

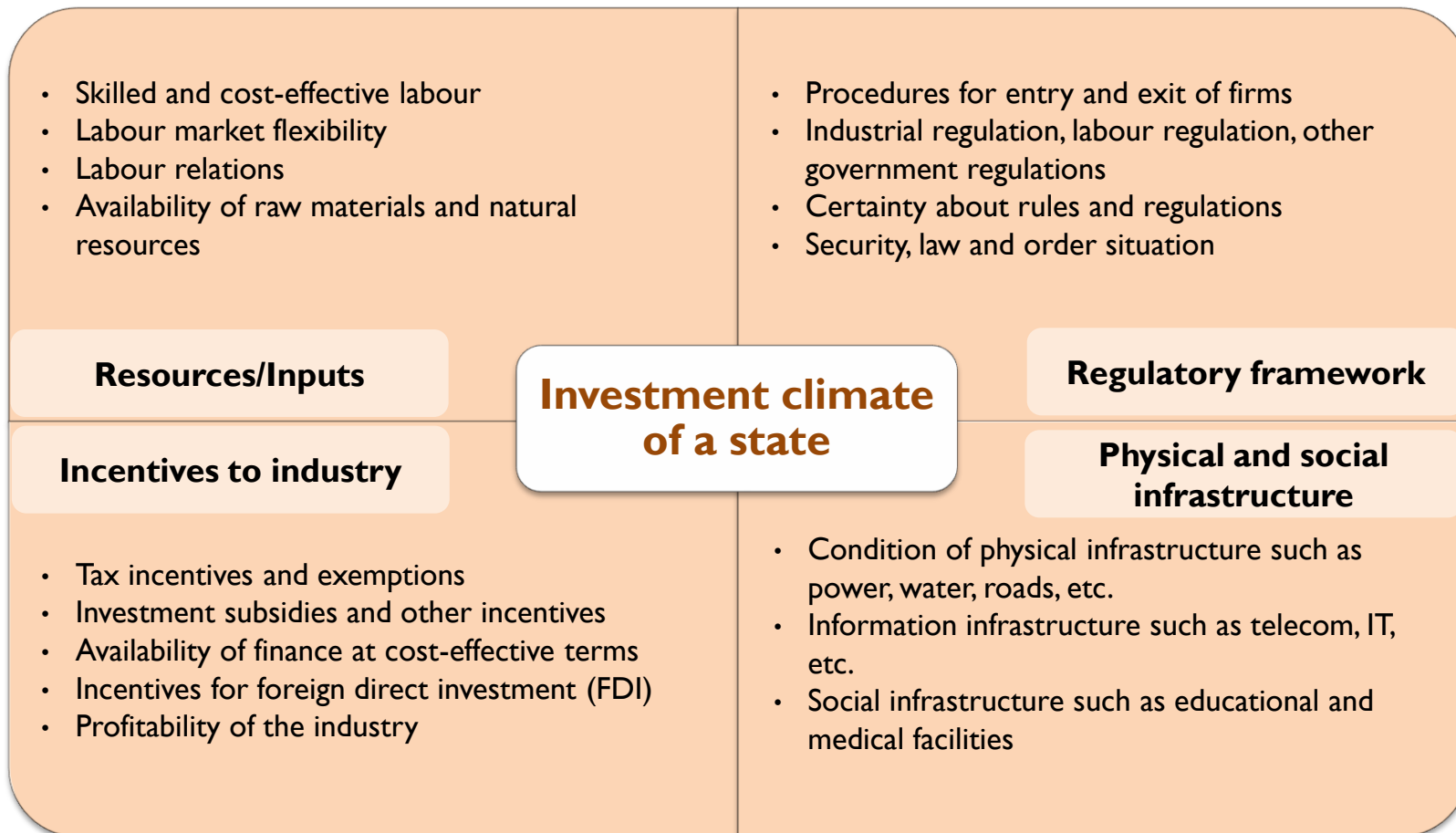


JAMMU AND KASHMIR

November 2010



Investment climate of a state is determined by a mix of factors

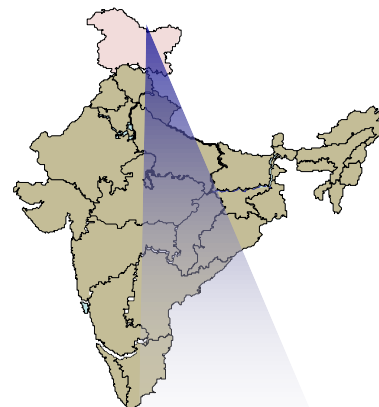


Contents

- ❖ **Advantage Jammu and Kashmir**
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ Doing business in Jammu & Kashmir

Jammu and Kashmir – State profile

- Jammu and Kashmir is the northern-most state of India covering an area of 222,236 sq km. The state consists of three regions: Jammu, the Kashmir valley and Ladakh.
- It is the sixth-largest state in terms of area and 17th in terms of population; it has 22 administrative districts.
- Srinagar, the largest city in the state, is the summer capital, while Jammu is its winter capital. The Kashmir valley is known as ‘Paradise on Earth’ because of its beautiful mountains and lakes.
- The climate of Jammu and Kashmir varies considerably with its topography. The climate is primarily temperate.
- Important rivers flowing through the state include the Indus, the Chenab, the Jhelum, the Tawi and the Ravi.
- Urdu, Kashmiri and Dogri are the official languages; Hindi, Pahari and Ladakhi are also spoken in some parts.
- The state shares borders with Himachal Pradesh and Punjab, and the neighbouring countries of Pakistan, China and Afghanistan.



Source: Maps of India

Advantage Jammu and Kashmir ... (1/2)

“Paradise on Earth”

The state is naturally pollution-free and provides a salubrious environment to the resident population. Also, the natural beauty and picturesque locations have made it a traditional destination for international and domestic tourists.

Flora and fauna

The state is rich in flora and fauna. In Jammu, the flora ranges from the thorn bushes of the arid plains to the temperate and alpine of the higher altitudes. Mountain ranges in the Kashmir valley have dense forests of deodar, pine, fir, walnut, willow, almond and cedar.

Horticulture and floriculture

The state has an agro-climatic condition best suited for horticulture and floriculture. Horticulture is the bulwark of the rural economy, generating revenue of over US\$ 11 million, annually; it provides employment to thousands. The market for its flower industry is worth about US\$ 2 million.



Source: Maps of India

Advantage Jammu and Kashmir ... (2/2)



Source: Maps of India

Tourist destination

The state has several beautiful tourist locations with hills, temples and lakes. Jammu is famous for its temples while the Kashmir valley is known for its lakes and gardens. Other prominent locations include Gulmarg, Pahalgam, Patnitop, Leh, Sanasar, Zanskar and Krimchi.

Ease of doing business

The state has an industrial policy that offers attractive incentives along with a single-window clearance mechanism. Land is allotted at concession rates in the industrial areas, on lease for 90 years. The cost of setting up operations is, comparatively, lower.

Availability of skilled labour

The people of the state are skilled weavers and designers of textile products. This provides a basis for setting up textile units. Also, the traditional skills of fine craftsmanship can be utilised to suit the needs of modern industrial processes, especially, in the field of electronic and precision engineering.

Jammu and Kashmir in figures ... (1/2)

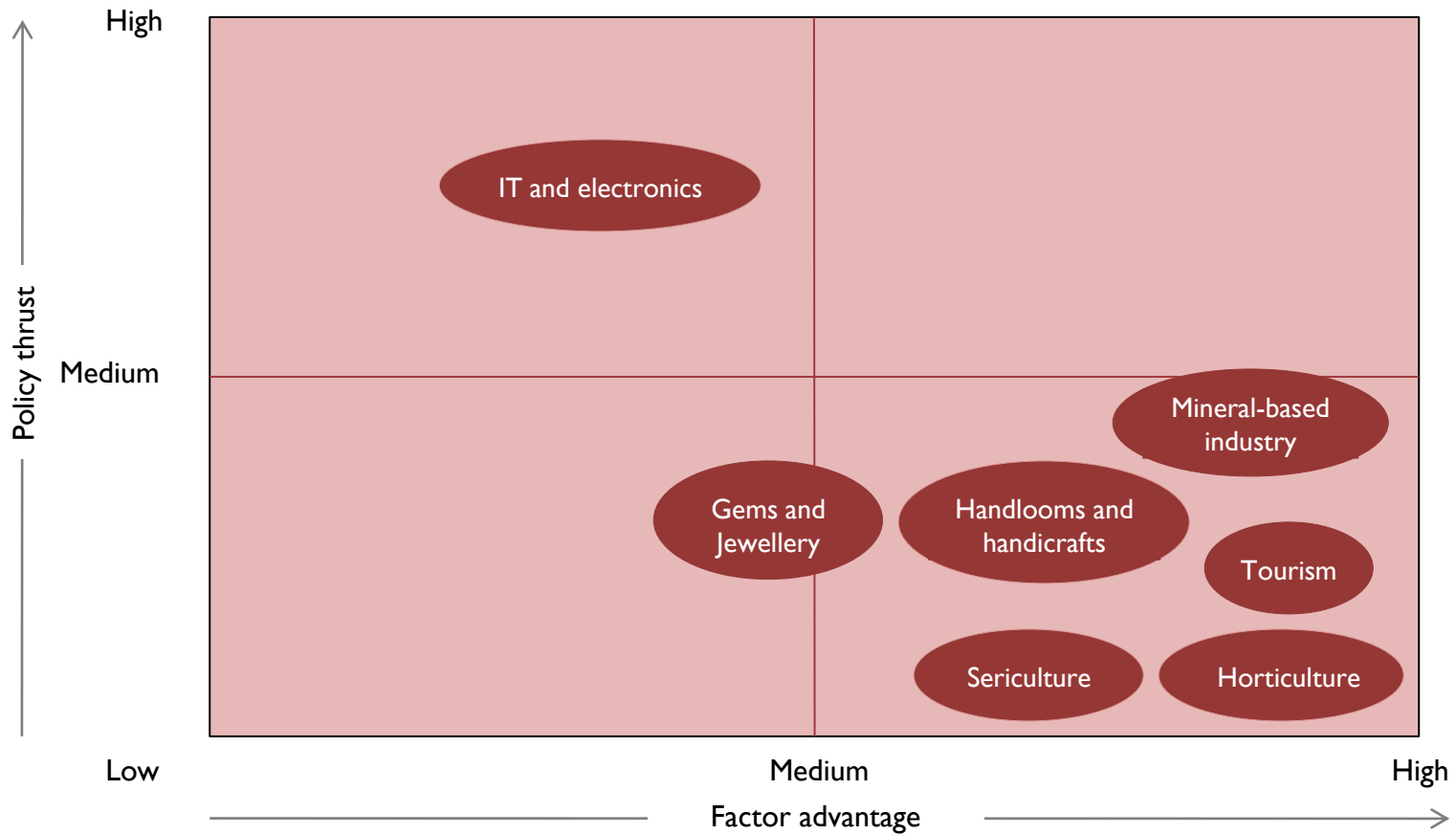
Parameter	Jammu and Kashmir	All-states	Source
Economy			
GSDP as a percentage of all states' GSDP	0.8	100.0	CMIE, as of 2007-08, current prices
Average GSDP growth rate (%)*	9.6	11.8	CMIE, 2000-01 to 2007-08, current prices
Per capita GSDP (US\$)	706.6	992.5	CMIE, as of 2007-08, current prices
Physical infrastructure			
Installed power capacity (MW)	2,263.6	159,398.5	Central Electricity Authority, as of March 2010
GSM cellular subscribers (No)	5,155,363	456,586,162	Cellular Operators Association of India, as of June 2010
Broadband subscribers (No)	19,538	4,981,976	As of October 2008
National highway length (km)	1,245	70,548	Ministry of Road Transport & Highways, Annual Report 2008-09
Airports (No)	3	133	Airport Authority of India

*Calculated in Indian rupee terms

Jammu and Kashmir in figures ... (2/2)

Parameter	Jammu and Kashmir	All-states	Source
Social indicators			
Literacy rate (%)	55.5	64.8	Census of India, 2001
Birth rate (per 1,000 population)	18.8	22.8	Ministry of Health and Family Welfare, RHS Bulletin, March 2008
Ease of doing business			
Outstanding investments (US\$ billion)	16.9	1,972.6	CMIE, as of March 2010

Key industries with policy thrust and factor advantages



*Factor advantages include benefits due to geographical location and availability of factors such as talent pool, natural resources and capital

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- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ Doing business in Jammu & Kashmir

Socio-economic snapshot of Jammu and Kashmir

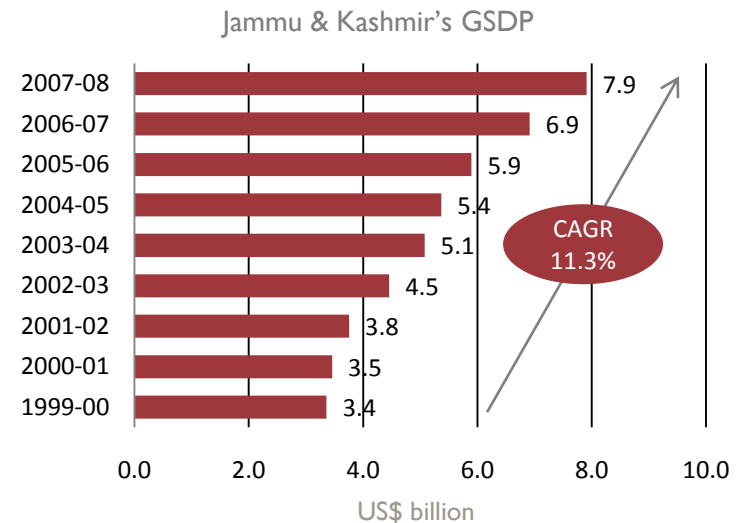
Parameters		Jammu and Kashmir
Capital cities		Summer capital – Srinagar Winter capital – Jammu
Geographical area (sq km)		222,236
Administrative districts (No)		22
Population density (persons per sq km)		100
Total population (million)*		10.1
Male population (million)		5.4
Female population (million)		4.7
Population growth rate 1991-2001 (%)		31.4
Sex ratio (females per 1,000 males)*		892
Literacy rate (%)*		55.5
Male (%)		66.6
Female (%)		43.0
Birth rate (per 1,000 population)		18.8

Source: Government website of Jammu and Kashmir, Directorate of Economics and Statistics, Ministry of Health and Family Welfare, Sample Registration System 2008

*Census 2001

Jammu and Kashmir's GSDP

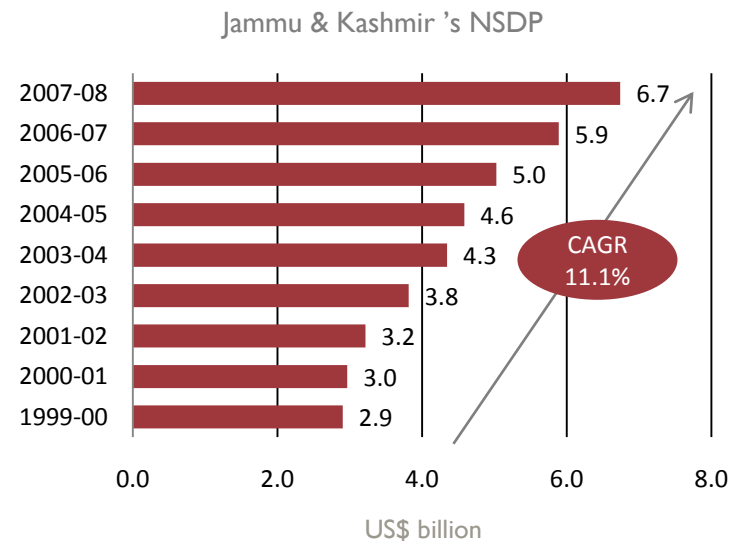
- At current prices, the Gross State Domestic Product (GSDP) of Jammu & Kashmir was about US\$ 7.9 billion in 2007-08.
- The average annual GSDP growth rate from 1999-2000 to 2007-08 was 11.3 per cent.



Source: CMIE

Jammu and Kashmir's NSDP

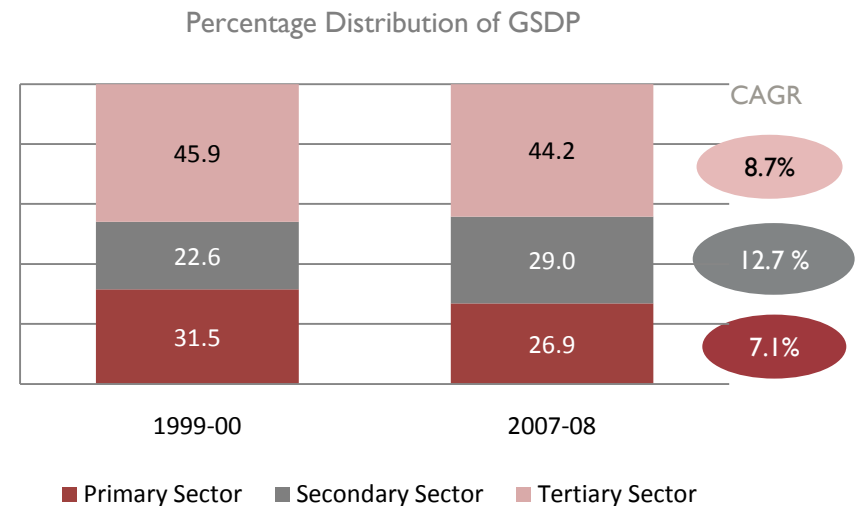
- The Net State Domestic Product (NSDP) of Jammu and Kashmir was about US\$ 6.7 billion in 2007-08.
- The average annual NSDP growth rate from 1999-2000 to 2007-08 was about 11.1 per cent.



Source: CMIE

The secondary and tertiary sectors have an increasing share in Jammu and Kashmir's economy

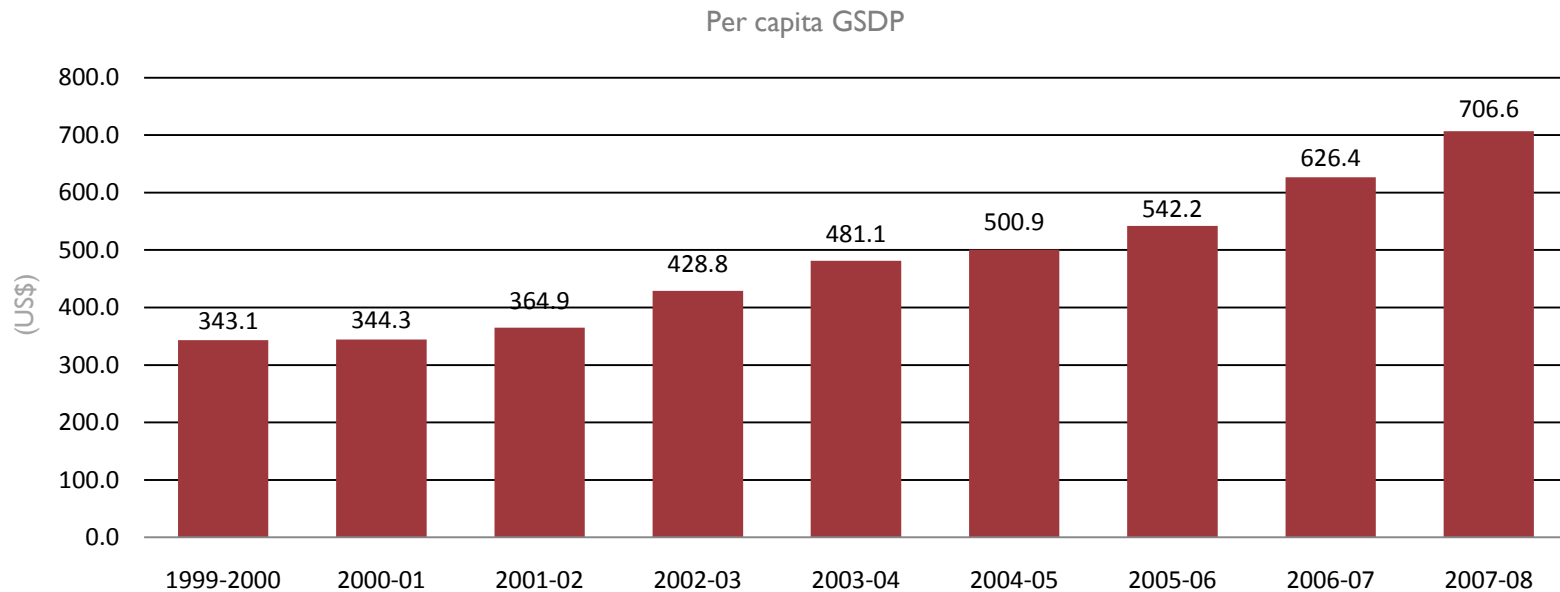
- At current prices, the tertiary sector contributed 44.2 per cent to the state's GSDP in 2007-08. It was followed by the secondary sector at 29.0 per cent and primary sector at 26.9 per cent .
- The secondary sector had the highest growth of 12.7 per cent between 1999-2000 and 2007-08 driven by manufacturing. The primary sector growth of 7.1 per cent was driven by agriculture. Tourism was a key contributor to the tertiary sector growth of 8.7 per cent.



Source: CMIE

Per capita GSDP

- In 2007-08, Jammu and Kashmir's per capita GSDP was US\$ 706.6.
- The per capita GSDP increased at an average rate of 8.6 per cent between 1999-2000 and 2007-08.

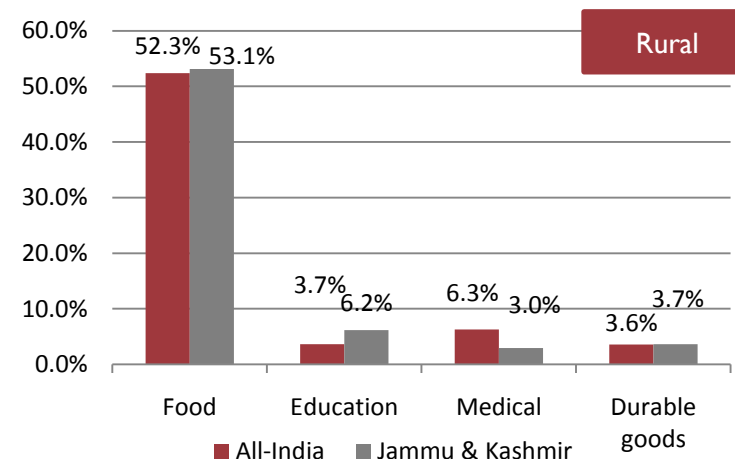
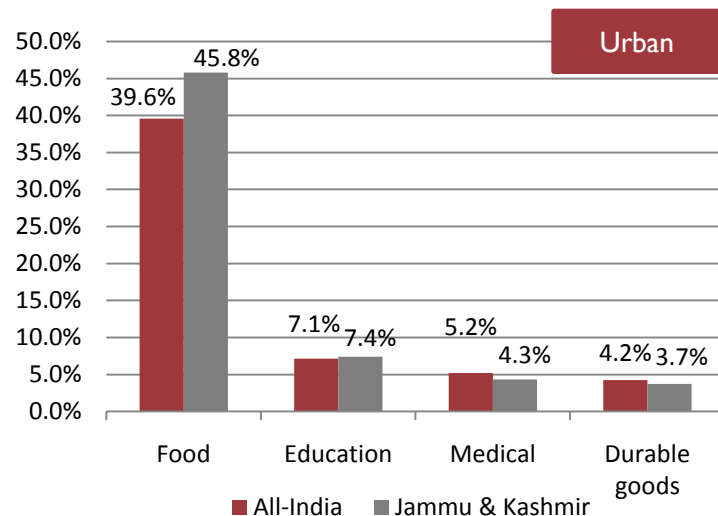


Source: CMIE

Consumer expenditure on household goods and services

- Jammu and Kashmir is ahead compared to all-India in share of per capita expenditure on food and education.
- With regards to share of expenditure on education and durable goods, urban Jammu and Kashmir is comparable to the all-India level.

Share of average monthly per capita expenditure on household goods and other services



Source: Household Consumer Expenditure in India, 2007-08 NSS 64th Round

Brief profiles of key cities

The important cities and towns in the state are: Jammu, Srinagar, Gulmarg, Pahalgam, Leh and Udhampur.

- Jammu, the winter capital, is the largest city in the Jammu region. It is approximately 600 km away from New Delhi. Jammu's numerous shrines attract many religious pilgrims.
- Srinagar, the summer capital and the largest city in the state, is situated in Kashmir Valley and lies on the banks of the Jhelum river. The city is famous for its lakes and houseboats. It is also known for traditional Kashmiri handicrafts and dry fruits. It is also the headquarter of the Srinagar district.
- Gulmarg is a hill station and a tourist destination. Gulmarg has Asia's highest and longest cable car project, the Gulmarg Gondola.
- Pahalgam is a tourist destination with breathtaking views. Snow skiing is an attraction during the winter months. Pahalgam is also the entry-point for the famous Amarnath caves.
- Located at an altitude of 3,500 metres, Leh is famous for the Leh Palace and Potala Palace. The Ladakh region provides avenues for adventure tourism.
- Udhampur is a town that is connected by the new Kashmir railway line from Jammu. It is used by the armed forces as a transit point between Jammu and Srinagar when travelling by road (National Highway-1A). The place is well known for the Vaishnodevi temple, Patnitop and Shivkori.

Key industries in Jammu and Kashmir

- Food processing and agro-based industries (excluding conventional grinding and extraction units) thrive in the state because of an excellent climate for horticulture and floriculture.
- Handicrafts, the traditional industry of the state, has been receiving priority attention of the Government in view of its large employment base and exports potential.
- The state is famous for some small-scale and cottage industries such as carpet weaving, silks, shawls, basketry pottery, copper and silverware, paper-machine and walnut wood.

Key industries

- Horticulture
- Floriculture
- Handlooms and handicrafts
- Tourism
- Mineral-based industry
- Gems and jewellery
- Sericulture
- IT

Industrial clusters in Jammu and Kashmir

Key Industrial areas
Industrial complex, Bari Brahmana, Jammu
Industrial estate, Gangyal, Jammu
Industrial growth centre, Samba, Jammu
Integrated infrastructure development project (IIDP), Udhampur
Export Promotion Industrial Park (EPIP), Katholi, Jammu
Industrial area, Kathua
Electronic complex, Rangreth, Srinagar
Industrial complex, Lassipora, Pulwara, Kashmir
Industrial complex, Khanmoh, Srinagar
Industrial complex, Zainakote, Srinagar
Industrial estate, Zakura, Srinagar
Industrial growth centre, Ompura, Budgam

Jammu and Kashmir has good agricultural produce

- Kashmir region is known for its horticulture industry. Horticulture plays a vital role in the economic development of the state. With an annual turnover of over US\$ 75 million, apart from foreign exchange of over US\$ 20 million, this sector is the next biggest source of income in the state's economy next to agriculture.
- Wood from Kashmir willows is used to make cricket bats. Kashmiri saffron is also renowned the world over and brings the state exports revenues.
- Agricultural exports from Jammu and Kashmir include apples, barley, cherries, corn, millet, oranges, rice, peaches, pears, saffron, sorghum, vegetables and wheat.
- Wheat, rice ,potatoes and rapeseed are the top food-grain crops in the state. In 2008-09, the total production of these major crops was over 700,000 tonnes.

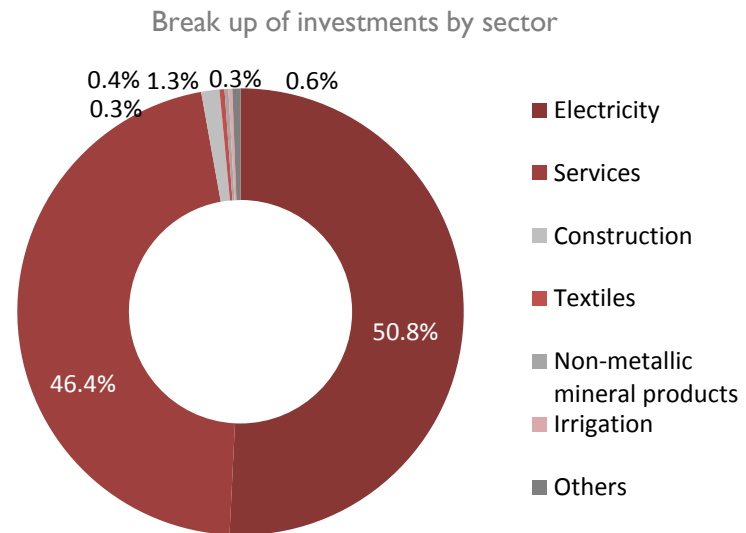
Crop	Annual production in 2008-09 ('000 tonnes)
Wheat*	361
Rice*	218
Potatoes	99.6
Rapeseed and mustard*	76
Onions	63.2

*As of 2007-08

Source: CMIE

Investments

- As of March 2010, the outstanding investments in the state were US\$ 16.9 billion.
- Of these, the electricity and services sectors accounted for about 50.8 per cent and 46.4 per cent, respectively.



Source: CMIE

Others include food and beverages, chemicals, metal and metal products and mining

Contents

- ❖ Advantage Jammu and Kashmir
- ❖ State economy and socio-economic profile
- ❖ **Infrastructure status**
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ Doing business in Jammu & Kashmir

Road network ... (1/2)

- The total road length in the state is about 15,012 km. They are maintained by the Public Works Department (PWD) of the State Government.
- At 35.71 km per 100 sq km, the road density one of the lowest in the country. The Central Government has attached high priority to the development and up-gradation of its vital road network.

Road type	Road length (Km)
National Highways	1,245
State Highways	688
Major District roads	7,671
Other District roads	3,372

Source: www.jammukashmir.nic.in, Ministry of Road Transport & Highways, Annual Report 2008-09

Road network ... (2/2)

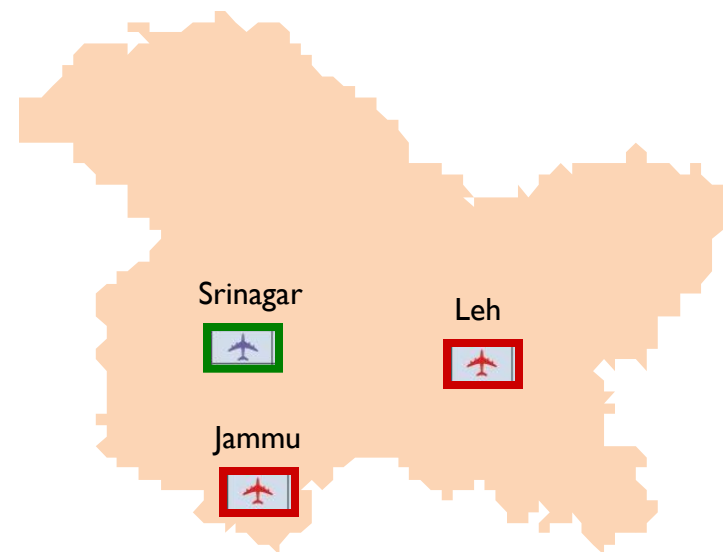
- Road projects are being executed by National Highways Authority of India (NHA) and are as follows:
- Four-laning of the National Highway from Jammu to Srinagar on build-operate-transfer (BOT) annuity basis in six packages. The estimated value of these six packages is US\$ 2.4 billion.
- National Highway work amounting to US\$ 25 million are being executed by the Border Roads Organisation.
- The Jammu and Kashmir State Road Transport Corporation (JKSRTC) provides public transportation in the state.



Source: Maps of India

Airports

- The Sheik-ul-Alam airport at Srinagar is a major international airport in the state. Jammu and Leh are the domestic airports.
- The Srinagar airport recorded a passenger traffic of 926,520 in 2009-10, Jammu reported 519,116 passengers.
- The domestic airlines and destinations connecting the Srinagar airport include GoAir (Amritsar, Cochin, Delhi, Jammu, Mumbai), Indian (Delhi, Jammu, Leh), JetLite (Delhi), Kingfisher Airlines (Delhi, Goa, Mumbai) and SpiceJet (Mumbai, Bangalore, Delhi, Jammu).



International airport



Domestic airport

Railways

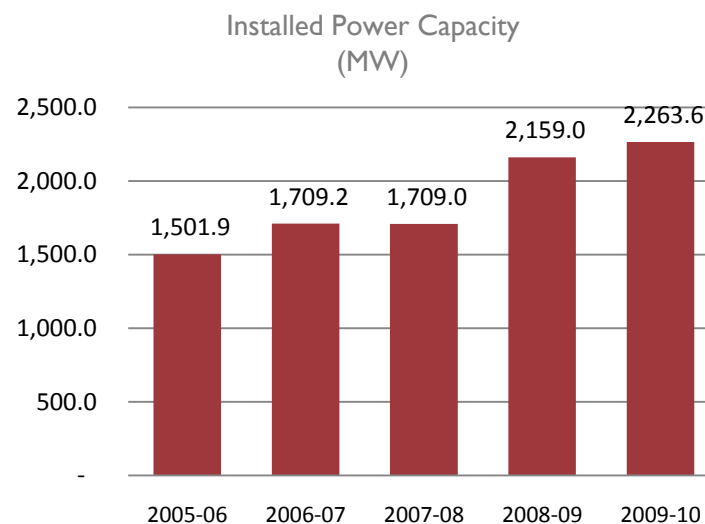
- Because of its predominantly mountainous terrain, the state is linked with the country's rail network up to the Udhampur district.
- Work on connecting Srinagar and Baramullah is underway. The Udhampur-Katra (41 km), Katra-Qazigund (130 km) and Qazigund- Baramullah (119 km) rail links have been taken-up for construction as national priority projects.
- Eight km of the 11 km tunnel that runs from Qazigund to Banihal have been completed, and it is set to be opened for traffic by December 2010.



Source: Maps of India

Power ... (1/2)

- State-owned power is generated by the Jammu & Kashmir State Power Development Corporation Limited (JKSPDCL). It is distributed by the Jammu & Kashmir Power Distribution Department (JKPDD).
- Jammu and Kashmir had an installed power capacity of 2,263.6 MW consisting of 1,093.3 MW of state share and 1,170.3 MW of central share.
- The industrial units are allowed to install their captive-power generation plants, which are exempted from paying electricity duty.
- As part of the Central Government's Remote Village Electrification (RVE) programme, solar energy-powered, electrical lighting systems were introduced in September 2009 in about 3,900 households in 27 remote villages of the Gurez tehsil. Projects have also been sanctioned for extending basic-lighting facility to 145 of the 284 un-electrified villages and 28 hamlets in the state.



Source: Central Electricity Authority

Power ... (2/2)

Upcoming state-sector power projects

Project name	Capacity (MW)
Baglihar Stage-II	450.00
Pahalgam Unit-III	1.50
Matchil	0.35
Baderwah Unit-III	0.50
Sanjak	1.26
Total	453.61

Source: JKSPDCL

Upcoming central-sector power projects

Project name	Capacity (MW)
Uri-II	240.00
Sewa-II	120.00
Nimo Bazgo	45.00
Chutak	44.00
Total	449.00

- Because of being located in the Himalayan region, the state has significant hydro-power potential for development.
- Upcoming power projects in the state include five state-sector power projects, totalling 453.61 MW and four central sector power projects totalling to 449 MW.

Telecom

- According to estimates by Telecom Regulatory Authority of India (TRAI), there were 5.5 million wireless connections and 282,080 wire-line connections in Jammu & Kashmir as of March 2010. The state had a tele-density of 49.9.
- BSNL is the major service provider of basic telephony and value added services in the Jammu & Kashmir telecom circle.
- There are five secondary switching areas, namely, Jammu, Srinagar, Udhampur, Rajouri and Leh.
- Jammu & Kashmir had 5.2 million cellular subscribers and 90,999 internet/broadband subscribers as of June 2010.

Telecom infrastructure as of 2009

GSM cellular subscribers: 5,155,363*

Internet/broadband subscribers: 90,999*

Wireless subscribers: 5,547,277

Wire-line subscribers: 282,080

Sources: Telecom Regulatory Authority of India, Ministry of Communications & Information Technology
*As of June 2010

Telecom operators in Jammu & Kashmir

- BSNL
- Bharti Airtel
- Dishnet Wireless
- Vodafone Essar
- IDEA Cellular

Urban infrastructure

- Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), four projects, costing US\$ 115 million, have been sanctioned for Srinagar and Jammu.
- The projects have been sanctioned for completion between 2006-07 and 2009-2010. The key areas of development are water supply and sewerage.
- According to the city development plan for Jammu and Srinagar, the two cities account for 63 per cent of the total urban population in the state.
- A large part of the civic amenities, particularly, water supply, sanitation and sewerage is old. The required massive up-gradation and renovation of these assets requires planning for high population density issues and concentrated commercial activities.

Education sector ... (1/2)

- Education is on top priority of the State Government.
- Jammu and Kashmir is the only state where education is free up to the university level.
- Seasonal schools have been opened for people in the hilly areas and the under-privileged.
- Jammu and Kashmir has over 25,000 schools, seven universities, 37 industrial training institutes, four polytechnics and 41 colleges including – two for engineering, one medical institute and four medical colleges.

Premier Institutions in Jammu and Kashmir

- National Institute of Technology
- University of Jammu
- University of Kashmir
- Sher-e-Kashmir University of Agricultural Sciences and Technology of Jammu
- Sher-e-Kashmir University of Agricultural Sciences and Technology of Kashmir
- Shri Mata Vaishno Devi University
- Islamic University of Science & Technology
- Baba Ghulam Shah Badshah University

Educational infrastructure as of 2008-09

- Schools: 25,415
- Universities: 7
- Industrial training institutes: 37
- Polytechnics: 4
- Colleges: 34
- Engineering colleges: 2
- Medical institutes/colleges: 5

Source: Jammu and Kashmir Government website, National University of Educational Planning and Administration, District Information System for Education-2008-09

Education sector ... (2/2)

- As of 2001, the male literacy rate of the state was 66.6 per cent and female literacy rate was 43.0 per cent.
- The state has been sanctioned two central universities to boost the educational infrastructure in the state. They will have instruction and research facilities in emerging sectors such as IT, bio-technology and nanosciences.

Literacy rates (%)	
Literacy rate	55.5
Male literacy	66.6
Female literacy	43.0

Source: Census of India, 2001

Jammu & Kashmir's primary education statistics (2008-09)	
Number of schools	Private: 4,549 Government: 20,866
Pupil-teacher ratio	All schools: 16 Primary: 16 Upper primary: 15
Net enrolment ratio	Primary: 95.2 Upper primary: 67.6
Number of Teachers	124,324

Source: National University of Educational Planning and Administration, District Information System for Education, 2008-09

Health infrastructure

- In 2008, the state had 120 hospitals, 273 ayurvedic dispensaries, 235 unani dispensaries, 375 primary health centres, 1,907 sub-centres and 85 community health centres.
- The Central Government has sanctioned US\$ 52 million for constructing super-specialty hospitals in the cities of Jammu and Srinagar.

Health Indicators	
Birth rate*	18.8
Death rate*	5.8
Infant mortality rate**	49.0
Life expectancy at birth (years)	
Male	59.7
Female	59.0

Sources: Ministry of Health and Family Welfare, Sample Registration System 2008

*Per thousand persons

**Per thousand live births

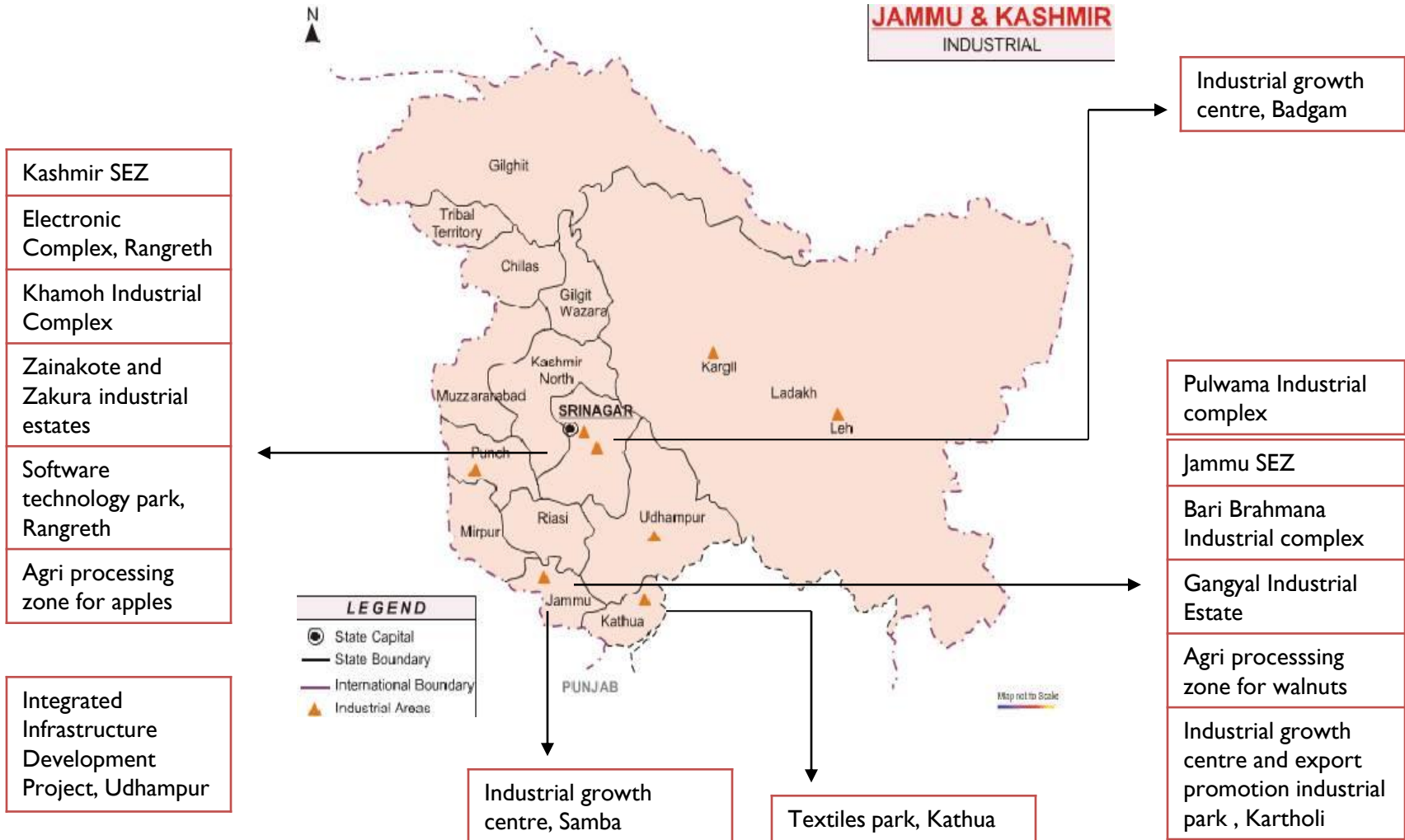
Health Infrastructure as of 2008
• Hospitals: 120
• Ayurvedic dispensaries: 273
• Unani dispensaries: 235
• Primary health centres: 375
• Sub-centres: 1,907
• Community health centres: 85

Source: Ministry of Health and Family Welfare

Cultural infrastructure

- Jammu's numerous shrines attract thousands of pilgrims, every year. Ladakh, also known as "Little Tibet", is renowned for its pristine mountains and Buddhist culture.
- Archery and polo are the famous sports in the state.
- Music forms include kashmiri sufiyana music, chakri, jeenda-ji kukoo, benthe, dogri lok geet, gojri folk songs, ladakhi folk songs and bakhan.
- Traditional dance forms include dumhal, jagarna, getru, karak, jabro, gwatri, rouff, roul, surma, kud pahari and dogri.
- Jammu's Dogra culture and tradition is similar to that of the neighbouring Punjab and Himachal Pradesh. The traditional festivals of Lohri and Vaisakhi are celebrated in the state.

SEZs and industrial estates



Source: J&K SIDCO

Major investments in the infrastructure sector

- As of March 2010, over US\$18.3 billion of investments have been made to improve Jammu and Kashmir’s infrastructure sector.
- Over 40 percent of investments in infrastructure have been made in the area of roads followed by electricity generation and distribution.

Infrastructure type	Investments (US\$ million)
Roads	7,211.6
Power*	5,676.9
Railways	5,359.8
Telecommunication	24.6
Total	18,272.9

*Generation and distribution
Source: CMIE

Contents

- ❖ Advantage Jammu and Kashmir
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ **State policies and incentives**
- ❖ Business opportunities
- ❖ Doing business in Jammu & Kashmir

Sector-specific policies ... (1/9)

Policy for Development of Micro/Mini Hydro Power Policy, 2010

Aim: To attract investors for the development of state's water resources in an environment friendly manner to provide a solution to the energy problems in remote and hilly areas where extension of grid system is unviable or uneconomical

Key initiatives:

- Only permanent residents of the state of Jammu & Kashmir are eligible to bid and create mini/micro hydel projects (MHPs) upto 200 kilo watts (KW) station capabilities. Projects from 200 KW to 2000 KW station capacity are open to all Indian citizens but preference will be given to Jammu & Kashmir residents.
- The Jammu & Kashmir Energy Development Agency, Science & Technology Department shall invite any non-Government of Jammu and Kashmir agency to bid for identified projects. These are known as Independent Power Producers (IPPs).
- The IPPs shall execute a power purchase agreement for sale of power to Jammu and Kashmir Power Development Department (JKPDD) or with any third party in or outside the state. JKPDD can buy power at a tariff determined under norms by Jammu and Kashmir State Regulatory Commission (JKSERC).

Sector-specific policies ... (2/9)

Policy for Development of Micro/Mini Hydro Power Policy, 2010 (continued)

Incentives and concessions:-

- No entry tax will be levied by the State Government on power generation or transmission equipment used for the MHPs.
- 3 per cent interest subsidy available to IPPs for working capital facilities from banks for an initial period of five years.
- 10 per cent additional subsidy on working capital for power projects subject to a ceiling of US\$ 13 million after successful installation and commissioning of the project.
- Exemption of court fee for registration of documents relating to lease of land will be granted to IPPs. Mortgage deed in favour of financial institutions to be signed by promoters will be exempt from payment of stamp duty.
- Government land will be allotted on lease for 40 years at a premium of US\$ 0.02 per square metre.
- No royalty to be paid for hydel projects upto 2 Mega Watts capacity.

Sector-specific policies ... (3/9)

Jammu & Kashmir Industrial Policy, 2004

Aim: To develop an action plan to promote industrial growth in the state. The policy to remain in force from February 2004 to March 2015.

Key initiatives:

- To achieve sustainable industrial development in all the regions for increasing the growth rate, value of output, employment, income and overall economic status of the state.
- To strive towards balanced economic and social development in all the regions by promoting industrialisation, particularly, of the industrially backwards areas.
- To encourage and sustain the cottage and tiny industrial sectors, which provide employment to a large number of people.
- To create a supportive environment with transparency and easy access to information, technology and financial resources.
- To revive potentially viable but sick industrial units to put to optimum use, the capital and other resources already employed in such enterprises.
- To promote the growth of thrust- and export-oriented industries, and encourage high-tech and knowledge-based industries including IT.
- To take necessary steps in the field of human resources development to make available skilled and technical manpower to fulfil the needs of the industries.

Sector-specific policies ... (4/9)

Jammu & Kashmir Industrial Policy, 2004 (continued)

Incentives and concessions:

- Subsidy of 75 per cent subsidy to be given for the construction of a captive tube-well in any of the thrust areas, subject to a maximum amount of US\$ 50,000.
- Incentives for modernisation of existing industrial units, subject to a limit of US\$ 60,000.
- Incentives for brand promotion – US\$ 40,000 in the first year, US\$ 30,000 in the second, and US\$ 20,000 in the third year.
- Sanction of US\$ 4,000 for preparation of project report from approved consultants.
- Subsidy of 100 per cent on new diesel-generation sets ranging from 10 KW to 100 KW.
- Exemption from paying electricity duty or state excise up to 25 years for mini/micro-or captive -power units.
- Up to 15 per cent price and or purchase preference on government purchase from small scale industries.
- Mortgage deeds in favour of financial institutions exempted from the payment of stamp duty.
- Exemption of court fee for registration of documents relating to lease of land.
- No additional toll-tax on the raw materials, fuel consumables and finished goods.
- Small, medium and large scale industrial units to be provided relief under Value Added Tax (VAT) up to March 2010.

Sector-specific policies ... (5/9)

Jammu & Kashmir Industrial Policy, 2004 (continued)

Incentives and concessions:

- Exemption from paying central sales tax (CST) on sale of finished goods outside the state.
- Interest subsidy of 3 per cent on working capital.
- Capital subsidy of 100 per cent on testing equipment, subject to a maximum amount of US\$ 50,000.
- Air freight subsidy on finished goods and raw materials for any destination, at 50 per cent, but subject to a maximum of US\$ 10,000 per unit.
- Subsidy of 30 per cent on pollution-control equipment, subject to a maximum amount of US\$ 40,000.
- Interest subsidy of 5 per cent on term-loan for technocrats.
- Subsidy of 50 per cent on research and development, subject to a maximum amount of US\$ 10,000.
- Subsidy of up to US\$ 1 million on agro-based products.
- Human resource development subsidy of maximum of US\$ 10,000 for men and US\$ 20,000 for women trainees on programs for skill development leading to employment.
- Government of India scheme for providing grant of up to US\$ 200,000, at 33.33 per cent, for food processing projects.

Sector-specific policies ... (6/9)

Infrastructure focus of the Jammu & Kashmir State Industrial Development Corporation (J&K SIDCO)

Aim: These are initiatives taken by the J&K SIDCO improve the general infrastructure of the state.

Key initiatives:

- Development of modern industrial areas and estates, growth centres, Integrated Infrastructure Development Centres (IIDC), etc.
- Operational management of the major industrial estates to be rationalised and involve local industrialists through a suitable local self-managed model, both, for development work and management of the estates including power and water supply facilities.
- Treating private sector participation in infrastructure development as an industry for the purpose of availing incentives.
- Facilitation of acquisition of land by the State Government for such private sector initiatives.
- To ensure that the power supply within industrial areas, estates, IIDCs, etc., is regular, reliable and of good quality.
- Private sector investment in generation and distribution of regular power supply in industrial areas, estates, IIDCs, etc., to be actively encouraged.
- Micro-hydel projects are already open for private sector investment.

Sector-specific policies ... (7/9)

Jammu & Kashmir IT Policy, 2004

Aim: To increase the use of IT in all sectors and make it a sunrise industry

Key initiatives:

- To use IT in the process of government functioning to bring transparent governance to citizens.
- To use IT effectively in industries especially where the state has competitive advantages
- To encourage the use of IT in schools, colleges and educational institutions to enable students increase their job prospects.
- To facilitate localisation of software, so that benefits of IT could percolate not only in the English language, but also in the local languages.
- To provide adequate infrastructure in the state so that IT sector can flourish and facilitate citizens of the state to use IT for a better quality of life.
- To promote e-tourism, e-health and e-commerce in the state.

Sector-specific policies ... (8/9)

Jammu & Kashmir IT Policy, 2004 (continued)

Incentives and concessions:

- IT software and IT services to be deemed as manufacturing activity for the purpose of incentives. All promotional and liberalised policy instruments available to the IT software and IT services to also be made available to the IT enabled services including the information content industry.
- All IT, hardware, software and service industries to be entitled to 'Industry' status.
- Interest subsidy scheme on the pattern available to other industries to be made applicable for both computer hardware and software sectors, through the IT department.
- IT software and services industry to be treated as industrial consumers and electricity tariff applicable to the industrial consumers to be levied.
- IT software units permitted to be set up in residential areas, subject to electricity load restrictions.
- State financial institutions and banks to treat IT hardware, software and IT services as priority sectors to allow investment in the form of equity, in line with the approved policy of the Government of India.
- The government to facilitate creation of a venture capital fund of US\$ 5.4 million, to begin with, in association with financial institutions to meet the equity requirements of the small and medium enterprises/IT startups.

Sector-specific policies ... (9/9)

Jammu & Kashmir IT Policy, 2004 (continued)

Incentives and concessions:

- The State Government to offer special package of incentives for projects with total investments of over US\$ 2.2 million.
- The State Government to fix uniform sales tax on all IT products including computers and accessories.
- For registered IT units within the declared software technology parks, relaxation of floor area ratio (FAR) to the extent of 50 per cent of the prevailing norm.
- Exemption from paying land and building for land and building located within a declared software technology park.

Contents

- ❖ Advantage Jammu and Kashmir
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ **Business opportunities**
- ❖ Doing business in Jammu & Kashmir

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Horticulture and floriculture

- Horticulture is the bulwark of rural economy in the state, generating revenue of over US\$ 11 million yearly and providing employment to thousands, directly and indirectly.
- The state is a leading producer of apples, walnuts, pears, almonds and apricots and has huge potential for exports of processed food and allied services.
- The state has suitable agro-climatic conditions for a variety of flowers.
- The floriculture industry supplies flowers to, both, domestic and international markets. The state has a rich market of flowers worth over US\$ 2 million, of which the Jammu region alone contributes for about US\$ 1 million.

Handicrafts

- Kashmiri silk carpets are famous the world over and earn a substantial foreign exchange.
- Wood from Kashmir, popularly known as Kashmir willow, is also used to make high-quality cricket bats.
- The cottage handicrafts industry provides direct and gainful employment to around 300,000 people.
- The state has established the Jammu & Kashmir Handicrafts Sales & Export Promotion Corporation and J&K State Handloom Development Corporation to promote development and growth of the handicrafts sector.

Tourism

- Jammu & Kashmir had 9.3 million tourists visiting the state during 2009.
- Jammu is famous for its temples while Kashmir valley is known for its scenic beauty.
- Major tourist attractions include Chashma Shahi springs, Shalimar Bagh and the Dal Lake in Srinagar, Gulmarg, Pahalgam and Sonamarg in the valley, Ladakh, Vaishno Devi temple and Panitop near Jammu.
- The State Government has established 19 Tourism Development Authorities at places with good tourism potential.




Sericulture

- Kashmir is well-known for its quality of silk and its traditional silk-weaving industry. The state is home to two large silk factories.
- The factory at Srinagar manufactures around 300,000 m of various types of silk fabrics, georgette, parachute and suiting.
- A Government woollen mill at Srinagar is another established manufacturing unit, which has a capacity of 2,018 woollen and 1,576 worsted spindles.
- The state has also a special package of US\$ 3 million for the development of sericulture including price stabilisation, procurement of cocoons, and cultivation of mulberry plantation in private land.

IT and ITeS

- IT is a sunrise industry in the state and the sector is growing at a fast pace with a revenue of over US\$ 51 million in 2009-2010.
- The State Government has taken certain initiatives under the IT policy to develop this industry. The state industrial policy also provides for an attractive environment for increased investment in the IT industry.
- The State Government is interested in inviting major Indian and overseas players in the sector to spur IT growth in the state. The projects, which are being implemented include setting-up of 1,100 IT kiosks named 'e-Khidmat centres' for the delivery of services at remote villages.
- Around US\$ 30 million worth projects are being implemented to provide core infrastructure for the growth of IT industry and e-governance initiatives in the state.
- A task force in the IT sector is being constituted with experts from companies functioning in the state.

Key industrial units in Jammu and Kashmir ... (1/2)

<p>Indian Telephone Industries Limited</p> 	<ul style="list-style-type: none"> • India's pioneering venture in the field of telecommunications. Founded in 1948, this premier public sector undertaking has contributed to 50 per cent of the present national telecom network. • Manufactures the entire range of telecom equipment . • Has its manufacturing unit in Srinagar.
<p>National Hydroelectric Power Corporation</p> 	<ul style="list-style-type: none"> • Incorporated in 1975 as a private limited company for the integrated and efficient development of hydroelectric power. • Also has plants and projects in the other sources of energy such as geothermal, tidal and wind. • Has two power stations located at Salal and one each at Uri and Dulhasti.
<p>Singer India Limited</p> 	<ul style="list-style-type: none"> • Leader in sewing machines. Has a factory at a distance of 16 km from Jammu. It has been operating since 1986.

Key industrial units in Jammu and Kashmir ... (2/2)

<p>Zamindara Rice Mills</p>	<ul style="list-style-type: none"> Established at Village Rangpur Sandhrey in 1978, The unit has won the recognition of the highest order for the best quality of rice produced at the state-level from the federation of retailers Association, Jammu.
<p>Sutlej Textiles and Industries Limited</p>	<ul style="list-style-type: none"> Part of the K. K. Birla Group, entered the state with the merger of Chenab textile mills of Jammu & Kashmir in 1997. Sutlej is an integrated company in the textiles Industry. Its products range from yarn to fabrics to home furnishing and garments. Chenab textile mills manufactures spun yarns.
<p>Jai Beverages Private Limited</p>	<ul style="list-style-type: none"> Incorporated in 1999 as a franchise for Pepsi India with an initial investment of US\$ 6.4 million. The company provides direct and indirect employment to around 700 people.

Major projects being implemented

Project name	Promoter	Cost (US\$ million)	Industry	Project ownership
Udhampur-Srinagar-Baramulla railway line	Northern Railways	2,450.0	Railways	Central Government
Kishenganga hydro-power project	NHPC Limited	791.7	Hydro-power	Central Government
Uri Hydro-power project Stage-II	NHPC Limited	293.9	Hydro-power	Central Government
Sub-transmission and distribution (Jammu and Kashmir) project	Government of Jammu and Kashmir	239.1	Power Distribution	State Government
Chutak hydro-power project	NHPC Limited	205.9	Hydro-power	Central Government
Sewa hydro-power project, Stage-II	NHPC Limited	184.8	Hydro-power	Central Government
Kishenpur-Moga transmission line	Power Grid Corporation of India Limited	184.6	Power Distribution	Central Government
Nimoo-Bazgo hydro-power project	NHPC Limited	157.4	Hydro-power	Central Government

Key projects being planned

Name of the project	Promoter	Cost (US\$ million)	Industry	Project Ownership
Sawalkot hydro-power project	JKPDC	1,521.7	Hydro-power	State Government
Pakal-Dul hydro-power project	Chenab Valley Corporation	1,188.9	Hydro-power	Central and State Governments
Bursar hydro-power project	NHPC Limited	951.8	Hydro-power	Central Government
Road up-gradation (Chenani-Nashri)	NHAI	458.3	Roadways	Central Government
Road up-gradation (Quazigund-Banihal)	NHAI	431.9	Roadways	Central Government
Road up-gradation (Jammu-Udhampur)	NHAI	385.0	Roadways	Central Government
Road up-gradation (Srinagar-Banihal)	NHAI	260.9	Roadways	Central Government
Road up-gradation (Ramban-Banihal)	NHAI	214.3	Roadways	Central Government
Road up-gradation (Udhampur-Ramban)	NHAI	211.1	Roadways	Central Government
Spice Park in Kashmir	The Spices Board of India	78.7	Food	State Government
Ratie hydro-power project	GVK Ratie Hydro Electric Pvt Ltd	-	Hydro-power	State Government

Source: projectstoday.com

NHAI: National Highway Authority of India

Contents

- ❖ Advantage Jammu and Kashmir
- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ **Doing business in Jammu & Kashmir**

Key nodal agencies for single-window clearance

Jammu & Kashmir State Industrial Development Corporation (J&K SIDCO)

State-level nodal agency for single-window clearance

- J&K SIDCO is the nodal agency for promotion and development of medium and large scale Industries in the state.
- Established in 1967, its purpose is to act as a catalyst to inspire and accelerate the industrial development.
- Since its inception J&K SIDCO has acted as a prime mover in the state for promotion of industrial ventures. It plays the role of "Institutional Entrepreneur".
- Activities of the corporation include support to modernisation, brand promotion, rehabilitation of sick units and export promotion.
- Within each estate, developed land is available at subsidised rates. Industrial growth centres and export promotion Industrial parks are being set up in Jammu region and Kashmir valley. J&KSIDCO acquires land, constructs internal roads and affluent disposal facilities, provides for supply of water and power in the industrial estate
- The corporation offers a variety of financial assistance for setting up new units and for expansion, diversification, and modernisation of existing units.

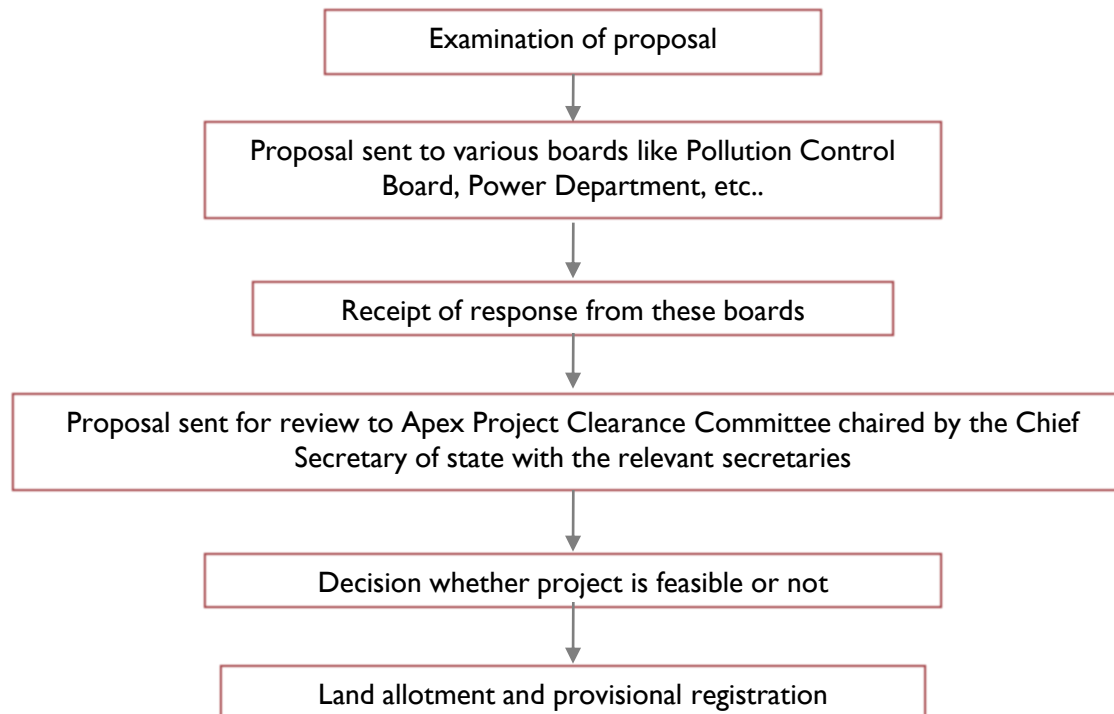
Directorate of Industries and Commerce

District-level committee for single -window clearance

- Provides sanctions and clearances for setting-up small scale industrial units in the state.
- The General Manager is the key nodal officer for sanctions.

Single-window clearance mechanism

The following is the procedure for obtaining single-window clearance in the state



The entire procedure is completed within a maximum time-frame of two months

Cost of doing business in Jammu and Kashmir ... (1/2)

Cost parameter	Government land	Charges	Source
Land cost	First 0.5 acre	US\$ 3,980.0 per acre or actual development cost, whichever is lower.	Jammu and Kashmir Government, J&K SIDCO
	0.5 acre to 1 acre	US\$ 5,970.4 per acre or actual cost of development, whichever is lower.	
	1 acre to 2.5 acres	US\$ 7,960.2 per acre or actual development cost, whichever is lower.	
	Above 2.5 acres	Land to be leased out on full cost of land plus development charges.	

Cost of doing business in Jammu and Kashmir ... (2/2)

Cost parameter	Cost estimate	Source
Hotel costs	US\$ 25 to US\$ 240 per room night	Leading hotels in the state
Office space (per sq ft)	US 20 cents to US 40 cents per month	Industry sources
Residential space (2,000 sq ft house)	US\$ 200 to US\$ 670 per month	Industry sources
Power (per kWh)	US\$ 0.05 to US\$ 14.9	J&K State Electricity Regulatory Commission
Water (per litre)	US 7.0 cents	J&K SIDCO

Key investment promotion offices

Jammu and Kashmir Industrial and Technical Consultancy Organisation Limited (J&K ITCO)	<ul style="list-style-type: none"> • Set up in April 1997 as a subsidiary of Industrial Development Bank of India. • Primary objective is to provide consultancy services to existing and potential tiny, small and medium scale industrial units.
Jammu and Kashmir State Financial Corporation (JKSFC)	<ul style="list-style-type: none"> • Established to act as a regional development bank with the aim of promoting industries and boosting economic development in the state. • For existing units, JKSFSC offers term-finance for their expansion, diversification, renovation, modernisation and procurement of quality control equipment and energy saving devices.
Small Industries Services Institute (SISI)	<ul style="list-style-type: none"> • Provides techno-managerial, economic and marketing services to prospective and existing entrepreneurs in the state.

Contact list

Agency name	Contact information
Jammu & Kashmir State Industrial Development Corporation (J&K SIDCO)	Drabu House, Rambagh, Srinagar - 190 015. Phone: 91-194-2430 036, 2434 402 Fax: 91-194-2430 036 Email: info@jksidco.org Website: http://www.jksidco.org/
Jammu and Kashmir Industrial and Technical Consultancy Organisation Limited (J&K ITCO)	49 C/C, Gandhi Nagar, Jammu - 180 004. Phone: 91-194-2435 211
Jammu and Kashmir State Financial Corporation (JKSFC)	Sehkari Bhawan Rai Head Complex, P.B.No-14, Jammu Tawi-180 001. Phone: 91-194-2432 772,2432 785 Fax: 91-194- 2436 753
Small Industries Services Institute (SISI)	Auquaf Building, Gandhi Nagar, Jammu -180 004 Phone :91-191-2431644 Fax: 91-191-2431733 Srinagar office: SICOP Boulevard, Srinagar - 190 012 Phone: 91-194-477043

Annexure

Exchange rates

Year	INR equivalent of one US\$
2000	46.6
2001	48.3
2002	48.0
2003	45.6
2004	43.7
2005	45.2
2006	45.0
2007	42.0
2008	40.2
2009	46.0
2010	47.4

Average for the year

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