

File No.:P-42018/1094/2021-SPECIAL PACKAGE (Comp. No. 59106)  
Government of India  
Ministry of Commerce & Industry  
Department for Promotion of Industry & Internal Trade  
Special Scheme Section

Udyog Bhawan, New Delhi-110011  
Dated 17<sup>th</sup> July, 2023

To,

The Principal Secretary (I&C),  
Government of Jammu & Kashmir,  
Civil Secretariat, Jammu-180004 (J&K)

**Subject- General Operation Guidelines for Claims and their processing of Units under Industrial Development Scheme (IDS) 2017 for Jammu & Kashmir and Ladakh- regarding.**


Sir,

In continuation of the Department's letter No. 2(3)/2019-SPS dated 19.02.2019 on the subject mentioned above, I am directed to forward herewith the revised General Operational Guidelines for filing of claims and their processing under **Industrial Development Scheme (IDS) 2017 for Jammu & Kashmir and Ladakh.**

2. It is requested that the Guidelines may be uploaded on website of the UT Govt. of J&K along with circulation in the public domain.
3. This is issued with the approval of competent authority.

Encls: As above.

Yours faithfully

  
17/7/23

(Ganesh H. Nikhare)  
Under secretary to the Govt. of India  
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Copy to: NIC/DPIIT

**REVISED OPERATIONAL GUIDELINES UNDER INDUSTRIAL DEVELOPMENT**  
**SCHEME (IDS), 2017**

These operational guidelines should be read with the IDS 2017 notification dated 23.04.2018, IDS 2017 General Operational Guidelines for J&K and Ladakh dated 19.02.2019, and HP and UK dated 08.02.2019. The following guidelines supersede the said operational guidelines.

**1. For claiming Central Capital Investment Incentive for Access to Credit**

**1.1. Inspection of the unit**

(i) The unit should file online intimation of its readiness to receive a field inspection team after it has commenced commercial production. DIC shall inspect all the Central Capital Investment Incentives for Access to Credit (CCIIAC) Claims where the value of plant and machinery is up to Rs.5.00 crore. In contrast, for the value of plant and machinery in excess of Rs.5.00 crore, a field visit must be organized by State Govt. comprising one representative each from (i) State Govt. concerned, (ii) the financial Institution which has appraised the unit, (iii)JKDFC/HPSIDC/SIDCUL and (iv) in case investment in eligible plant and machinery is above Rs.20 crores, field visit team shall be nominated by DPIIT.

(ii) The functions of the Field Visit Team, as applicable, shall broadly be as follows:-

- To verify the physical availability of the Plant and Machinery regarding which the industrial unit has made a claim.
- To ascertain whether the components/items of these plants and machinery in respect of which subsidy claimed by the industrial unit is as per the scheme's provisions and subsequent clarifications issued from time to time.
- To invariably consider the Appraisal Report of the Financial Institution(s) of the Industrial Unit along with other relevant documents while assessing the quantum of the value of Plant and Machinery.
- To suitably explain the deviations (if any) in the value of Plant and Machinery considered eligible for a subsidy from the Appraisal Report. The deviation report shall be submitted as per the format given in Annexure-1.
- To submit the field visit report within seven working days from the completion date of the unit's field visit.

(iii) Inspection of the unit is mandatory before considering the claims under any incentive components under the scheme submitted by the unit. The field visit report will be placed before the State Level Committee and appended to the meeting minutes.

(iv) It should be ensured that new units fulfill the conditions stipulated under para 4.5 of the notification dated 23.04.2018.

(v) DPIIT reserves the right to inspect any unit, irrespective of the financial limit as mentioned above

1.2 The claim application is to be submitted online, at the latest, within one year of the commencement of commercial production. In case of any delay condonement provided by SLC, a detailed justification shall be provided.

1.3 A unit at the time of submission of a claim is required to submit details regarding total investment made in the project, installed capacity and calculation of actual/projected Return on Investment (RoI) up to 5 years from the commencement of commercial production.

1.4 DIC should ensure that all claims are placed before the appropriate Committee within 90 (Ninety) days from receipt of the claims. An application will be deemed rejected if the applicant does not clarify the objection/ documents sought within 60 days of objecting/ clarification date.

1.5 All claims about Central Capital Investment Incentive for Access to Credit (CCIIAC), irrespective of the investment in eligible Plant & Machinery, will be approved by State Level Committee (SLC). State Level Committee (SLC) shall be set up by the concerned State Government consisting of (I) Senior most Secretary from Industries, Commerce & Public Enterprise Department, (ii) the Commissioner/Director of the Commissionerate/Directorate as a representative from the State Industries Department, (iii) Any other suitable Officer of State Directorate of Industries, (iv) State Finance Department, (v) JKDFC/HPSIDC/SIIDCUL and (vi) the financial institution concerned (if a financial institution assisting the industrial unit).

1.6 SLC shall detail each case to decide whether the unit qualifies for a grant of incentive and the quantum of incentive. The DIC/SLC must exercise due diligence to establish the commencement date of commercial operation (through UDYAM/ IEM-B/ Intimation to Concerned Department) of the industrial unit.

1.7 SLC to ensure that the claim under the scheme should not be recommended if the claim under the scheme is sub-judice.

1.8 All transactions regarding the cost of plant and machinery/ project, as the case may be, must be through Bank/ Financial Institution. A Bank statement indicating payment made towards the purchase of Plant & machinery etc. has to be uploaded to the portal. No payment in cash would be considered eligible for computation of subsidy.

1.9 All expenses must be certified by the registered Chartered Accountant (as per proforma).

1.10 The land cost shall not be considered to determine the scheme's eligibility and quantum of subsidy.

1.11 While recommending/approving a claim under the scheme, the SLC shall consider the following:-

- Date of commencement of commercial operation
- Assessment Report of Field Visit Team
- The documents pertaining to the proof of the existence of the industrial unit
- Production figures of the unit.
- Whether payment for procuring/acquiring these plants & Machinery has been made through Bank/ Financial Institution (A/c Payee Cheque/Drafts/NEFT/RTGS).
- Appraisal Report of the Financial Institution(s) which had assisted the project of the Industrial unit. In the case of a Self-financed industrial unit, this Department's letter No. 1(7)/2019-SSS dated 07.08.2019 may be referred to.
- In addition to the above, SLC can stipulate the requirement of any other documents/reports that, in its opinion, are essential for ascertaining the genuineness of the claims made by the industrial units.

1.12 All the cases of subsidy claims approved/recommended by the SLC shall be subjected to pre-scrutiny. State Government to conduct SLC at least once in 3 months and provide minutes to DPIIT within 15 days of SLC. DPIIT is to appoint an independent audit agency within 21 days of receipt of a State Government request. For the processing of claims, a checklist was issued to IPAI vide this Department's mail dated 26.11.2020 (F.No. 1(4)/2018-SSS may be referred.

1.13 At least 10% of the claims shall be subject to post-audit by JKDFC/HPSIDC/SIDCUL.

## **2. For claiming the Central Interest Incentive**

2.1 Each claim is to be submitted for a complete financial year. The first claim / last claim of the unit may be preferred for part of the financial year, depending on the date of commencement of commercial production.

2.2 Claim application is to be submitted online within 6 (six) months from the end of the concerned financial year for which the claim is made.

2.3 A unit will be required to submit a certificate cum recommendation of a scheduled bank / central or state financial institution (as per format enclosed) indicating a credit limit sanctioned by the bank towards the working capital requirement for the claim period, actual drawl by the unit against the credit limit, total interest charged by the bank on working capital utilization, rate of interest charged by the bank and the marginal cost of fund based lending rates of the lending institution.

Lending financial institutions will also have to certify that all draws against the credit limit have been utilized for the purpose for which it was sanctioned and that there has been no diversion of funds and/or siphoning by the industrial unit.

2.4 Each State Government concerned will set up a State Level Committee (SLC) consisting of (i) the Senior most Secretary/Commissioner (Industries) of the State Department concerned, (ii) the State Finance Department, (iii) Any other official(s) of State Industry Department and State Directorate of Industries as member, (iv) representative of JKDFC and (v) representative of the Financial Institution concerned from where the unit has raised working capital loan; to go into each case to decide whether the unit qualifies for the grant of interest incentive under the scheme and also about the quantum of eligible incentive under the scheme.

2.5 Those registered units which were eligible to claim benefits under CII component of IDS, 2017 and could not apply due to the non-availability of a claim form (before 20.08.2019) or the provisions of submission of claims for subsequent periods on the IDS portal may file their claims pertaining to that period within 06 months w.e.f. The date of issue of these revised guidelines.

2.6 SLC will approve all the claims as per the flowchart in Annexure-A. The concerned District Industries Centers (DICs) and State Governments to ensure the eligibility of the claims as per the documents uploaded by the unit on the IDS portal.

2.7 The minutes of the SLC meetings are to be forwarded to Department for Promotion of Industry & Internal Trade (DPIIT), M/o Commerce & Industry, Government of India, for disbursement funds to JKDFC. State Government to conduct SLC at least once in 3 months and provide minutes to DPIIT within 15 days of SLC.

### **3. For claiming Central Comprehensive Insurance Incentive**

3.1 Each claim is to be submitted for a complete financial year. The first claim / last claim of the unit may be the preferred part of the financial year, depending on the date of commencement of commercial production.

3.2 Claim application is to be submitted within 6 (six) months from the end of the concerned financial year for which the claim is made.

3.3 A claimant unit will be required to furnish the insured details of the building, plant, and machinery.

3.4 Those registered units which were eligible to claim benefits under the CCII component of IDS, 2017 and could not apply due to the non-availability of a claim form (before 21.06.2019) or the provisions of submission of claims for subsequent

periods on the IDS portal may file their claims pertaining to that period within 03 months w.e.f. the date of issue of these revised guidelines.

3.5 SLC will approve all the claims as per the flowchart in Annexure-A. The concerned District Industries Centers (DICs) and State Governments to ensure the eligibility of the claims as per the documents uploaded by the unit on the IDS portal.

3.6 The minutes of the SLC meetings are to be forwarded to the Department for Promotion of Industry & Internal Trade (DPIIT), M/o Commerce & Industry, Government of India, for disbursal of funds to JKDFC/HPSIDC/SIDCUL. State Government to conduct SLC at least once in 3 months and provide minutes to DPIIT within 15 days of SLC.

#### **4. For claiming Transport Incentive**

4.1 Claim is to be submitted every quarter. The first claim / last claim of the unit may be preferred for part of the quarter, depending on the date of commencement of commercial production.

4.2 Claim application is to be submitted within 6 (six) months from the end of the concerned quarter for which the claim is made.

4.3 The State Government concerned shall set up a State Level Committee (SLC), consisting of the Secretary (Industries) of the State Government, Director of Industries of the State, representative each from the Finance Department of the State, Transport Department of the State and JKDFC.

4.4 State Government concerned shall carry out periodical checks to ensure that the finished goods in respect of which incentive under the scheme is being given were produced for the purpose by a system of scrutinizing the output of the finished goods and cross verification with power consumed, payment of GST etc.

4.5 Processing of the claims will follow the flowchart in Annexure B. The SLC may lay down the production of any other documents which, in its opinion, is necessary to recommend the claimant's eligibility for the subsidy under the scheme.

4.6 SLC shall also ensure that the incentive being claimed by the unit does not arise from the transportation of finished goods by their own goods carrier. Further, the cost of loading or unloading and other handlings charges from the railway station/airport/port to the industrial unit site will not be considered. Challans/Invoices generated for transportation of raw material/finished product through Railway/Air Cargo/Inland Waterways may be referred only for calculation of eligible subsidy in terms of 6.7 of IDS 2017 notification dated 01.01.2019.

4.7 The minutes of the SLC meetings are to be forwarded to the Department for Promotion of Industry & Internal Trade (DPIIT), M/o Commerce & Industry, Government of India. State Government to conduct SLC at least once in 3 months and provide minutes to DPIIT within 15 days of SLC.

4.8 Those registered units which were eligible to claim benefits under the TI component of IDS, 2017 and could not apply due to the non-availability of a claim form (prior to 20.08.2019) or the provisions of submission of claims for subsequent periods on the IDS portal may file their claims pertaining to that period within 06 months w.e.f. the date of issue of these revised guidelines.

4.9 All the claims will be pre-scrutinized by the independent audit agency, and basis the recommendations of the audit agency, funds will be released to JKDFC.

## **5. For claiming Income Tax (IT) Reimbursement**

5.1 For Central Share of Income tax claims, the applicant unit will be required to file its claim online within 6 (six) months from the end of the month in which its income tax return was processed u/s 143(1) of the Income Tax Act, 1961. *However, due relaxation of another 12 months may be considered for cases in which rectification of Income Tax Return has been filed by the applicant or appeal has been filed against intimation u/s 143(1).*

5.2 For filing the IT Reimbursement claim, it is mandatory to give a copy of the order passed u/s 143(1) of the Income Tax Act, 1961, along with the amount of claim with reference to the concerned unit, which will be taken into account for deciding the claim.

5.3 The amount of the Central Share of Income Tax reimbursed shall be, as per the recommendation of the Finance Commission from time to time, of the Income Tax paid concerning the unit.

5.4 The State Nodal Office of the concerned State to conduct State Level Committee (SLC) meeting comprising representatives from (i) Senior most Secretary (Industries) of concerned state as Chairman (ii) Commissioner/Director (Industries) of concerned state as Member Secretary(ii) JKDFC (iii) Officer not below the rank of ACIT/JCIT from regional Income Tax Department(iv) Representative of State Finance department to determine the eligibility of the claims recommended by the District Industry Centers.

5.5 Minutes of the SLC meeting to be forwarded to DPIIT to disburse funds to JKDFC. State Government to conduct SLC at least once in 3 months and provide minutes to DPIIT within 15 days of SLC.

5.6 Those registered units which were eligible to claim benefits under the IT component of IDS, 2017 and could not apply due to the non-availability of a claim form (prior to 09.01.2022) or the provisions of submission of claims for subsequent periods on the IDS portal may file their claims pertaining to that period within 03 months w.e.f. the date of issue of these revised guidelines.

## **6. For claiming Goods and Services Tax (GST) Reimbursement**

6.1 GST reimbursement on finished goods is applicable only on the Central share of the net GST paid, other than the amount of Tax paid by utilization of Input Tax credit under the Input Tax Credit Rules, 2017.

6.2 The amount of GST reimbursed" shall be a total of:

- a. 58% of the Central tax paid through debit in the cash ledger account maintained by the unit in terms of sub-section (1) of section 49 of the Central Goods and Services Act, 2017, after utilization of the Input tax credit of the Central Tax and Integrated Tax.
- b. 29% of the integrated tax paid through debit in a cash ledger account maintained by the unit in section 20 of the Integrated Goods and Services Act, 2017, after utilizing the Input tax credit Tax of the Central and Integrated Tax.
- c. Provided where inputs are procured from a registered person operating under the Composition Scheme under section 10 of the Central Goods and Services Act, 2017, the amount, i.e., the sum total of (a) & (b) above shall be reduced by the same percentage value of inputs procured under Composition scheme out of the total value of inputs procured.

"Note: This reimbursement percentage shall be changed as per the recommendation of the Finance Commission from time to time.

6.3 *The process flow of the claim applications under GST will be as per flow chart C. DIC and SNO to verify each claim as per the documents uploaded by the applicant under the GST reimbursement claim form under IDS, 2017.*

6.4 *Claim, based on information provided by the applicant at S.no. 7 of Annexure-II of the GST claim form, to be calculated in the following order:*

*(a) Budgetary support in respect of intra-state supplies = {CGST in cash – Balance of (ITC of CGST + ITC of IGST)}\*58%}\* {[1- Value under (G)] / Value under (F)}*

*(b) Budgetary support in respect of inter-state supplies = {IGST in cash – Balance<sup>^</sup> of (ITC of IGST + ITC of CGST)}\*29%}\* {[1- Value under (G)] / Value under (F)}*

*<sup>^</sup> Balance to be taken under (b) after excluding the amount considered under (a) above*



*(c) Total Budgetary Support = (a)+(b):-*

6.5 The methodology for vetting the GST reimbursement Incentive is as under:

Step-1: **Filing of a claim by the applicant (on IDS Portal):** Unit holders/Applicants shall file the GST reimbursement claims with required and liable documents as mentioned on the portal.

**Time line:** All registered units under IDS should file their pending claims within 60 days of issuance of these guidelines.

Step-2: **District Industries Center (DIC) to Commissioner, State Taxes:** Concerned GM DIC shall verify the claim documents and forward the same (on the portal) to the Commissioner, State Taxes, J&K, for certification of GST reimbursement claim-related documents (turnover and liabilities reflected in GSTR-3B/9C) provided by the applicants.

**Time line:** Within 15 days after receipt of the claims from the units.

Step-3: **Commissioner, State Taxes Login and Dashboard:** For processing GST reimbursement Claims, a provision of login credential for the Commissioner will be provided on IDS Portal. A separate Dashboard will be visible to the Commissioner in his/her login Id.

Step-4: **Certify:** The Commissioner, State Taxes, J&K will certify the amount of turnover and liabilities reflected in GSTR-3B/9C is the same as submitted by the unit holder for the GST reimbursement claim.

Step-5: **Commissioner, State Taxes:** If found correct, Commissioner would certify the documents and forward them to the Directorate. If not, Commissioner would revert with comments for more clarification. Action would be bound by the **timeline of 10 days** since visible on the dashboard.

Step-5 A: **Clarification** sought by Commissioner, State Taxes, will be submitted by the concerned DIC.

Step-5 B: **Reasons for variation** in the eligible amount of GST reimbursement claims will be specified in the verification report of the concerned Commissioner, State Taxes, J&K

Step-6: **Directorate to SLC** - Based on the Directorate's recommendation, SLC shall take the independent decision and send their approval to DPIIT.

**Time line:** Within 15 days

Step-7: **SLC to DPIIT Audit** – IPAI (independent 3<sup>rd</sup> party audit team of DPIIT) shall conduct the independent audit of SLC - approved claims and forward the files to DPIIT.

**Time line:** Within 15 days

Step-8: **Final Approval** - DPIIT will examine the verification report and release the eligible amount of GST reimbursement claims to JKDFC. (with the concurrence of IFW, DPIIT)

**Time line:** Within 30 days

Step-9: **Disbursal:** JKDFC will release GST reimbursement to the respective Bank accounts of the Industrial units.

**Time line:** Within 15 days

**6.6** Claims can be made within 9 months from the end of the relevant quarter for which the return(s) were submitted under the relevant Goods and Services Tax Act, 2017, subject to the submission of relevant documents. However, those registered units which were eligible to claim benefits under the GST component of IDS, 2017 and could not apply due to the non-availability of a claim form (prior to 09.01.2022) or the provisions of submission of claims for subsequent periods on the IDS portal may file their claims pertaining to that period within 03 months w.e.f. the date of issue of these revised guidelines.

## **7. For claiming Employment Incentive**

7.1 Scope of Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) has been enhanced from 1<sup>st</sup> April, 2018, and the Government of India is paying total Employer's Contribution of 12% (towards EPS and EPF both) for all the sectors through Employees' Provident Fund Organization (EPFO) for a period of 3 years to the new

Employees and to the existing beneficiaries for their remaining period of 3 years through EPFO. The terminal date for registration of beneficiaries through the establishment is 31<sup>st</sup> March 2019.

7.2 Since PMRPY is already giving the benefits up to 31<sup>st</sup> March 2019, the claimant unit may register itself on the portal provided by PMRPY for availing of the Employment Incentive.

## **8. Other Provisions**

8.1 Due diligence to be taken by the District Industries Centre (DIC) and State Nodal Offices (SNO) at the State Governments level while recommending the claims of the industrial units that the total benefits availed by the industrial units from all components of the scheme shall not exceed to the total investment in plant and machinery subject to a maximum limit of Rs. 200.00 crore per unit.

8.2 From now onwards, the principle to consider cases in SLC should be First-in-First-out (FIFO) basis the date of submission of claims on the portal at the DIC level.

8.3 Central Capital Investment Incentive for Access to Credit (CCIIAC) should mandatorily be approved by the appropriate authority (as per the limits mentioned above) before getting benefits under the rest of the six components of the scheme.

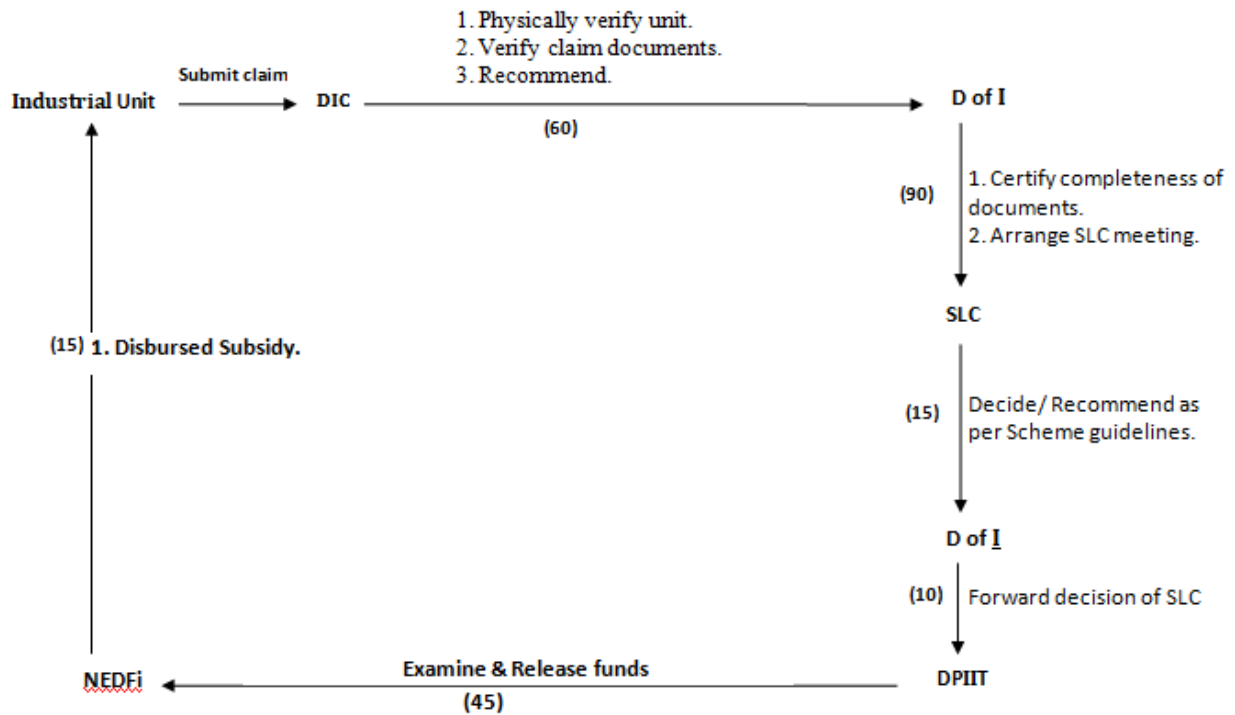
8.4 The unit can claim no interest due to delay in any incentive payment. The beneficiary unit has to furnish an undertaking to abide by this term.

8.5 A claimant unit will be required to furnish proof of payment made through Electronic mode/cheque / DD regarding their preferred claim. No claims involving cash payment will be entertained.

8.6 An applicant unit must meet objection/ query raised by GM, DI&CC within 60 days of raising the objection/ query. Failing to which application will be deemed rejected.

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FLOW CHART FOR HANDLING SUBSIDY CLAIMS UNDER CENTRAL INTEREST SUBSIDY  
SCHEME AND CENTRAL COMPREHENSIVE INSURANCE SCHEME OF NEIDS 2017



DIC – District Industries Centre.

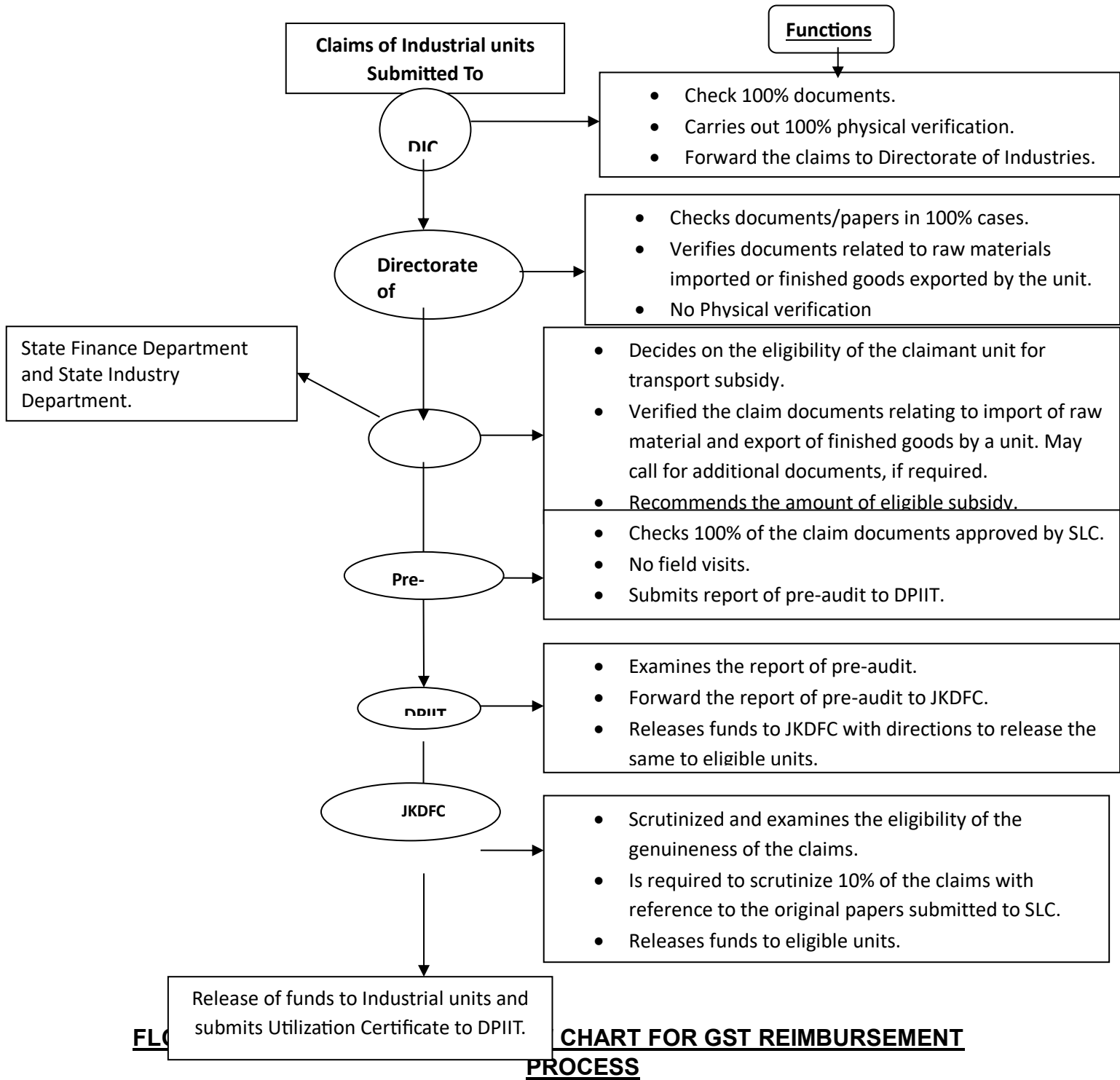
D of I – Directorate of Industries.

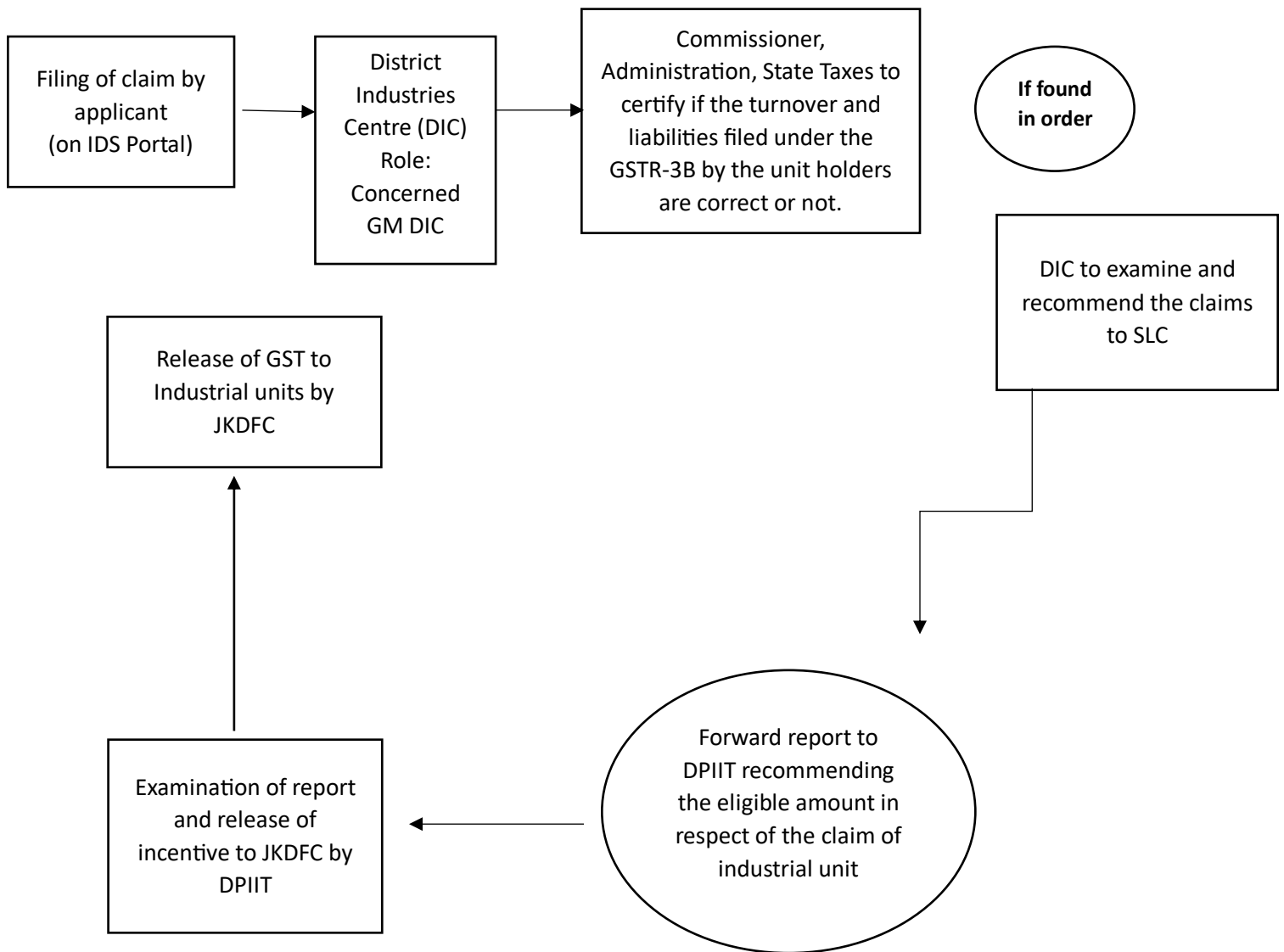
SLC - State Level Committee.

DPIIT - Department for Promotion of Industry and Internal Trade.

## ANNEXURE-B

### Flow Chart for Transport Incentive





**Certificate cum Recommendation of Scheduled Banks/Central or State Financial Institutions**

(Certificate to be given on letterhead of banks/Financial Institutions for claiming interest incentive under Central Interest Incentive component)

TO WHOM IT MAY CONCERN

This is to certify that M/s. \_\_\_\_\_ (Name and address of the Industrial unit)(hereinafter referred to as Industrial Unit) had been sanctioned an amount of Rs. \_\_\_\_\_ (amount in figures)[Rupees \_\_\_\_\_] (amount in words) as Credit limit (hereinafter referred to as credit limit) towards its working capital requirement by our bank i.e. \_\_\_\_\_ (Name and Address of the bank) for the period from \_\_\_\_\_ to \_\_\_\_\_ vide this bank sanction letter No. \_\_\_\_\_ dated \_\_\_\_\_.

The maximum actual drawl by the Industrial Unit on any particular day during the period from \_\_\_\_\_ to \_\_\_\_\_, against the Credit Limit is Rs. \_\_\_\_\_ (amount in words) and the average daily drawl for the above mentioned period is Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_). Total Interest charged by the bank on working capital utilization is Rs. \_\_\_\_\_ (amount in figures) [Rupees \_\_\_\_\_] amount in words which is @ \_\_\_\_\_ % per annum.

Having examined our records and the materials furnished by the industrial unit, this is to certify that unused overdraft, fixed deposits, advances for acquisition of fixed assets, loans and advances by proprietors/partners Directors/Members of H.U.F., long terms loans including interest thereon and investments, have not formed part of the working capital utilization and that all drawls against the credit limit have been utilized for the purpose for which they were sanctioned and there has been no "diversion of funds" and /or "siphoning of funds" by the Industrial unit.

It is therefore, recommended that the Industrial unit is eligible for grant@3% per annum interest incentive of Rs. \_\_\_\_\_ (amount in figures) [Rupees \_\_\_\_\_] (amount in words) under the Central Interest Subsidy Scheme, 2007 for the period from \_\_\_\_\_ to \_\_\_\_\_.

Date:

Signature of the Bank Manager  
Name( \_\_\_\_\_ )  
Official Seal