of Environment, Forest and Climate Change
- (iv) Secretary, Ministry of MSME
- (v) Representative, NITI Aayog
- (vi) Additional Secretary and Financial Advisor (AS&FA), DPIIT
- (vii) Chief Secretary, Government of Jammu & Kashmir
- (viii) Joint Secretary, DPIIT in charge of J&K Schemes (Member Secretary)

(b) Powers and functions

- (i) Monitor the smooth implementation and issue detailed guidelines for execution including the different levels of delegation for registration and sanction of claims under the overall supervision of UT level committee.
- (ii) Decide on matters relating to registration, commencement of production/operation, including extension of the dates.
- (iii) Decide on the proposals for implementation, monitoring and IT support as per needs and contingencies under the administrative cost component including establishing of Project Management Unit at the level of DPIIT and Project Implementation Unit at the UT level.
- (iv) Utilize the services of Central Board of Indirect Tax and Customs (CBIC) and Central Board of Direct Taxes (CBDT) and to periodically invite appropriate officers like jurisdictional Chief Commissioners of GST, Income Tax and Commissioner of UT GST as Special Invitees, for seeking their inputs with particular emphasis on preventing fraudulent or non-genuine claims.
- (v) Get random/surprise inspections done to prevent misuse of the scheme through engagement of an independent third party or empanelment of qualified personnel for verification.
- (vi) Issue detailed guidelines on eligibility under service sector in consultation with the UT administration.
- (vii) Amend the categorization of blocks into Zone A and Zone B. However, this amendment in categorization shall be in alignment with the categorization of Blocks by the UT of Jammu & Kashmir
- (viii) Review and make additions to the negative list for goods and any changes to the positive list for services.

9.2.3 The Union Territory Level Committee

(a) Constitution

- (i) Chief Secretary, UT of Jammu & Kashmir as Chairperson
- (ii) Secretary of Finance, UT of Jammu & Kashmir
- (iii) Secretary of Industry & Commerce, UT of Jammu & Kashmir (Member Secretary)
- (iv) Joint Secretary (JS) DPIIT (or his representative)
- (v) Representative of Internal Finance Wing of DPIIT as member
- (vi) Any other member(s) representing the relevant sectors related to the projects under consideration may be nominated by the Chief Secretary or Secretary (Industry & Commerce) to the administration in UT of J&K as Special Invitees

(b) Powers and functions

- (iii) Monitor the overall implementation of the Scheme and put in place proper checks and balances for ensuring transparency and efficiency in grant of registration, processing and approval of claims under the Scheme.
- (iv) The Committee in coordination with the Department of Industries and Commerce, UT of Jammu and Kashmir shall ensure that proper checks and balances are in place to avoid misuse of the Scheme.

9.3 Details of further delegation of powers for granting registration of units, processing and sanction of claims will be prescribed in the detailed guidelines of the scheme.

10. Incentives under the Scheme

Subject to eligibility, the following incentives are provided under this scheme.

- (i) Capital Investment Incentive (CII).
- (ii) Capital Interest Subvention (CIS).
- (iii) Goods & Services Tax Linked Incentive (GSTLI).
- (iv) Working Capital Interest Subvention (WCIS).

10.1. Capital Investment Incentive(CII):**(a) Eligibility:**

- (i) The following units will be eligible to avail this incentive
 - a. New units with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail this incentive in both Zone A and Zone B.
 - b. Existing units undertaking substantial expansion with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail benefit under this incentive in both Zone A and Zone B.
 - (ii) Subject to proviso in Clause 6.8(c), a unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and other durable physical assets (for service sector), where purchases have been made based on Arm's Length Pricing,.
 - (iii) A service sector unit will be eligible for this incentive only if it makes investment of not less than Rs. 1.00 crore in new building and other durable physical assets
- (b) All eligible units located in Zone A category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @30% of the investment made in plant and machinery (for manufacturing sector), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs. 5.00 crore.
 - (c) All eligible units located in Zone B category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @50% of the investment made in plant and machinery(for manufacturing), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs.7.50 crore.
 - (d) An existing unit can avail this benefit for substantial expansion only once during the validity period of the scheme.

- (e) A new unit registered under the scheme will not be eligible to avail the benefit under substantial expansion.
- (f) Physical verification of the units is mandatory before availing this incentive. However under special circumstances, on recommendations by UT, with due justification, Steering Committee may consider electronic modes, or any other method as deemed appropriate in lieu of physical verification.
- (g) Detailed procedure for registration and availing this incentive shall be laid down in the guidelines.

10.2. Capital Interest Subvention (CIS)

(a) Eligibility:

- (i) New units will be eligible for this incentive on the loan availed on investment made in eligible plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).
 - (ii) Existing units undertaking substantial expansion will also be eligible for the incentive as per clause 10.2(a)(i).
 - (iii) Interest on loan up to the principal amount of Rs. 500 crore for investment in eligible plant and machinery shall be eligible for Capital Interest subvention. If the total principal amount of loan (loan being defined as a whole and not as per draw-down amount in each tranche) is more than Rupees 500 crore, then interest on the loan amount exceeding Rs. 500 crore would **not be** eligible for Capital Interest Subvention.
 - (iv) The Capital Interest Subvention would be eligible on amount disbursed and not on the principal amount sanctioned for the term loan.
 - (v) A unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and installs other new durable physical assets (for service sector) where purchases have been made based on Arm's Length Pricing.
 - (vi) A service sector unit with an investment of not less than Rs. 1 crore in new building and other new durable physical assets will be eligible for this incentive.
- (b) All eligible units can avail Capital Interest Subvention at the annual rate of interest of 6% for a maximum of 7 consecutive years from any date after the date of application for registration under this scheme. However, disbursement of eligible amount under this incentive shall begin only after commencement of commercial production.
- (c) In future, if the annual rate of interest falls below 8%, an eligible unit will still be liable to pay a minimum amount of interest at the annual rate of interest of 2%. (Illustration: In future, in case the annual lending rate by a bank for an eligible unit falls to 7%, the amount of interest subvention will be limited to 5%, and the unit will bear 2% interest burden).
- (d) This incentive is applicable on the loans availed from a Scheduled Commercial Banks or Financial Institutions registered by Reserve Bank of India.
- (e) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.3. Goods & Services Tax Linked Incentive (GSTLI)

- (a) **Eligibility:** New units registered under the scheme irrespective of the value of investment in plant and machinery (for manufacturing sector) and construction of building and other durable physical assets (for service sector) and having a GST registration will be eligible for benefit under this incentive.

- (b) Upper limit of incentive under this component shall be 300% of the eligible value of investment made in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for services sector). The value of Plant and Machinery for manufacturing or building and durable physical assets in Services sector units will be as per the eligible value determined under Capital Investment Incentive or Capital Interest Subvention, whichever is applicable.
- (c) All eligible units will be granted Goods & Services Tax Linked Incentive (GSTLI) equal to 100% of Gross payment of GST, i.e. GST paid through cash and input tax credit for a maximum period of 10 years from the date of commencement of commercial production/operation or till the validity of the scheme whichever is earlier. However GST paid on exported goods or services will not be counted towards eligible incentive amount under this component.
- (d) The amount of incentive paid in a financial year will not exceed one-tenth of the total amount of eligible incentive under this component subject to full payment of GST as per GST return filed for the claim period.
- (e) The quantum of incentive will be the same irrespective of the fact whether the unit is located in Zone A or Zone B in the UT of Jammu & Kashmir.
- (f) In case gross GST paid by any unit in a financial year is more than one-tenth of the total amount of eligible incentive, the balance can be carried forward to the subsequent financial year(s). Further, in case the unit is not able to claim full eligible amount of incentives in the first 3 year, the same can be carried forward to subsequent years. However, this will not be carried forward beyond the eligible period of 10 years or beyond the validity of scheme, whichever is earlier.
- (g) In order to avail benefit under this incentive, a unit will be required to have a new registration number for GST. If an applicant has another unit registered within the UT of Jammu & Kashmir, existing GST number shall not be used for the new unit which has been registered under this scheme. (Illustration: If an existing unit 'A' starts another unit with name 'B' then GST number of unit 'A' will not be applicable for availing GSTLI for unit 'B'. A new GST number will be required by unit 'B' to avail GSTLI.)
- (h) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.4. Working Capital Interest Subvention(WCIS)

- (a) **Eligibility:** All existing units in the UT of Jammu & Kashmir registered under GST prior to the date of notification of this scheme will be eligible for this incentive, subject to the registration and other conditions as detailed in the guidelines.
- (b) Units located both in Zone A and Zone B in the UT of Jammu & Kashmir are eligible for this incentive
- (c) All existing eligible units can avail interest subvention @ 5% on working capital loan for a maximum of 5 consecutive years from the date of grant of registration under this scheme. Existing eligible units availing benefits under this component will be eligible for five years period, even when they are undertaking substantial expansion.
- (d) In case, if the annual rate of interest charged by a bank falls below 6%, a minimum amount @1% per annum of interest will still have to be paid by the eligible units (Illustration: If in future, bank rate of interest for a unit becomes 5%, the interest subvention will be limited to 4% and the unit will bear the burden of 1% interest).
- (e) The maximum benefit under this component for manufacturing as well as service sector units is Rs. 1 crore in 5 years. The methodology for calculation of the eligible amount of working capital interest subvention will be prescribed in the detailed guidelines issued there under.

(f) Detailed procedure for availing this incentive shall be laid down in the guidelines.

11. Process of application for registration, claiming incentives, approval and disbursal of claims:

These shall be prescribed in the detailed guidelines to be issued separately.

12. Processing/ scrutiny of claims:

- 12.1.** Claims filed under the scheme will be pre-scrutinized by recognized independent audit agency to be appointed by DPIIT.
- 12.2.** JKDFC will undertake pre-scrutiny of 10% claims before disbursement of incentives. The Chief Controller of Accounts of DPIIT will also conduct post-audit of 20% of high value claims (i.e. Rs. 5.00 crore and above), 1% of Working Capital Interest Subvention claims released in each financial year and 5% of other claims.
- 12.3.** All concerned Ministries/departments of Government of India are required to amend their respective Acts/Rules/Notification etc. and issue necessary instructions for giving effect to these decisions.

13. Rights of the Central/Union Territory(UT) Government of J&K /Financial Institutions:

- 13.1.** In case any unit availing incentives under this scheme goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 10 years after the date of commencement of production/ operation, then the unit will not be eligible to claim any incentive with effect from the date it goes out of production/ operation or changes its location.

Further, all such units will be liable to refund the entire grant or incentive availed if it goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 5 years after the date of commencement of production/ operation.

- 13.2.** If it is established that a unit has obtained incentive(s) by misrepresenting/suppressing an essential fact, furnishing of false information the unit has to refund the entire grant or incentive availed with interest of 15% per annum and will also be liable for criminal proceedings.
- 13.3.** Concealment of input supplies or routing of third party or non-Jammu & Kashmir production for claims or malpractices of similar kinds will render unit liable for forfeiture of further claims and recovery of all previous incentive(s) paid with interest @15% per annum.
- 13.4.** The incentive(s) will be released through digital payment and Nodal agency will collect all information required by the DBT Mission in respect of beneficiary units. Nodal agency shall take an affidavit cum indemnity bond in this regard from the authorized signatory of the beneficiary unit.
- 13.5.** The Nodal agency shall furnish Certificate of Utilization of the incentive(s) in Form 12(C) of General Financial Rules, 2017 in respect of disbursements to the DPIIT within a period of 3 months from the date of receipt of the last installment/full amount.

- 14.** No interest on account of delay in payment of incentive can be claimed by the unit

RAJENDRA RATNOO, Jt. Secy.

ANNEXURE-I**Negative List:**

The following industries will not be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir :

- (i) All goods falling under Chapter 24 of the Central GST Tariff Act, 2017 which pertains to tobacco and manufactured tobacco substitutes.
- (ii) Pan Masala as covered under Chapter 24 of the Central GST Tariff Act, 2017.
- (iii) Plastic carry bags of less than 20 micron as specified by Ministry of Environment and Forests Notification No. S.O. 705(E) dated 02.09.1999 and S.O. 698(E) dated 17.6.2003 and any subsequent amendments.
- (iv) Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.
- (v) Plantation, Refineries and Power generating Units above 10 MW.
- (vi) Coke (including Calcined Petroleum Coke), Fly Ash.
- (vii) Units not complying with environment standards or not having applicable Environmental Clearance from M/o Environment & Forests and Climate Change or State Environmental Impact Assessments Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board/State Pollution Control Board also will not be eligible for incentive under the scheme.
- (viii) Low value addition activities in goods such as preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price etc. take place excluding high value packaging and processing.
- (ix) Gold and gold dore.
- (x) Molasses
- (xi) Marble, Travertine & Granite.
- (xii) Revolvers and pistols.
- (xiii) Any other industry/activity placed in negative list through a separate notification as and when considered necessary by the Government. It will be effective from the date of such notification.

Annexure-II

The following services, details of which will be given in guidelines, will be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir:

Service Sector Positive List	
1	Tourism & Hospitality Services (including health & wellness tourism)
2	Services promoting Film Tourism (including film cities, studios)
3	Ropeways, Entertainment Parks and Rides
4	Heritage Property Restoration Services

5	Healthcare Services
6	IT & ITeS Services
7	Maintenance and Repair Services
8	Freight Terminals, Logistics Parks & Warehousing (including Cold Store Services)
9	Testing, R&D, Analysis & Certification services
10	Educational & Skill Development Services

1(1)/2020-SSS
Government of India
Ministry of Commerce & Industry
Department for Promotion of Industry & Internal Trade
(Special Scheme Section)

Udyog Bhawan, New Delhi
Dated: 01st April, 2021

To

Principal Secretary (I&C)
Govt. of Jammu & Kashmir,
Civil Secretariat,
Jammu-180004 (J&K.)

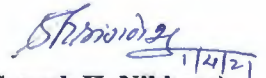
Subject: General Operational Guidelines for Registration of Units under New Central Sector Scheme for Industrial Development of Jammu & Kashmir- regarding.

Sir,

I am directed to forward herewith General Operational Guidelines for Registration of Units under New Central Sector Scheme for Industrial Development of Jammu & Kashmir.

2. It is requested that the Guidelines may be uploaded on website of the UT Govt. of J&K along with wide circulation in the public domain.
3. The Home Page of the Scheme Portal is expected to be hosted in the today evening, however Login and submitting application on the portal shall be available within couple of days.
4. This issues with the approval of Secretary, DPIIT (Chairman, Steering Committee).

Yours faithfully



(Ganesh H. Nikhare)

Under Secretary to Govt of India

Tel No. 23062823

Email: ganesh.nikhare19@gov.in

Copy to:

1. **Director of Industries (Jammu)**, Directorate of Industries & Commerce, 1st Floor, Udyog Bhawan, Rail Head Complex, Jammu-180012.
2. **Director of Industries (Kashmir)**, Directorate of Industries & Commerce, Sanat Ghar, Bemina Srinagar-190014.
3. **General Manager**, JKDFC, Ground floor, Udyog Bhawan, Jammu (J&K)-180004.
4. NIC, DPIIT with the request to upload it on the portal of the scheme (jknis.dipp.gov.in) and DPIIT website.

**GENERAL OPERATATION GUIDELINES FOR REGISTRATION OF UNITS UNDER
NEW CENTRAL SECTOR SCHEME FOR INDUSTRIAL DEVELOPMENT OF
JAMMU & KASHMIR**

These guidelines are issued and should be read with the notification issued vide F.No.1(1)2020-SSS dated 19.02.2021 for Central Sector Scheme for Industrial Development of Jammu & Kashmir.

- 1- Registration under the Scheme shall commence from 01.04.2021 and will continue till 30.09.2024.
- 2- All application for registration shall be disposed of by 31.03.2025 unless otherwise extended.
- 3- The applicant unit willing to avail incentive(s) under the scheme has to apply for registration through online portal jkns.dipp.gov.in in the forms enclosed at **Annexure I** along with the following documents :
 - (i) Detailed project Report as per the **Annexure II**
 - (ii) Land documents (Revenue paper regarding owner ship/rent deed duly registered by the registering authority/lease deed in case of Govt. land)
 - (iii) Bank loan sanction letter.
 - (iv) Appraisal Report from the bank/financial institution showing the appraised cost of building, plant and machinery, miscellaneous fixed assets etc.
 - (v) Appraisal Report from Jammu & Kashmir Development Finance Corporation Limited(JKDFC) in case of self-financed units.
 - (vi) Certificate from CA for fixed assets of the unit regarding investment already made in the project in case of units which are under implementation or have to commence commercial production/operation.
 - (vii) Consent/NOC from State Pollution Control Board to establish and manufacture the finished product(s) or run unit.
 - (viii) Certificate of mandatory/obligatory registration/approval from concerned department as applicable.
 - (ix) Copy of Incorporation Certificate in respect of firm and unit.
 - (x) Certificate from CA stating detail of all the owner(s)/director(s)/partner(s)
 - (xi) Copy of PAN.
 - (xii) Copy of GSTIN certificate.
 - (xiii) Copy of last GST return filed as applicable.
 - (xiv) Udyam Registration/EM II
- 4- Merely submitting application for registration will not entitle any applicant for registration under the scheme. The following shall be taken into consideration for granting registration to the unit under the scheme:
 - (i) Application submitted through on-line portal with all the details required therein along with all the documents with their correctness.



- (ii) Detailed Project Report, Bank Appraisal Report.
- (iii) Eligibility of unit as per the provision contained in the notification dated 19.2.2021 of the scheme.
- (iv) Fixed Financial Assets, availability of land, required power connection, adequate required infrastructure to run the unit, source of finance, employment generation potential and sustainability to run unit.
- (v) Submission of required documents from the authorized authority to run the unit.
- (vi) Unit should not be blacklisted by any authority under the law or bankrupt or declared NPA.
- (vii) Any other information/documents required by the registering authority.

5- No unit will have the right to register under this scheme or claim the benefits unless it is specifically approved by the registering authority. The following committees are designated for approval of grant of registration of the unit under the scheme:

A. Secretary Level Committee (For Investment in P&M/Building & other durable physical Assets up to Rs. 500 Cr.)

S. No.	Designation	Role
1.	Administrative Secretary to the Government, I&C Department, J&K	Chairman
2.	Director I&C, Jammu	Member Secretary (Jammu)
3.	Director I&C, Kashmir	Member Secretary (Kashmir)
4.	Managing Director, JKDFC	Member
5.	Director Planning, I&C Department	Member
6.	Director Finance, I&C Department	Member
7.	Representative from the concerned Administrative Department not below the rank of Addl. Secretary (in case of Service Sector Units)	Member

B. Chief Secretary Level Committee (For Investment in P&M/Building & other durable physical Assets more than Rs. 500 Cr.)

S. No.	Designation	Role
1.	Chief Secretary, J&K	Chairman
2.	Administrative Secretary to the Government, I&C Department, J&K	Member Secretary
3.	Administrative secretary of Concerned Department (in case of Service Sector Unit)	Member
4.	Director I&C, Jammu	Member
5.	Director I&C, Kashmir	Member
6.	Managing Director JKDFC	Member

6- Heritage property not in use before 1.04.2021 is restored thereafter for commercial or hospitality or tourism services on commercial basis will also be considered as new unit as per the following eligibility conditions:

i. Heritage property under the scheme shall include those recognized/defined as under:

- a. Monuments notified under ASI
- b. Monuments notified by the State Government under Ancient Monuments Preservation (Amendment) Act, 2010.
- c. Heritage sites notified under The Jammu & Kashmir Heritage Conservation and Preservation Act, 2010.
- d. Heritage Monuments listed by recognized Agencies such as UNESCO, INTACH (Indian National Trust for Art and Cultural Heritage) etc.

ii. Its restoration/conservation/preservation should have been done on the basis of a conservation plan prepared/vetted by INTACH, J&K or a qualified conservation body duly notified by the UT.

7- **Zone A and Zone B** for the purpose of this scheme as defined by UT Govt. of J&K shall be as per **Annexure III**.

8- (i) If any unit is availing or has availed any incentive envisaged in this scheme, from other scheme(s) of Government of India, it will not be eligible for those incentives under this scheme. However, it will be eligible for other incentive(s) under this scheme.

(ii) If any unit applied for similar incentive from other scheme(s) of Government of India, it has to opt to receive such incentive only from any one of the schemes.

9- Details of core and non-core segment in Plant & Machinery for manufacture and construction of building and other durable physical assets in service sector is enclosed at **Annexure IV**

10- Eligible building and physical durable assets of service sector under the scheme shall be as per **Annexure V**

11- The details of application and documents uploaded for registration shall be verified after site visit of the unit (Premises) and examination of the documents by the concerned DIC. After checking the eligibility of the applicant unit as per the scheme notification dated 19.02.2021, the General Manager, DIC (concerned) shall recommend the application for registration to Directorate of Industries & Commerce (concerned) along with the online certificate that the unit does not fall in negative list in case of Manufacturing units and service activity falls in positive list in case of Service Sector Unit as defined in notification no. F. No. 1(1)/2020-SSS dated 19th February 2021 and the unit fulfils all criteria as per the scheme notification. The applications received on the portal at



Directorate Level recommended by General Manager, DIC (concerned) shall be placed before the designated committees for approval of grant of registration.

- 12- The beneficiary of this scheme has to furnish an undertaking to abide by the terms and conditions of the scheme.



Annexure-I

1) Organization's Detail

Organization's Detail		
* Legal Name of Business	* Constitution Type	* No of Owners
<input type="text"/>	Proprietorship	<input type="text"/>
CIN No	* PAN No	* GST No
<input type="text"/>	<input type="text"/>	<input type="text"/>
LLPIN No		* GST Registration Date
<input type="text"/>		<input type="text"/>
Registration No		
<input type="text"/>		

2) Owner(s)/Partner(s)/Director(s) Detail

Owner(s)/ Partner(s)/ Director (s) Detail					
Please enter detail of all the owners					
Add Column					
Name	DIN/DPIN No	Address	E-Mail	Mobile Number	PAN No.
<input type="text"/>	<input type="text"/>	<input type="text"/>	ex: myname@example.com	<input type="text"/>	<input type="text"/>

3) Detail of Unit against which application is to be submitted

Unit Detail		
* U Unit Name	* Type of Establishment	* Sector
<input type="text"/>	New Unit	Manufacturing
* State	* District	Block
<input type="text"/>	<input type="text"/>	<input type="text"/>
Zone	* Udyam IEM No	This portion shall remain blank in Application form
<input type="text"/>	<input type="text"/>	This portion shall remain blank in Application form
Banking Detail		
* Bank/ RBI Registered lending Organization Name	This portion shall remain blank in Application form	
State Bank of India	* Bank Account Number	* Bank IFSC Code
<input type="text"/>	<input type="text"/>	<input type="text"/>
* Please mention Lending organization's name		
<input type="text"/>		

4) Confirmation for availing Incentives from other schemes of Govt of India

Incentives from Other Schemes of Government of India			
* Is this unit already getting benefit under other similar schemes of Government of India			
Yes No			
Detail of such schemes			
Add Column			
Name of Scheme	Status of Benefit under the Scheme	Name of the Incentive	Owner Ministry/ Department of the Scheme
<input type="text"/>	Availing	<input type="text"/>	<input type="text"/>
	Applied		

5) Additional Detail of Unit based on selection of **Type of Establishment** and **Sector** above. Only relevant options from option a to f will be visible.

5.a) For Existing Manufacturing Unit

Detail to be entered for the existing manufacturing unit

Date of commencement of commercial production GST No

Power requirement to run the existing unit (KW) GST Registration Date

Please detail of all the finished product(s)

Add Column

Finished Product(s)	Annual Production (MT)	Production Value in Rs
<input type="text"/>	<input type="text"/>	<input type="text"/>

5.b) For Existing Service Unit

Detail to be entered for the existing Service Unit

Date of commencement of commercial operation GST No

Power Requirement to run the existing unit (KW) GST Registration Date

Service Category

Add Column

Service Name	Annual Value of Service (Rs)
Tourism & Hospitality Ser	<input type="text"/>

5.c) Existing Manufacturing Unit for Substantial Expansion

For existing manufacturing unit for substantial expansion

Date of commencement of commercial production in the existing unit GST No

Expected Date of commencement of commercial production in the expanded part GST Registration Date

Existing Power Load (KW)

Additional Power Load Required for Expansion (KW)

Finished Product(s)

Add Column

Name of Product	Existing Annual Production (MT)	Value of Existing Produce in Rs	Proposed Additional Annual Production (MT)	Value of Additional Produce (Rs)
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

5.d) Existing Service Unit for Substantial Expansion

Existing Service Units for Substantial Expansion

Date of commencement of commercial operation in the existing unit GST No.

Expected date for commencement of commercial operation in the expanded part GST registration date

Existing Power Load (KW) Additional Power Load Required for expansion (KW)

Service Category

Add Column

Name of Service Rendered Existing Annual Value of Service Rendered (Rs) Proposed Annual Value of Service to be Rendered (Rs)

Tourism & Hospitality Ser

5.e) New Manufacturing Unit

New Manufacturing Unit

GST No. Expected date for commencement of commercial production

GST registration/expected registration date Power Requirement in KW

Finished Product(s)

Add Column

Product name Annual production (MT) Value of produce (Rs)

5.f) New Service Unit

New Service Unit

Expected date for commencement of commercial operation GST No.

Proposed Requirement of Power in KW GST registration/expected registration date

Service Category

Add Column

Service name Annual Value of Service (Rs)

Tourism & Hospitality Ser



6) Detail of fixed capital Investment based on applicability

Detail of Fixed Capital Investment Proposed - Manufacturing Unit			
Investment Detail			
Fixed Capital Investment Particular	Actual /Existing investment before expansion (Rs)	Proposed investment for new expansion (Rs)	Actual investment already made since 01.04.2018 (for project under implementation)
Land and site development			
Civil Construction (Factory building)			
Civil Construction (Office building)			
Plant, machinery/components/ items			
Electrical Installation (for plant operation)			
Preliminary & Pre-operative expenses			
Miscellaneous fixed assets			
Total			

Detail of Fixed Capital Investment Proposed - Manufacturing Unit			
Investment Detail			
Fixed Capital Investment Particular	Actual /Existing investment before expansion (Rs)	Proposed investment for new expansion (Rs)	Actual investment already made since 01.04.2018 (for project under implementation)
Land and site development			
Civil Construction (Factory building)			
Civil Construction (Office building)			
Plant, machinery/components/ items			
Electrical Installation (for plant operation)			
Preliminary & Pre-operative expenses			
Miscellaneous fixed assets			
Total			

7) Source of Finance and Employment Generation Detail based on Applicability based on applicability

Source of Finance			
Particulars	Actual /Existing investment before expansion (Rs)	Proposed investment for new expansion (Rs)	Actual investment already made since 01.04.2018 (for project under implementation)
Promoter's contribution			
Equity			
Term loan from financial institutions			
Un secured loan			
Internal resources			
Any source (pls specify)			
Total			

Employment generation detail in the proposed unit		
Type of employment	No. of employees	Annual salary
Skilled employees		
Semi skilled employees		
Un skilled employees		
Total		

8) Scheme Eligibility based on data entered above and further detail required for relevant schemes to be entered

Scheme Detail	
Please select the schemes for which you want to apply:	
<input type="checkbox"/> Capital Investment Incentive (CII) <input type="checkbox"/> Capital Interest Subvention (CIS) <input type="checkbox"/> Goods & Services Tax Linked Incentive (GSTLI) <input type="checkbox"/> Working Capital Interest Subvention (WCIS)	
Detail for availing benefits under Working Capital Interest Scheme	
Sanctioned working capital loan amount	<input type="text"/>
Date of loan sanction	<input type="text"/>
Disbursed working capital loan amount	<input type="text"/>
Date of loan disbursement	<input type="text"/>
Applicable interest rate in %	<input type="text"/>
Total Working Capital loan availed last year	<input type="text"/>
Total interest paid last year against the Working Capital loan	<input type="text"/>
Name of lending bank/ registered RRI organization	<input type="text"/>
Address Line 1	<input type="text"/>
Address Line 2	<input type="text"/>
Address Line 3	<input type="text"/>
Country	<input type="text" value="Please Select"/>
State	<input type="text" value="Please Select"/>
District	<input type="text" value="Please Select"/>
Postal / Zip Code	<input type="text"/>
Detail for availing benefits under Capital Investment Incentive Scheme for New Manufacturing Unit	
Proposed investment for procurement of new plant & machinery items	<input type="text"/>
Actual investment made since 01.04.2019 for procurement of new plant & machinery items	<input type="text"/>
Detail for availing benefits under Capital Investment Incentive Scheme for Manufacturing Units going for expansion	
Investment made in procurement of plant & machinery items for the existing unit	<input type="text"/>
Proposed investment for procurement of new plant & machinery items for expansion of existing unit	<input type="text"/>
Actual investment made since 01.04.2019 for procurement of new plant & machinery items for expansion of existing unit	<input type="text"/>
Detail for availing benefits under Capital Investment Incentive Scheme for New Service Units	
Proposed investment for construction of new building	<input type="text"/>
Proposed investment for procurement of new durable physical assets	<input type="text"/>
Proposed investment for installation of newly procured durable assets	<input type="text"/>
Actual investment made since 01.04.2019 for construction of building	<input type="text"/>
Actual investment made since 01.04.2019 for procurement of new durable physical assets	<input type="text"/>
Actual investment made since 01.04.2019 for installation of durable physical assets (procured since 01.04.2019)	<input type="text"/>
Detail for availing benefits under Capital Investment Incentive Scheme for Existing Service Units going for expansion	
Investment made for construction of building, procurement & installation of durable physical assets in the existing unit	<input type="text"/>
Proposed investment for construction of new building for expansion	<input type="text"/>
Proposed investment for procurement of new durable physical assets	<input type="text"/>
Proposed investment for installation of newly procured durable physical assets	<input type="text"/>
Actual investment made since 01.04.2019 for construction of new building for expansion	<input type="text"/>
Actual investment since 01.04.2019 for procurement of new durable physical assets for expansion	<input type="text"/>
Actual investment made since 01.04.2019 for installation of durable physical assets procured since 01.04.2019 for expansion	<input type="text"/>

Detail for availing benefits under Capital Interest Subvention Scheme - New Manufacturing Unit

Actual investment made since 01.04.2019 for procurement of new plant & machinery items

Principal loan amount sanctioned

Date of sanction

Principal loan amount disbursed since 01.04.2019

Date of last disbursement

Loan amount used for procurement of new plant and machinery since 01.04.2019

Applicable Interest Rate

Residual loan tenure in years

Total estimated interest amount (Residual loan tenure or 7 years whichever is less)

Name of lending bank/other registered institution

Address Line 1

Address Line 2

Address Line 3

Country

State

District

Postal / Zip Code

Detail for availing benefits under Capital Interest Subvention Scheme - Manufacturing Unit for Expansion

Principal loan amount sanctioned

Date of sanction

Principal loan amount disbursed since 01.04.2019

Date of disbursement

Loan amount used for procurement of new plant and machinery since 01.04.2019

Applicable Interest Rate

Residual loan tenure in years

Total estimated interest amount (Residual loan tenure or 7 years whichever is less)

Name of lending bank/other registered institution

Address Line 1

Address Line 2

Address Line 3

Country

State

District

Postal / Zip Code

Detail for availing benefits under Capital Interest Subvention Scheme - New Service Unit

Principal loan amount sanctioned

Date of sanction

Principal loan amount disbursed since 01.04.2019

Date of disbursement

Loan amount used for construction of building, procurement of durable physical assets and their installation since 01.04.2019

Applicable Interest Rate

Residual loan tenure in years

Total estimated interest amount (Residual loan tenure or 7 years whichever is less)

Name of lending bank/other registered institution

Address Line 1

Address Line 2

Address Line 3

Country

State

District

Postal / Zip Code

Detail for availing benefits under Capital Interest Subvention Scheme - Service Unit for Expansion

Principal loan amount sanctioned <input type="text"/>	Name of lending bank/other registered institution First Choice <input type="button" value="v"/>
Date of sanction <input type="text"/>	Address Line 1 <input type="text"/>
Principal loan amount disbursed since 01.04.2019 <input type="text"/>	Address Line 2 <input type="text"/>
Date of disbursement <input type="text"/>	Address Line 3 <input type="text"/>
Loan amount used for construction of building, procurement of durable physical assets and their installation since 01.04.2019 <input type="text"/>	Country Please Select <input type="button" value="v"/>
Applicable Interest Rate <input type="text"/>	State Please Select <input type="button" value="v"/>
Residual loan tenure in years <input type="text"/>	District Please Select <input type="button" value="v"/>
Total estimated interest amount (Residual loan tenure in 7 years whichever is less) <input type="text"/>	Postal / Zip Code <input type="text"/>

Detail for availing benefits under GST Linked Incentive

Estimated 100% of eligible value of investment <input type="text"/>
--

Detail for availing benefits under Working Capital Interest Scheme

Sanctioned working capital loan amount <input type="text"/>	Name of lending bank/registered RBI organization <input type="text"/>
Date of loan sanction <input type="text"/>	Address Line 1 <input type="text"/>
Disbursed working capital loan amount <input type="text"/>	Address Line 2 <input type="text"/>
Date of loan disbursement <input type="text"/>	Address Line 3 <input type="text"/>
Applicable interest rate in % <input type="text"/>	Country Please Select <input type="button" value="v"/>
Total Working Capital loan availed last year <input type="text"/>	State Please Select <input type="button" value="v"/>
Total interest paid last year against the Working Capital loan <input type="text"/>	District Please Select <input type="button" value="v"/>
This portion shall remain blank in Application form	Postal / Zip Code <input type="text"/>

81

Detail for availing benefits under Capital Investment Incentive Scheme for New Manufacturing Unit

Proposed investment for procurement of new plant & machinery items

Actual investment made since 01.04.2019 for procurement of new plant & machinery items

Detail for availing benefits under Capital Investment Incentive Scheme for Manufacturing Units going for expansion

Investment made in procurement of plant & machinery items for the existing unit

Proposed investment for procurement of new plant & machinery items for expansion of existing unit

Actual investment made since 01.04.2019 for procurement of new plant & machinery items for expansion of existing unit

Detail for availing benefits under Capital Investment Incentive Scheme for New Service Units

Proposed investment for construction of new building

Proposed investment for procurement of new durable physical assets

Proposed investment for installation of newly procured durable assets

Actual investment made since 01.04.2019 for construction of building

Actual investment made since 01.04.2019 for procurement of new durable physical assets

Actual investment made since 01.04.2019 for installation of durable physical assets (procured since 01.04.2019)

Detail for availing benefits under Capital Investment Incentive Scheme for Existing Service Units going for expansion

Investment made for construction of building, procurement & installation of durable physical assets in the existing unit

Proposed investment for construction of new building for expansion

Proposed investment for procurement of new durable physical assets

Proposed investment for installation of newly procured durable physical assets

Actual investment made since 01.04.2019 for construction of new building for expansion

Actual investment since 01.04.2019 for procurement of new durable physical assets for expansion

Actual investment made since 01.04.2019 for installation of durable physical assets procured since 01.04.2019 for expansion

9) Required documents to be uploaded.

Detail for availing benefits under Capital Interest Subvention Scheme - New Manufacturing Unit	
Actual investment made since 01.04.2019 for procurement of new plant & machinery items	Name of lending bank/other RBI registered institution
<input type="text"/>	First Choice <input type="button" value="v"/>
Principal loan amount sanctioned	Address Line 1
<input type="text"/>	<input type="text"/>
Date of sanction	Address Line 2
<input type="text"/>	<input type="text"/>
Principal loan amount disbursed since 01.04.2019	Address Line 3
<input type="text"/>	<input type="text"/>
Date of last disbursement	Country
<input type="text"/>	Please Select <input type="button" value="v"/>
Loan amount used for procurement of new plant and machinery since 01.04.2019	State
<input type="text"/>	Please Select <input type="button" value="v"/>


Applicable Interest Rate	State
<input type="text"/>	Please Select <input type="button" value="v"/>
Residual loan tenure in years	District
<input type="text"/>	Please Select <input type="button" value="v"/>
Total estimated interest amount (Residual loan tenure or 7 years whichever is less)	Postal / Zip Code
<input type="text"/>	<input type="text"/>

Detail for availing benefits under Capital Interest Subvention Scheme - New Service Unit	
Principal loan amount sanctioned	Name of lending bank/other registered institution
<input type="text"/>	First Choice <input type="button" value="v"/>
Date of sanction	Address Line 1
<input type="text"/>	<input type="text"/>
Principal loan amount disbursed since 01.04.2019	Address Line 2
<input type="text"/>	<input type="text"/>



Project Report:

The Applicant must submit a Detailed Project Report (DPR) online along with the application. The detailed project report must consist of the following points:

- a) Promoter's background
 - b) Details of product to be manufactured/ services rendered and its marketing potential
 - c) Land area applied for and tentative break-up of possible areas
 - d) Layout plan
 - e) Implementation schedule
 - f) Product process flowchart
 - g) Projected Cash flow statements
 - h) Total investment detail including investment in Plant & Machinery (in case of Manufacturing Sector), Building & Other Physical Durable Assets (in case of service sector), Requirement of Working Capital
 - i) Detail of plant & machinery /construction of building and durable assets required by the unit.
 - j) Sources of Finance for the Project
 - k) Projected Employment Detail
 - l) Power requirement
 - m) Water requirement
 - n) All statutory clearances, such as environmental clearance etc.
- 

Zone Classification**District wise break-up of Blocks in Zone A & B of Jammu and Kashmir:**

Districts wise Break up of Blocks in Zone A & B of Jammu Division			
S No	Districts	Zone A	Zone B
1.	Doda	NIL	I. Assar II. Bhaderwah, Bhagwah III. Bhalessa (Gandoh) IV. Bhalla, Changa V. Chilli Pingal VI. Chiralla VII. Dali Udhayanpur VIII. Doda IX. Gundana X. Jakyas XI. Kahra XII. Kastigarh XIII. Khalleni XIV. Marmat XV. Thathri
2.	Jammu	I. Bishnah II. Marh III. Satwari IV. Nagrota V. R.S. Pura VI. Miran Sahib	I. Akhnoor II. Bhalwal Brahmana III. Arnia IV. Dansal V. Khour VI. Mathwar VII. Maira Mandrian VIII. Mandal Phallain IX. Kharah Balli X. Pargwal XI. Chowki Choura XII. Samwan XIII. Suchetgarh XIV. Bhalwal
3	Kathua	I. Hiranagar II. Kathua	I. Bani II. Duggan III. Bhasohli IV. Lohai Malhar V. Baggan VI. Bhoond VII. Duggain



			VIII. Billawar IX. Mahanpur X. DingaAmb XI. Mandli XII. Keerian XIII. Barnoti XIV. Marheen XV. NagrotaGujroo XVI. Dhar Mahanpur XVII. Nagri
4	Kishtwar	NIL	I. Bunjwah II. Dachan III. Drabshalla IV. Inderwal V. Kishtwar VI. Marwah VII. Mughal Maidan VIII. Nagsani IX. Padder X. Palmar XI. Thakrai XII. Trigam XIII. Warwan
5	Poonch	NIL	I. Balakote II. Bufliaz III. Lasana IV. Loran V. Mandi VI. Mankote VII. Mendhar VIII. Nangali Sahib Sai Baba IX. Poonch X. Sathra XI. Surankote
6	Rajouri	NIL	I. Budhal II. Dangri III. Darhal IV. Doongi V. Kalakote VI. Khawas VII. Lamberi VIII. Manjakote IX. Moughla X. Nowshera



			XI. Panjgrain XII. Planger XIII. Qila Darhal XIV. Rajnagar XV. Rajouri XVI. Seri XVII. Siot XVIII. Sunderbani XIX. Thanamandi
7	Ramban	NIL	I. Banihal II. Batote III. Gandhri IV. Gool V. Gundi Dharam VI. Khari VII. Rajgarh VIII. Ramban IX. Ramsoo X. Sangaldan XI. Ukhral
8	Reasi	I. Katra	I. Arnas II. Bamagh III. Chasana IV. Gulab Garh V. JijBagli VI. Mahore VII. Panthal VIII. Pouni IX. Reasi X. ThakraKote XI. Thuroo
9	Samba	I. Bari Brahmana II. Samba III. Vijaypur IV. Purmandal	I. Sumb II. Nud III. Rajpura IV. Ramgarh V. Ghagwal
10	Udhampur	I. Udhampur	I. Chanunta II. Chenani III. Dudu IV. Ghordhi V. Jaganoo VI. Khoon VII. Kulwanta VIII. Latti



			IX. Majalta X. Mounгри XI. Narsoo XII. Panchari XIII. Parli Dhar XIV. Ramnagar XV. Sewna XVI. Tikri
Districts wise Break up of Blocks in Zone A & B of Kashmir Division			
S No	Districts	Zone A	Zone B
1.	Anantnag	I. Anantnag II. Bijbehara III. Sagam	I. Achabal II. Breng III. Chattergul IV. Dachnipora V. Hiller Shahabad VI. Khoveripora VII. Larnoo VIII. Phalgam IX. Qazigund Partly X. Shahabad XI. Shangus XII. Verinag XIII. Vessu
2	Bandipore	NIL	I. Aloosa II. Arin III. Baktoor IV. Bandipore V. Banokoot VI. Ganastan VII. Gurez VIII. Hajin IX. Naidkhai X. Nowgam XI. Sumbal XII. Tulial
3	Baramulla	I. Baramulla II. Tangmarg	I. Bijhama II. Boniyar III. Chandil Wanigam IV. Hardaboora V. Kangroosa VI. Khaipora VII. Khore Sherabad VIII. Kunzer



			IX. Lalpora X. Nadihal XI. Narwav XII. Noorkhah XIII. Parenpillan XIV. Pattan XV. Rafiabab XVI. Rohama XVII. Sangrama XVIII. Singhpora XIX. Sopore XX. Tujjar Sharief XXI. Uri XXII. Wagoora XXIII. Wailoo XXIV. Zaingeer
4	Budgam	I. Budgam	I. B.K.Pora II. Beerwah III. Chadoora IV. Charisharief V. Khag VI. Khan-Sahib VII. Nagam VIII. Narbal IX. Pakherpora X. Parnewa XI. Rathsun XII. S.K. Pora XIII. Soibugh XIV. Sukhnag (Hard Panzoo) XV. Surasyar XVI. Waterhail
5	Ganderbal	I. Ganderbal II. Gund	I. Kangan II. Lar III. Safapora IV. Sherpathr V. Wakura
6	Kulgarn	NIL	I. Behibagh II. D.H.Pora III. D.K.Marg IV. Devsar V. Frisal VI. Kulgarn VII. Kund



			VIII. Menzgam IX. Pahloo X. Pombay XI. Quamoh
7	Kupwara	NIL	I. Drugmulla II. Handwara III. Herri Qadirabad IV. Hyhama V. Kalarooch VI. Keran VII. Kralpora VIII. Kuligam IX. Kupwara X. Lalpora XI. Langate XII. Machil XIII. Magam XIV. Mawar XV. Qalamabad XVI. Meelyaal XVII. Natnussa XVIII. Qaziabad XIX. Rajwar XX. Ramhal XXI. Reddi Chowkibal XXII. Sogam XXIII. Tangdar XXIV. Teethwal XXV. Trathpora XXVI. Trehgam XXVII. Wavoora
8	Pulwama	I. Pulwama II. Pampore	I. Arpal II. Awantipora III. Dadsura IV. Kakapora V. Keller VI. Litter VII. Newa VIII. Shadimarg IX. Tral
9	Shopian	NIL	I. Chitrigam II. Herman III. Imamsahib IV. Kanji Ullar

			V. Kaprin VI. Keller VII. Ramnagri VIII. Shopian IX. Zainpora
10	Srinagar	I. Srinagar II. Eidgah III. Hazratbal IV. Qamarwari	I. Harwan II. Khonmoh

Note: Municipal Committees shall form part of the nearest Block.



A-ELIGIBLE PLANT & MACHINERY OF MANUFACTURING SECTOR

- i. The core components of Plant and machinery for manufacturing industry will include the cost of mother production equipment essential for carrying out manufacturing activities and will be eligible for availing incentives.
- ii. Non-Core Components are those which will not be eligible to avail any incentives under this scheme. Following items are covered under non-core category:
 - a) Loading and unloading charges.
 - b) Sheds/ buildings for Plant & Machinery.
 - c) Miscellaneous fixed assets such as DG sets, Excavation/ Mining equipment, handling equipment excluding EOT cranes, electrical components
 - d) Working Capital including Raw Material and other consumable stores.
 - e) Commissioning cost.
 - f) Captive Power Plants except solar power plants for captive use.
 - g) Storage equipment.
 - h) Weigh bridge, Laboratory testing equipment.
 - i) DG Set

B- CORE COMPONENTS OF BUILDING AND EQUIPMENT FOR SERVICE INDUSTRY

The core components of Building & Other Durable Physical Assets for service industry will include the cost of construction of building and other durable physical assets essential for carrying out the service activities and will be eligible to avail incentives under this scheme.

The core components of Building and Equipment for service industry will include:

- i. Cost of Building and other durable physical assets (excluding taxes and duties) which are essential for carrying out Service activities.
- ii. Cost of durable assets will include fittings, fixtures and fixed assets that are needed to render Service (e.g. HVAC system, Cooling Towers, Sewage Treatment Plant, etc.)
- iii. Electrical components necessary for plant operation on the plant side from where meter is installed up to the equipment point (i.e. H.T. Motors, L.T. Motors, Switch Boards, Panel Boards, Switchgears).
- iv. Captive Solar Plant/Panels for utilization of the generated power within the unit shall be considered as Core component under Plant & Machinery, if no incentive has been availed under any other scheme of the government.
- v. New building



C. NON-CORE COMPONENTS OF BUILDING AND EQUIPMENT FOR SERVICE INDUSTRY

The non-core components of service industry are those which will not be eligible to avail incentives under this scheme. This will include cost of Land, consumables, disposables or any other item charged to revenue.

D. ILLUSTRATIVE LIST OF BUILDING AND EQUIPMENT FOR SERVICE INDUSTRY

I. Building & Equipment for Tourism & Hospitality Services

- i. In case of hotels, resorts, eco-resorts and wellness resorts, the investment in following fixed durable assets shall be considered:
 1. Filtration plant for swimming pool.
 2. Water purification plant.
 3. Hot water boiler and room heating equipment (fixed)
 4. Water softening plant
 5. Fume extraction and ventilation plant.
 6. Air conditioning plant.
 7. Cold Storage equipment.
 8. Laundry equipment.
 9. Cooler and refrigeration equipment.
 10. Bakery equipment
 11. Sewage disposal plant
 12. Electrical installations
 13. Tents for camping
 14. Kitchen equipment, cooking range, dish washer, working table.
 15. Fire- fighting equipment (fixed)
 16. Telephone equipment/exchange.
 17. Lifts and escalators
 18. Safe deposit lockers
 19. Tube wells along with pumping sets and lines within the campus
 20. Goods carrier exclusively needed for the hotel.
 21. Projectors and other equipment's for conference hall (fixed).
 22. Lighting equipment.
 23. Adventure and water sports equipments.
- ii. In the case of Houseboats, the entire houseboat project along with its fitting and furnishing should be treated as building and physical durable assets.



ELIGIBLE BUILDING AND PHYSICAL DURABLE ASSETS OF SERVICE SECTOR

A. Eligible Units under the respective Service Sectors' head

1. Tourism & Hospitality Services (including health & wellness tourism)

- i. All units in the tourism and hospitality sector registered with Tourism department excluding
 - a. Homestays/ Bread and Breakfast
 - b. Transport services not being used for tourism related activities
- ii. All such units will have to avail requisite licenses of registration from the relevant competent authority for running the commercial operations of Tourism & Hospitality Services.
- iii. Tourism & Hospitality Services will include all the services meant to cater functions, Meetings, Incentives, Conferences & Exhibitions.

2. Promoting Film Tourism (including film cities, studios)

- i. All units promoting film tourism registered with Tourism department and Department of Information and Public Relations.
- ii. All such units will have to avail requisite licenses of registration from the relevant competent authority for running the commercial operations
- iii. Promotion of Film Tourism will include renting of equipment for film shooting
- iv. Promotion of Film Tourism will include Theaters, Cineplex, Single Screen theatres, Multiplexes

3. Ropeways, Entertainment Parks and Rides

- i. All units in the Ropeways, Entertainment Parks and Rides must be registered with Tourism Department
- ii. All such units will have to avail requisite licenses of registration from the relevant competent authority for running the commercial operations of Ropeways, Entertainment Parks and Rides.
- iii. Ropeways, Entertainment Parks and Rides must be used for promotion of tourism for public and commercial use only.

4. Heritage Property Restoration Services

- i. All units arising out of restoration of heritage property recognized/ defined as under:
 - a. Monuments notified under ASI
 - b. Monuments notified by the State Government under Ancient Monuments Preservation (Amendment) Act, 2010.
 - c. Heritage sites notified under The Jammu & Kashmir Heritage Conservation and Preservation Act, 2010.
 - d. Heritage Monuments that are under the management of different religious Trusts such as Waqf Board, Gurdwara, temple trust etc.



- e. Heritage Monuments listed by recognized Agencies such as UNESCO, INTACH (Indian National Trust for Art and Cultural Heritage) etc.

- ii. The heritage building so restored and being utilized for commercial purposes shall be entitled to avail benefits applicable to new units.
- iii. Core components of Heritage Property Restoration Services will only cover civil/construction works of the heritage property involved.
- iv. All such units will have to avail requisite licenses of registration from the relevant competent authority for running the commercial operations

5. Healthcare Services

- i. All units in the Healthcare Services registered with Health department excluding
 - a. Clinics with only OPD facility
 - b. Chemist Shops
 - c. Canteens
 - d. Gymnasium
 - e. Hospitals & Clinics with less than 25 beds
- ii. All such units will have to avail requisite licenses of registration from the relevant competent authority for running the commercial operations of Healthcare services.
- iii. Healthcare Services must directly be linked to the healthcare of the patients.
- iv. Healthcare Services will include Hospitals, Diagnostic Labs, AYUSH Centres.

6. IT & ITeS Services

- i. All units in the IT & ITeS Services must be registered with Concerned DIC.
- ii. IT & ITeS Services must include all services which require use of computers to offer IT/ITeS related services only.

7. Maintenance and Repair Services

- i. All units in the Maintenance and Repair Services registered with concerned DIC excluding.
 - a. Sale/ Trading of goods in the premises.
- ii. Must include purely servicing and maintenance activities and excludes sale of goods.

8. Freight Terminals, Logistics Parks & Warehousing (including Cold Store Services)

- i. All units in the Freight Terminals, Logistics Parks & Warehousing must be registered with concerned DIC.
- ii. All such units will have to avail licenses of registration from the relevant competent authority for running the commercial operations of Freight Terminals, Logistics Parks & Warehousing.



- iii. Freight Terminals, Logistics Parks & Warehousing shall also include CA stores.

9. Testing, R&D, Analysis & Certification services

- i. All units in the Testing, R&D, Analysis & Certification services must be registered with concerned DIC.
- ii. All such units will have to avail licenses of registration from the relevant competent authority for running the commercial operations of Testing, R&D, Analysis & Certification services .

10. Educational & Skill Development Services

- i. All units in the Educational & Skill Development Services registered with concerned Education Department excluding
 - a. Coaching Centres
 - b. Tuition Centres
 - c. Schools /Colleges (Arts and Science)
- ii. All such units will have to avail licenses of registration from the relevant competent authority for running the commercial operations of Educational & Skill Development Services.
- iii. All such Educational & Skill Development Services which are affiliated with National/ State Board.

