

INDUSTRIALIZATION OF BACKWARD AREAS OF THE COUNTRY

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Ministry of Commerce & Industry

Industrialization of Backward Areas of the Country

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Department for Promotion of Industry and Internal Trade has been implementing schemes for providing incentives to industries in the Union Territory of Jammu & Kashmir and Union Territory of Ladakh, Himachal Pradesh, Uttarakhand and North Eastern States including Sikkim. The details of the schemes are as under:

1. **The Industrial Development Scheme for Union Territory of Jammu & Kashmir and Union Territory of Ladakh, 2017:**

The Scheme for Union Territory of Jammu & Kashmir and Union Territory of Ladakh covers manufacturing & services sector and provides (i) Central Capital Investment Incentive (30% of the investment in plant & machinery with an upper limit of Rs. 5 crore), (ii) Central Interest Incentive (3% interest on working capital for 5 years) (iii) Central Comprehensive Insurance Incentive (Reimbursement of 100% insurance premium for 5 years), (iv) Income Tax Reimbursement of centre's share for 5 years, (v) GST reimbursement of Central Govt. share of CGST & IGST for 5 years, (vi) Employment Incentive under which additional 3.67% of the employer's contribution to EPF in addition to Govt. bearing 8.33% Employee Pension Scheme (EPS) contribution of the employer in Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) and (vii) Transport incentive on finished goods movement by Railways(20% cost of the transportation), by Inland Waterways Authority (20% of the cost of transportation) & by air (33% of cost transportation of air freight) from the station/port/airport nearest to unit to the station/port/airport nearest to the destination point.

- A single unit can avail overall benefits up to Rs. 200 Crore.
- The Scheme is effective from 15.06.2017 to 31.03.2020. Extension of scheme beyond 31.03.2020 will be considered after evaluation of the scheme.
- A total of Rs. 430.01 crore has been disbursed to the erstwhile State of Jammu & Kashmir under the earlier Special Package Schemes.

2. The Industrial Development Scheme for Himachal Pradesh and Uttarakhand, 2017:

- The scheme for Himachal Pradesh & Uttarakhand also covers manufacturing & services sector and provides (i) Central Capital Investment Incentive (30% of the investment in plant & machinery with an upper limit of Rs. 5 crore) (ii) Central Comprehensive Insurance Incentive (Reimbursement of 100% insurance premium for 5 years).
- The scheme is in force from 01.04.2017 to 31.03.2022.
- A total of Rs. 371.67 crore for Himachal Pradesh and Rs. 350.42 crore for Uttarakhand has been disbursed under earlier Special Package Schemes.

3. Scheme of Budgetary Support under Goods and Services Tax (GST) regime to the units located in Union Territory of Jammu & Kashmir, Union Territory of Ladakh Uttarakhand, Himachal Pradesh and North Eastern States including Sikkim, 2017:

- Under the Scheme, reimbursement of the Goods and Service Tax is provided to the extent of Central Government's share of CGST and IGST retained after devolution to the states.
- The Scheme was notified on 05.10.2017. The Scheme is valid from 01.07.2017 to 30.06.2027. An outlay sanction of Rs. 27,413 Cr. is estimated for the Scheme.
- A total of Rs. 3362.85 crore has been disbursed since inception of the Scheme.

North East Industrial Development Scheme (NEIDS), 2017

- To promote industrialization in NE States and to boost employment and income generation, a new Scheme namely North East Industrial Development Scheme

(NEIDS), 2017 has been notified on 12.04.2018 which has come into force w.e.f. 01.04.2017 for a period of five years. (After closure of NEIIPP, 2007 on 31.03.2017).

- The North East Industrial Development Scheme (NEIDS), 2017 for North Eastern States including Sikkim provides (i) Central Capital Investment Incentive (30% of the investment in plant & machinery with an upper limit of Rs.5.00 crore), (ii) Central Interest Incentive (3% interest on working capital for 5 years), (iii) Central Comprehensive Insurance incentive (Reimbursement of 100% insurance premium for 5 years), (iv) Income Tax Reimbursement of Centre's share for 5 years, (v) GST reimbursement of Central Share of CGST & IGST for 5 years, (vi) Employment Incentive under which additional 3.67% of the employer's contribution to EPF in addition to Government bearing 8.33% Employee Pension Scheme (EPS) contribution of the employer in PMPRY and (vii) Transport Incentive on finished goods movement by Railways (20% cost of transportation), by Inland Waterways Authority (20% of the cost of transportation) & by air (33% of cost of transportation by air freight) from the station / port / airport nearest to unit to the station / port / airport nearest to the destination point.
- Also, under this Scheme a single unit can avail overall benefits up to Rs.200.00 crore.
- Under the erstwhile scheme for North Eastern States, North East Industrial and Investment Promotion Policy (NEIIPP), 2007 which came into operation w.e.f. 01.04.2007 and was in operation up to 31.03.2017, a total of Rs.2664.66 crore has been disbursed to the North Eastern States of India for its Development.

Transport Subsidy Scheme (TSS), 1971 / Freight Subsidy Scheme (FSS), 2013

- In order to facilitate the process of industrialization in hilly, remote and inaccessible areas, in terms of subsidizing industrial units for transportation of their finished product and raw material Transport Subsidy Scheme was introduced on 27.07.1971.
- Freight Subsidy Scheme replaced the erstwhile Transport Subsidy Scheme, 1971 on 22.01.2013. The incentives under the scheme are available for all 8 States of North East, Himachal Pradesh, Uttarakhand, J&K, Darjeeling District of West

Bengal, Andaman & Nicobar Administration and Lakshadweep Administration.

- The tenure of Freight Subsidy Scheme (FSS), 2013 was from 22.01.2013 to 22.11.2016. However, industrial units registered under the scheme prior to the date of issue of DIPP's notification dated 22.11.2016 are eligible for the benefits of the scheme for committed number of years post-commencement of commercial production up to 21.11.2021.
- Under TSS, 1971/FSS, 2013, since inception, Rs. 5288.95 crore have been released to the States of NER and Himalayan States which includes Rs.4698.57crore in respect of NER States and Rs.590.38 crore in respect of Himalayan States.

This information was given by the Minister of Commerce and Industry, Piyush Goyal, in a written reply in the Rajya Sabha today.

MM/ SB

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