

INDIAN STATES  
Economy and Business

# Jammu & Kashmir



Published by



INDIAN STATES  
Economy and Business

# Jammu & Kashmir

# CONTENTS

<b>Executive Summary</b>	<b>5</b>
<b>Jammu &amp; Kashmir at a glance</b>	<b>7</b>
<b>Advantage J&amp;K</b>	<b>8</b>
<b>Economic development</b>	<b>9</b>
Sectoral pattern	9
Per capita income	9
Education	10
Demographics	10
Horticulture	11
Forests	11
Industry	11
<b>Infrastructure</b>	<b>12</b>
Basic infrastructure	12
Power reforms	12
Industrial Cluster Development	12
Hydel potential	12
Social infrastructure	13
Single Window Clearance	13
IT	14
Industrial infrastructure	14
<b>Policy initiatives</b>	<b>15</b>
Vision & strategy	15
Infrastructure policy	15
Economic Reconstruction Agency	15
IT policy	15
<b>Key Industries, industrial potential &amp; trends</b>	<b>17</b>
Key industries	17
Investment scenario	19
Business opportunities	19
Success stories	19
<b>Contact agency &amp; approvals</b>	<b>21</b>
Contact agency	21
Approvals	21
A.1 Annexure: Websites of important agencies and bodies in J&K	22
A.2 Annexure: Contact address of government offices	23
B Annexure: Important industry associations in J&K	24
C Annexure: Estimates on cost of setting up business in J&K	25

## Executive Summary

Strategically located, the state of Jammu and Kashmir constitutes the northern most part of India. The state is vested with a good mineral base and significant power potential. Endowed with natural beauty of snow-clad mountains, lakes, streams and rare flora and fauna, the state holds immense potential to attract tourists from across the world.

The state is working for the overall socio-economic development of the state. Infrastructure sectors such as, roads, irrigation and basic minimum services like education, health and water supply are the areas of major thrust in the state. Given the vast large opportunities, the sector constitutes one of the topmost priorities of the state.

Despite a somewhat tense political environment, J&K has seen a steady progress in the establishment of industrial units. The state hosts a number of key national industrial players like National Hydroelectric Power Corporation Ltd., Singer India Ltd., Hindustan Machine Tools- to name a few.

The state is endowed with the required skills and resource base offering immense business opportunities in hydro power generation, handloom and handicrafts exports, promotion of gems and jewellery industry and development of the tourism potential in the state.

## ■ Industrial Centres in Jammu & Kashmir



## Jammu & Kashmir at a glance

S. No.	Items	Year	Unit	Statistics
<b>(A) Geographical Data</b>				
1	Latitude	1999		32.17°N & 36.5°N
2	Longitude	1999		37.26°E & 80.20° E
3	Geographical Area	1999	Sq. Km.	22,22,236
<b>(B) Meteorological Data</b>				
1	Annual Rainfall			
	(i) Leh	1999	mm.	92.6
	(ii) Srinagar	1999	mm.	650.5
	(iii) Jammu	1999	mm.	1115.9
<b>(C) Administrative Units</b>				
1	Capital	1999		Srinagar (May-Oct); Jammu (Nov-Apr)
2	Districts	1999	No.	14
3	Villages			
	i) Inhabited	1999	No.	6477
	ii) Uninhabited	1999	No.	281
<b>(D) Economic Data</b>				
1	Monthly per capita consumption expenditure	1999-00	US\$	16.9
2	Per Capita Income	2001-02	US\$	324
<b>(E) Demographic Data</b>				
1	Literacy Rate	2001	Per cent	54.5
	(i) Male	2001	Per cent	65.8
	(ii) Female	2001	Per cent	41.8
<b>(F)</b>	<b>Roadways</b>	<b>2000</b>	<b>Km.</b>	<b>12682</b>

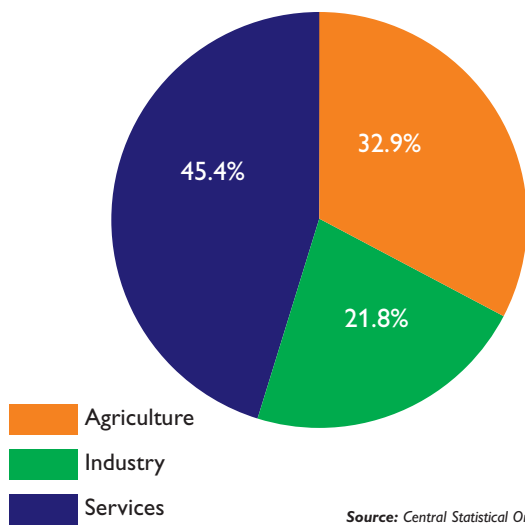
## Advantage Jammu & Kashmir

- Allotment of land at concessional rates in industrial areas on lease for 90 years.
- Large tourism potential.
- The state actively works towards upgrading the state's tourist potential and making it an attractive tourist destination. The state has been selected for a special National Tourism Award for the outstanding performance in adopting strategies to boost tourism during 2003
- Horticulture industry in Kashmir is the bulwark of rural economy in the state generating revenue of over US\$ 10.5 million yearly and providing job facilities to thousands of people directly and indirectly.
- The people of the state possess inherent skills of weaving and designing of textile products, which could be the basis for setting up of state-of-the art textile industry in the state.
- The traditional skills of fine craftsmanship can be easily transformed to suit the needs of modern industrial processes, especially in the field of electronic and precision engineering.

# ECONOMIC DEVELOPMENT

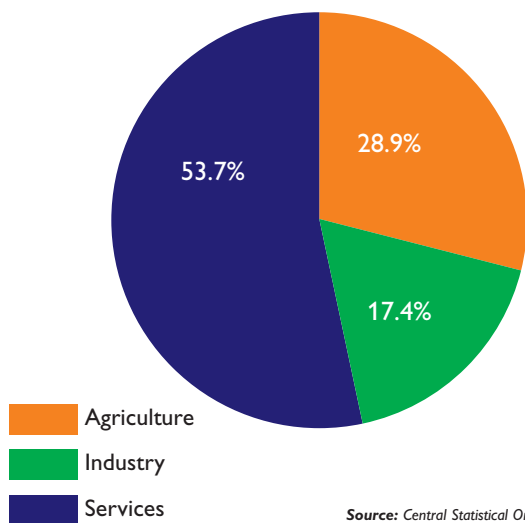
## Sectoral pattern: services continue to be a vital sector

Change in Sectoral composition of GSDP 1993-94



Source: Central Statistical Organisation (CSO)

Change in Sectoral composition of GSDP 2001-02



Source: Central Statistical Organisation (CSO)

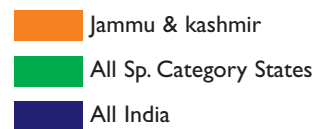
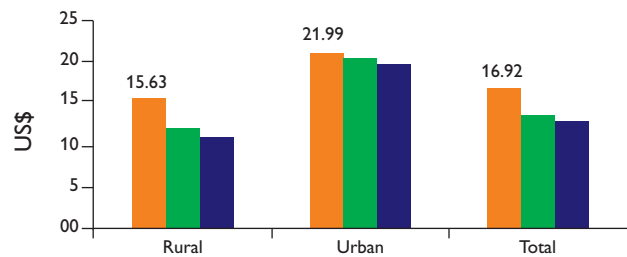
The economy of the state is significantly dependent on the services sector, the share of which increased from 45.4 per cent in 1993-94 to 53.7 per cent in

2001-02. Within the sector, trade, hotels and restaurants contributed to an average of 21 per cent to the states domestic product during 1993-94 to 2001-02.

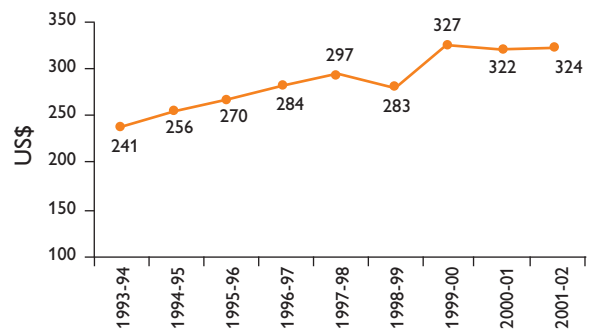
## Per capita income: Striding ahead despite odds

### Per Capita estimates

Per Capita Monthly Expenditure (1999-00)



Per Capita Income



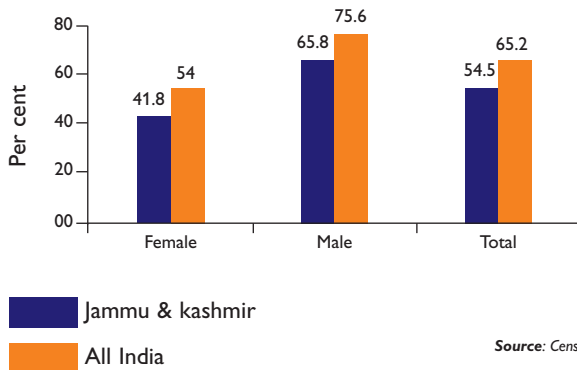
Source: CSO

The per capita income of the state though below the national average has been growing steadily during the nineties. During 1993-94 to 2001-02 the per capita income (in US\$) grew at an annual compounded rate of 3.8 per cent.

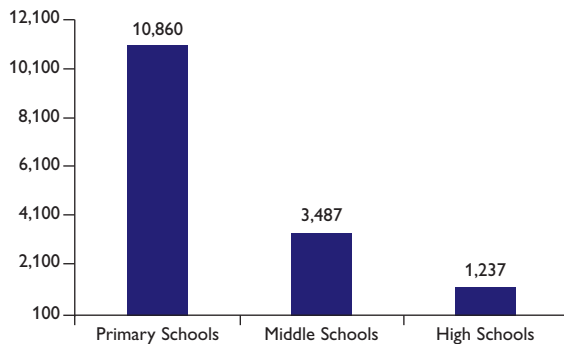
The monthly expenditures of the state bring out a favourable picture. The per capita monthly expenditure of the state during 1999-00 exceeded that of the all-special category states and the national average for both rural and urban segments.

## Education: Initiatives galore

Literacy Rates



Number of Schools (2000-01)



### Pupil teacher ratio (PTR) in Jammu & Kashmir (2002-2003)\*

Higher Education Institutions	15
Higher Secondary Schools/ Intermediate Colleges	25
High/Post Basic School	19
Middle Senior Basic School	18
Primary/Junior Basic School	19

\* As on 30 September 2002  
Source: IndiaStat

Reliance Industries is planning to set up an institute of management and information technology with an intake capacity of 250 students in the state. The institute will offer courses in five streams of information and communication technology, biotechnology, health, tourism and medicinal and aromatic plants.

The state is actively working towards improving the quality of human capital in the state. Jammu and Kashmir is the only state where education is free up to the university level. The state has opened seasonal schools for people in the hilly areas and for economically and socially backward castes. The state has two regional engineering colleges and four polytechnics for professional and vocational training.

For higher studies, there are now three universities one in Jammu and the others in Kashmir. The total number of students in general education at the university stage is about 0.4 lakhs which includes 14083 females. The number has gone up six-fold since 1950-51 when it was only 2669. The professional Institutions are:

- two engineering colleges in Srinagar and Jammu
- four Polytechnics
- 37 Industrial Training Institutes (ITIs)

## Demographics

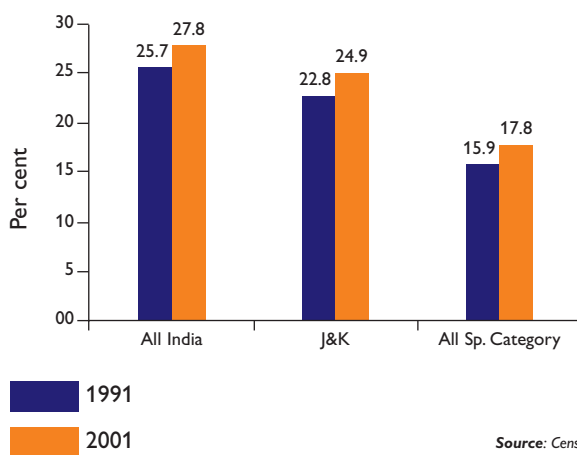
Dependency ratio chart (1999-2000)

Units	Number				
	Rural	Urban	Total	Male	Female
Jammu & Kashmir	90.5	86.6	89.7	94.5	84.9
All India	103.1	83.8	97.9	102.1	93.5
All special category states	97.4	82.1	94.9	99.0	90.6

Source: NSS

- The total work participation rate of the state in 2001 was at 36.6 per cent. Rural participation rate at 37.9 per cent was higher than urban participation rate of 32.7 per cent.
- Total sex ratio improved significantly to 900 females per thousand males in 2001 as against 896 in 1991.
- Rate of urbanisation is significantly higher than that of all special category states.

Urbanisation Rate



## Horticulture in Kashmir

The horticulture industry in Kashmir has become the bulwark of rural economy of the state. This industry earns an annual revenue of over US\$ 10.3 million and provides job facilities to the thousands of people directly and indirectly.

Area under fruits and vegetables as per land use statistics in India (' 000 Hectare)  
(1990-1991, 1998-1999 to 2000-2001)

States/UTs	1990-91	1998-99	1999-00	2000-01(P)
Jammu & Kashmir	60	65	66	67
India	6690	8160	8220	8256

Productivity of fruits in India (MT/Hec)  
(1991-1992, 1998-1999 to 2001-2002)

States/UTs	1998-99	1999-00	2000-01	2001-02
Jammu & Kashmir	6.5	7.7	5.9	7
India	11.8	12	11.7	10.7

Production of fruits in India (' 000 MT)

(1998-1999 to 2001-2002)

States/UTs	1998-99	1999-00	2000-01	2001-02
Jammu & Kashmir	881.1	1021	837.3	1000.9
India	44042.4	45495.9	45370	43000.9

Source: IndiaStat

## Forests

Kashmir is rich in forests. A variety of spruce, stately trees some of which are towering masses, grow in the state such as Blue Pine, Silver Fir, Himalayan Spruce, Birch, Maple, Beech, Hazel, wild Oak. Almost all the mountains are dotted with dense forests, which, besides lending charm and healthy fragrance to the environment, are a great source of revenue to the country. The best varieties of Pine and Deodar are found in the dense forests of Kishtwar, Bhandarwah and the Lolab valley.

Area under forest by type of forests in Jammu & Kashmir - 2001 (Sq. Kms)

States/UTs	Jammu & Kashmir
Geographical Area	222236
Total Forest	21237
Dense Forest	11848
Open Forest	9389
Mangrove	-
Scrub	3087
Non-Forest	197912

Source: IndiaStat

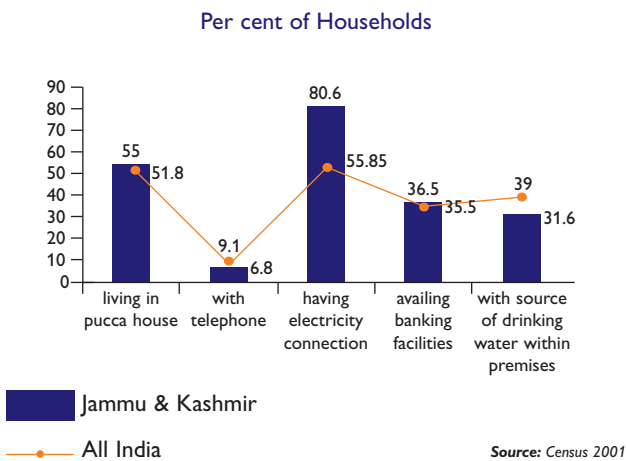
## Industry

J & K has seen steady progress in the establishment of industrial units. In the Small Scale sector, there are more than 20,000 units registered in the state. It has also attracted a good number of industries in the medium and large-scale sector. High class joinery, silks, tweeds and mineral-based industries are traditional to the state. The state government is committed to promote the private sector, and attaches great importance to its role in the development of the state.

# INFRASTRUCTURE

## Basic infrastructure (2001)

The spread of infrastructure facilities in the state is significantly wide as more than 80 per cent of the households in the state have electricity connection. Penetration of financial and telecom services are also favourable in the state.



Status of telecom infrastructure in Jammu & Kashmir

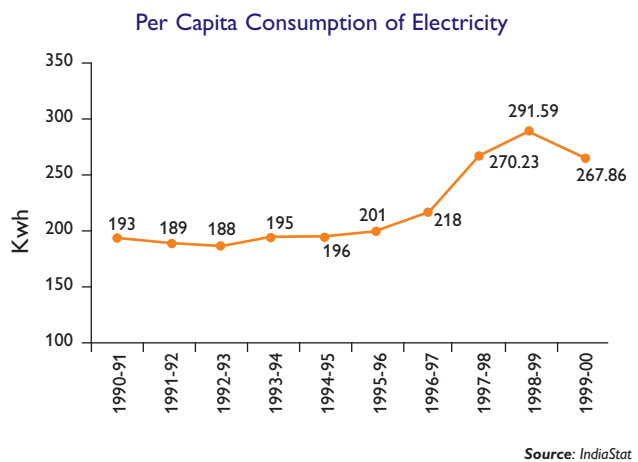
No of telephone connections provided		
2001-02		2002-03
49278		41266
No of villages	Total No of Village Public Telephone as on 31st Jan 2003	Villages not covered by Telephones
6764	4096	2668

Source: IndiaStat

## Power reforms on their way

In its step towards privatisation of power distribution network, the state government is setting up J&K Power Transmission Corporation and a Power Distribution Corporation each for Jammu & Kashmir. The Power Transmission Corporation would purchase the power and sell it to respective distribution

corporations allowing the government to gradually come out of the power business.



## Industrial Cluster Development

The state government plans to set up industrial cluster development centres at Sangam and Bagh-i-Ali Mardan Khan in Kashmir and Kathua in Jammu. The cluster spread over 15 sq. km. will focus on developing infrastructure for the sports industry.

## Hydel power: Tapping the vast potential

The state has vast exploitable hydel potential of about 15000 MW of which only four per cent has been exploited, thus generating about 631 MW of power. The gas turbine station at Srinagar, further contributes to another 175 MW of power.

Two hydroelectric power-generating projects have been approved by the Central Electricity Authority. The projects worth US\$ 272.6 million would be set up in Kargil and Leh districts of the state. The two plants are expected to give a tremendous impetus to economic development of the region which otherwise are cutoff from the region. The state has also cleared the setting up of about 12 mini hydel projects.

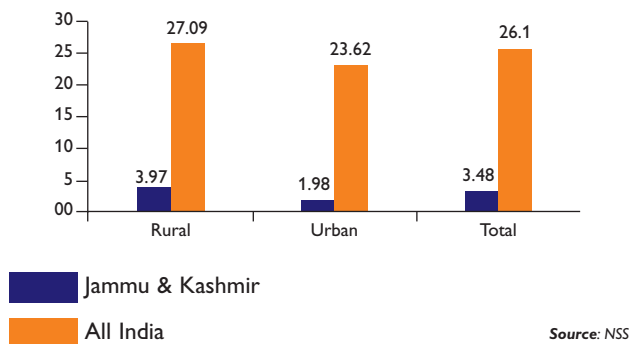
Status of achievements under various telecom projects in Jammu and Kashmir circle (2002-2003 to 2003-2004)

Projects	Achievement During 2002-03	Achievement During 2003-04
Mobile Connections	–	40100
Wireless in Local Loop (WLL) Connections	3247	3872
Wired Connections	38019	20701
New Exchanges	13	1
New VPTs (Village Public Telephones)	177	537
VPTs Replaced by WLL	208	385
OFC Laid (Route Kilometers)	730	270.138
M/W (Route Kilometers)	285	35
Internet Nodes	7	–

Source: IndiaStat

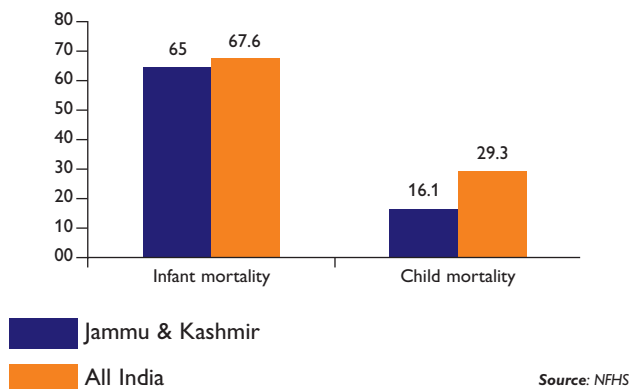
### Social infrastructure

Poverty Ratio (1999-00)



Source: NSS

Mortality Rate (1998-99)



Source: NFHS

The state compares favourably with the national aggregates in respect to the development aggregates of education, health and poverty. The percentage of population below the poverty line is appreciably lower than the all-India aggregate. Infant and mortality rates in the state also bring out a healthy state of infrastructure in the state.

### Single window clearance

The state has set up an Apex Projects Clearance Committee (APCC) serving as a single window clearance system to expedite project clearances.

#### Medical infrastructure

- Four Medical Colleges
- 100 Hospitals
- 343 Primary Health Centers
- 3326 Medical Sub Centers
- Total bed strength of more than 10,000 in the State

#### Important industrial areas

- Industrial Complex, Bari Brahmana, Jammu
- Industrial Estate, Gangyal, Jammu
- Industrial Growth Centre, Samba, Jammu
- Integrated Infrastructure Development Project, Udhampur
- Export Promotion Industrial Park, Kartholi, Jammu
- Industrial Area, Kathua
- Electronic Complex, Rangreth, Srinagar
- Industrial Complex Lassipora, Pulwama, Kashmir
- Industrial Complex, Khonmoh, Srinagar
- Industrial Estate, Zainakote, Srinagar
- Industrial Estate, Zakura, Srinagar
- Industrial Growth Centre, Ompora, Budgam

## Information Technology

With a view to boosting information technology in the state, the state plans to set up a number of computer education centres and to introduce computer courses in colleges. Besides the software park at Rangreth, the state is planning to set up similar parks in the state.

### Reviving the tourism sector

- The government of Jammu and Kashmir has approved a US\$ 55.8 million worth project to restore and preserve the Dal Lake.
- The sState government has announced approx. US\$ 3.7 million-cable ropeway project between Bhawan and Bhairon Ghati to boost pilgrim tourism in the State.
- The central government has announced a US\$ 36 million package, aimed at reviving the tourism industry in the state, which is expected to generate about 1.7 lakh (Please convert to hundred thousand or millon) employment opportunities.
- The state also plans to interlink tourist resorts like Katra, Patnitop, Surinsar and Mantalai to make them accessible.

## Industrial infrastructure

### Industrial Growth Centre, Samba

- a) Area to be developed 6700 kanals
- b) Project cost aprox. US\$ 6.2 million
- c) Allotable area becoming available 4690 kanals
- d) Area under development 1883 kanals
- e) Area available for allotment 900 kanals
- f) Employment opportunity to be generated 10000 persons
- g) Turn-over expected US\$ 103 to 124 million
- h) Investment to be mobilised US\$ 72.3 million

### Industrial Growth Centre, Ompora/Lassipora

- a) Area to be developed 6500 kanals
- b) Project cost US\$ 8.3 million
- c) Allotable or becoming available 4550 kanals
- d) Employment opportunity to be generated 9500 persons
- e) Turn-over expected aprox. US\$ 103 million
- f) Investment to be mobilised aprox. US\$ 62 million

# POLICY INITIATIVES

## Vision & strategy

The state of Jammu and Kashmir aims to take initiatives and progressive policies for socio-economic development of the state by making optimum use of the rich and abundant natural and human capital resources in the state. The state is keen to promote employment opportunities in the industrial units of the state and has thus kept ensuring maximum local employment in industrial units a condition of approval for any new industrial unit. The broad elements of the strategy adopted to address overall economic development of the state are:

- To develop world-class infrastructure for rapid industrial development of the state.
- To encourage private sector participation and provide the industries with incentives to promote privatisation.
- To promote of environment friendly industries and providing incentives for upgrading the industrial technology to meet the environmental norms.

## Infrastructure policy

The state is witnessing revival of infrastructural set up as the state government is developing a number of industrial estates and other infrastructural units. A growth centre worth US\$ 6.2 million is under development at Samba on the National Highway 1. An Export Promotion Industrial Park (EPIP) at Kartholi and an Industrial Infrastructure Development (IID) centre near Udhampur town are also under execution. Besides these, the state is considering setting up a growth centre, an EPIP and a Software Technology Park. The government also plans to develop industrial estates with specialised facilities for manufacturing/ processing of tiles, leather & leather goods, food processing and gems & jewellery and sports goods in the state.

## Economic Reconstruction Agency: Independent body to support infrastructure development

### Fiscal incentives provided by the state government and the government of India

- Transport subsidy under the Government of India scheme is extended till 2007.
- Capital Incentive Subsidy has been extended to the backward blocks of the state.
- A 3 per cent subsidy shall be payable on the working capital facilities available from the commercial banks to all existing units, in addition to the 3 per cent interest subsidy available to the new industrial units.
- Toll tax exemption to be continued in the state till end of 2015, subject to the negative list.
- Debt-Equity ratio of 2.1 is permitted.
- A 5 per cent rebate on interest on working capital subject to maximum of Rs. 1 million per unit per year.
- Income tax holiday for a period of 5 years.
- 90 per cent transport subsidy provided from railhead to factory site on raw material and finished goods.

The state government has approved constitution of economic reconstruction agency as a society to develop infrastructure under externally aided projects. The money from the external sources will be routed to the agency from the Department of Economic Affairs and Ministry of Finance of the Government of India and it will assess and implement the projects independently.

## Information Technology policy

Recognising the significance and enormous potential of Information Technology (IT) in economic

development of the state, the state government aims to facilitate the creation of a sound IT production base in the state through conscious efforts and policy initiatives.

### Primary objectives of the IT policy

- **E-Governance:** To use IT in the process of government functioning to bring about Simple, Moral, Accountable, Responsive and Transparent (SMART) governance to its citizens.
- **IT in Industry:** To use IT effectively in industries especially where the state has competitive advantages, for making such industries more global and help them to generate additional revenues; to diversify the local industries into being web-enabled and attract IT companies from elsewhere in the country and the world.
- **IT in Education:** Encourage the use of Information Technology in schools, colleges and educational institutions so as to enable students to improve their skills, knowledge and job prospects and enable them to obtain employment in this sunrise industry.
- **Investments in IT Sector**
- **IT for Social Equity**
- **IT for Employment**
- **IT Infrastructure**
- **Localisation**

The major policy initiatives spelt out in the IT Policy of the state are as follows:

- IT software and services shall be deemed as manufacturing activity for the purpose of incentives for the industry in line with the approved policy of Government of India.
- All IT, hardware, software and service industries would be entitled to "Industry" status.
- IT software and services industry would be treated as industrial consumers and electricity tariff applicable to the industrial consumers would be levied on such industries.
- Industrial power tariff and all other admissible incentives and concessions applicable to industries

in respect of power would be applicable to the IT industry.

- The State Power Development Department would ensure good quality uninterrupted power supply to the IT units which are located in clusters/estates set up for this purpose.
- The state financial institutions and the banks would treat IT hardware, software and IT services as priority sectors and will be allowed to invest in this industry in the form of equity in line with the approved policy of Government of India.
- The government would facilitate creation of a Venture Capital fund of US\$ 5.2 million, to begin with, in association with the financial institutions to meet the equity requirements of the Small and Medium Enterprises/IT startups.
- The state government would encourage flow of investments including FDI and would provide full support wherever required. The state government will offer a special package of Policy on Information Technology incentives for projects where total investments are more than US\$ 2.1 million.

# KEY INDUSTRIES, INDUSTRIAL POTENTIAL & TRENDS

## Key industries

Jammu & Kashmir is vested with a good mineral base, substantial water resources, and is famous world-over of its handicrafts, handloom products, tourism, horticulture produce and cottage industry. The valley offers a dust-free environment, which is best suited for the development of low volume, low weight and high value industrial units. These include electronic components and equipment or items requiring precision engineering, products using the rich mineral resources of Kashmir including limestone; gypsum and quartzite ore are also suitable. The Jammu region on the other hand has potential for development of all types of industries. In the Ladakh region demand based and resource-based industries can be developed.

Share of industries in the Gross Value Added (Per cent)

Industry	Share in GVA (2002-03 QE)
Manufacture of Textiles	24.7
Manufacture of Food Products and Beverages	21.2
Manufacture of Other Non-Metallic Mineral Products	9.4
Others	8.6
Manufacture of Basic Metals	7.6
Manufacture of Furniture; Manufacturing n.e.c	6.8
Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel	6.2
Manufacture of Machinery & Equipment n.e.c.	5.3
Manufacture of Chemicals and Chemical Products	2.6
Manufacture of Fabricated Metal Products, Except Machinery & Equipment	2.2

Source: Annual Survey of Industries

Agriculture resources, manufacture of textiles, food products and beverages and non-metallic mineral products contributed to more than 55 per cent of

the gross value added by the industry in 2002-03. Some of the key industries on the state are:

### Mineral based industry

The state has vast deposits of minerals like coal, gypsum, bauxite, lignite, graphite, magnetic and limestone. Out of above major minerals deposits, coal is exploited the most. The other minerals, which follow coal in exploitation, include gypsum and lignite etc. Lignite being used as fuel in industries in the state is also exported to Punjab and nearby states.

#### Minerals Commercially Exploitable: Mineral

- Coal
- Lignite
- Limestone
- Gypsum
- Cementclays
- Bauxite
- Graphite
- Magnesite
- Sapphire

A number of mineral based projects in the state have also been identified for private investment.

#### Deposits of commercially exploitable minerals

No.	Mineral	Deposits
1.	Coal	33 million
2.	Gypsum	1 million (Proven) (Indicated 9.5 million)
3.	Bauxite	8 million
4.	Graphite	16 million
5.	Line stone	Around 200 million

Source: IndiaStat

### Gems & jewellery

Given the rich tradition of handicrafts and the availability of required skills, processing of gems and jewellery is one of the key industries in the state.

### Exports of the SSI units in J&K

- Plastic products
- Textile items including hosiery products.
- Cricket bats and other sports items.
- Walnut, walnut kernels.
- Bitter apricot nuts
- Foundry fluxes and chemicals.
- Chemical and basic drugs like Amitriptyline HAD BP Cyproheptadine HCLBP, Metoclopharmzine HCL BP and Trifluoperazine HCL BP.
- Sewing Machine. There is large potential for export available in the state for which investment can be made.

### Floriculture & Horticulture

J&K state has suitable agro-climatic conditions for cultivating variety of flowers. The floriculture industry in the state has potential of catering to the domestic and international markets. The horticulture industry in Kashmir on the other hand, has become the bulwark of rural economy of the state. The state produces apple, cherry, pear, walnut, almond, peach, saffron, apricot, strawberry and plum. The industry earns revenue of over US\$ 10.5 million yearly and provides job facilities to thousands of people directly and indirectly.

Production of flowers (in MT)

1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
55.5	80.1	51.8	24.4	20.4	61

Source: IndiaStat

The Jammu and Kashmir Horticulture Planning and Marketing Department has entered into a tie-up with the National Agriculture Co-operative Marketing Federation (Nafed) to procure fruits directly from growers on a commission basis.

### Tourism

Endowed with the scenic beauty of snow-clad mountains, bubbling streams, sparkling lakes, and rare fauna the state has attracted tourists from all across

the world. Not just adorned with the innumerable gifts of nature, the state is also host to a number of historic sites of pilgrimage. The state has also been selected for the coveted National Tourism Award for 2003 for the strategies adopted by the state to boost tourism activity.

Domestic/Foreign Tourists in J&K

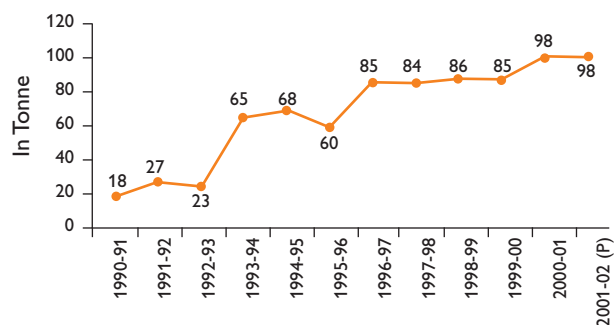
Year	Home	Foreign	Total
1995	375	8198	8520
1996	7027	9592	9967
1997	99636	9111	16138
1998	200162	10247	109883
1999	104337	17130	217292
2000	66732	7575	111912
2001	24670	5859	72591
2002	24672	2686	27358
2003*	12314	748	13062

Note: \* till 8th Aug  
Source: India Stat

### Sericulture

Sericulture is one of the oldest industries in the state. The state houses two large silk factories - in Srinagar and Jammu. The Srinagar factory manufactures about 300,000 meters of various types of silk fabrics, georgette, parachute and suiting.

Production of Mulberry Raw Silk



Source: IndiaStat

The 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 lays major thrust on production of quality cocoons at remunerative prices to the farmers.

### Handicrafts

Handicrafts is the traditional industry of the state and has been of crucial importance given its large employment potential and the demand of handicrafts both within and outside the country. Some of the items of production include paper-mache, woodcarving, carpets, shawl making, embroidery etc. The handicrafts industry; especially the carpet industry, has been a source of substantial foreign exchange.

A pashmina dehairing project assisted by the United Nations Development Programme (UNDP) will come up in the Leh industrial estate of the state. The estimated cost of the project is around US\$ 1.8 million with machinery worth US\$ 0.4 million imported from China.

### Investment scenario

J&K offers boundless investment opportunities to the prospective investors, as the it has rich resources of water, agro, forests, herbal and minerals in addition to its unparallel natural beauty.

### Current investment inflow

Industrial investment inflow

Cumulative since August 1991 to	Proposed Investment (US\$ million)	Proposed Employment (Nos)
Mar-98	120.8	26609
Mar-99	172.2	36380
Mar-00	189.3	36827
Mar-01	190.7	37394
Mar-02	223.3	37764
Mar-03	435.7	45025
Mar-04	634.5	51828
Nov-04	991.3	61890

Source: Department of Industrial Policy and Promotion

Jammu & Kashmir has seen steady rise in the industrial investment proposals. The total number of industrial proposals surged from 67 during August 1991 to March 1998 to a significant 153 till March 2003 and further to 225 during August 1991 to June 2004. Consequently, the total proposed investment in the state grew from US\$ 101.3 million to US\$ 335.6 million and further to US\$ 560.9 million during the period considered. An increasing share of investment in the state during the recent years can be expected to attract foreign direct investment in the near future.

### Business opportunities

- Private participation is encouraged for setting up medicinal gardens. Two projects for setting up herbal gardens and production of quality planting material are to be started in the state.
- A Special Economic Zone (SEZ) is planned to be set up in Srinagar to facilitate and promote export of handicrafts from the state. The proposed SEZ will have custom clearance and other requisite facilities under one roof for export of handicrafts, which are in great demand in the US, the EU and Arab countries.
- The state government has decided to float global tenders for extraction of sapphire from the Padder mines in the Doda district.
- Given the rich heritage and the availability of required skill in the gems and jewellery industry in the state, the state offers to be a promising hub for the industry. The state holds ample potential to cater the growing domestic and international demand.

### Success stories

#### National Hydroelectric Power Corporation Ltd. (NHPC)

National Hydroelectric Power Corporation Limited was incorporated in 1975 as a private limited company with an objective to plan, promote and organise an integrated and efficient development of hydroelectric power. The Corporation later expanded

its objects to include other sources of energy like geothermal, tidal, wind etc. Currently, NHPC has two operating plants Salal-II and Uri plants in the state with an installed capacity of 3¥115 and 4¥120 MW respectively. Sewa-II plant of 120 MW installed capacity is under construction in the state. Further, five projects have been identified by the state for detailed project report (DPR) and infrastructure development.

#### Indian Telephone Industries Ltd. (ITIL)

ITIL is a leading telecom company manufacturing the entire range of telecom equipment including telephones, large digital switches, transmission systems, microwave, fibre optic systems and satellite communication systems.

#### Singer India Ltd. (SIL)

Singer entered the Indian sewing machine market as early as 1871 and over the years has not only become the leading player in the sewing machine market but has expanded its product range significantly to cater to daily household requirements.

The sewing machine production unit of the company is located at Jammu, manufacturing different models of the machine. The state also hosts television and steam press manufacturing units in the state.

#### Maral Overseas Ltd.

The unit of Maral overseas was set up in 1985 in Jammu with technical collaboration with Devanlay - the manufacturers of Lacoste brand of sportswear. The plant in Jammu was India's first vertically integrated plant. The unit produces a wide range of yarns, fabrics and garments.

#### Jai Beverages Private Ltd.

Jai Beverages was born in 1999 as a Pepsi India franchise in Jammu. The unit was established with an initial investment of approx. US\$ 6.4 million. The plant boasts of ultra modern facilities and also has water treatment facilities at the plant. The state and especially the economy of the region have witnessed an upsurge since the inception of the plant. The unit

has already contributed to over 650 direct and indirect employment opportunities in the state and the number is growing steadily overtime. The unit has thus significantly affected the level of industrialisation of the state.

#### Sutlej Industries Ltd. (SIL)

Sutlej Industries, a K. K. Birla group company is one of the top business houses and is also among the textile industry leaders in India. It is a government recognised golden trading house exporting to 52 countries. SIL entered the state when the Chenab textiles mills of Jammu and Kashmir merged with the Sutlej Industries in 1997. The plant produces synthetic and blended yarns and is equipped with the latest machinery, equipments and skilled labour force. Government of Jammu & Kashmir has selected SIL's Chenab textile mills for a special award for its contribution towards generation and promotion of employment opportunities in the state and contribution to the state revenue.

#### Hindustan Machine Tools (HMT)

HMT was incorporated by the Government of India in 1953 as a machine tool manufacturing unit. However, over the years the company has diversified into watches, tractors, printing machinery, metal forming presses and die-casting and plastic processing industry. HMT has seven exclusive machine tools unit with ISO 9001 certification. HMT has its manufacturing unit for hand wound watches in Srinagar which initiated in 1975.

#### Kashmir Steel Rolling Mills

The steel rolling mill is an SSI unit set up in 1981 with the initial investment of US\$ 133 thousand for the manufactures of re-rolled iron and steel products. The unit has raised its investment in plant and machinery to about US\$ 154 thousand and has provided 300 direct and 4000 indirect employment opportunities in the state. The unit has also been accredited with ISO: 9002 certification.

# CONTACT AGENCIES & COST STRUCTURE

## Contact agency

Jammu & Kashmir State Industrial Development Corporation Ltd. (J&K SIDCO) is the nodal agency for promotion and development of medium and large-scale industries in the state. The corporation has actively promoted industrial ventures in the state since its inception and is thus playing the role of “Institutional Entrepreneur”. Some of the key functions of the corporation are:

- Identifies projects and obtains DOI/Registration from the Government wherever required.
- Development of industrial infrastructure facilities
- Undertakes project feasibility studies for various identified projects
- Grant of financial assistance to industrial projects
- Equity participation in selected joint/assisted sectors projects.

The Corporation has undertaken development of number of industrial estates; export promotion industrial park and industrial growth centres. Development of software technology park is also under implementation by it.

## Approvals

### Land Allotment Policy

The State government allocates land in the industrial estates and developed areas on long-term lease of 90 years on first come first served basis. However, entrepreneurs can choose the land if the requirement is large. A capital subsidy of 50 per cent will also be available at the time of availing of term loan for the construction work.

### Power

The state gives priority to the industry while supplying it with quality power. The statute regulates the industrial power tariff, which are fairly attractive in the state. The industrial units are allowed to install their own captive power generation plants in the state and such units would be excluded from paying electricity duty. Besides, the state also gives subsidy for purchase of new diesel generating sets of 1 MW.

# ANNEXE A.1: WEBSITES AND ADDRESSES OF IMPORTANT AGENCIES AND BODIES IN J&K

## State website:

<http://jammukashmir.nic.in>

## District Jammu website:

[www.jammu.nic.in](http://www.jammu.nic.in)

## Jammu and Kashmir Industrial and Technical Consultancy Organisation Ltd. (JKITCO)

J&K ITCO was set up in April 1997 as a subsidiary of Industrial Development Bank of India. The organisation's prime objective is to provide a package of consultancy service to both existing and potential, tiny, small and medium scale industrial units. The organisation also renders assistance to various state-level banks and institutions.

## Jammu & Kashmir State Financial Corporation (JKSFC)

URL: <http://www.jkfinco.com>

The JKSFC was established to act as a regional development bank with the aim of promoting industries and boosting economic development in the state for providing financial assistance to prospective entrepreneurs for development of industries. JKSFC creates opportunities for industrial ventures in the state and then promotes them. The corporation also initiates steps for rehabilitating potentially viable sick units.

## Small Industries Service Institute

URL: [www.smallindustryindia.com/sido/sisi/26.htm](http://www.smallindustryindia.com/sido/sisi/26.htm)

The Small Industries Service Institute (SISI) provides techno-managerial, economic and marketing services to prospective and existing entrepreneurs in the state. The institute helps the entrepreneurs in product identification and diversification, selection and procurement of machinery and preparation of project reports. The institute based in Srinagar is currently operating from its Jammu branch.

## ANNEX A.2: CONTACT ADDRESS OF GOVERNMENT OFFICES

### Government Officials

#### Addl. Chief Secretary to Govt.

##### *Industries and Commerce Department*

Civil Secretariat, Srinagar (May - Oct)

Civil Secretariat, Jammu (Nov - Apr)

J&K State

Phone: (May - Oct) (0194) 452265

(Nov - Apr) (0191) 544050

##### *Sericulture Development Department*

Directorate of Sericulture, J&K Government,

Jammu/Srinagar

Telephone (0191) 546318

9. Director, Geology & Mining,

Old Secretariat, Srinagar

##### *Power Development Department*

Ashok Nagar, Satwari, Jammu

Phone 430548 / 430543

Srinagar Office

96, Sogmi Bagh, Raj Bagh,

Srinagar

Phone: 431672

### Industrial & Investment Promotion Bodies

#### Managing Director

J & K State Industrial Development Corporation Ltd.

Drabu House,

Ram Bagh, Srinagar

Phone: 0194-430036,

Fax: 91-0194, 430036

Website : <http://www.agroindia.org/j&k>

#### Managing Director

Jammu & Kashmir Financial Corporation

Sehkari Bhawan

Rai Head Complex,

P.B.No. - 14,

Jammu Tawi-1

Phone: 0194-432772, 432785 / Fax: (0194) 436753

Website : [www.jkfinco.com](http://www.jkfinco.com)

#### Managing Director

J & K Industrial & Technical Consultancy Organisation

49 C/C, Gandhi Nagar,

Jammu

Phone: 435211

#### Managing Director

J&K Handicrafts (Sales & Export) Corporation Ltd.

Emporium Garden,

Residency Road,

Srinagar

Phone: 0194-452376

#### Managing Director

J & K Small Industries Development Corporation Ltd

Auquaf Building,

Gandhi Nagar, Jammu -180004

Phone :0191-431644 / Fax: 0191-431733

Srinagar Office

SICOP, Boulevard,

Srinagar - 190012

Phone: 0194-477043

#### Managing Director

J & K State Handloom Development Corporation Ltd

A/D Sector, Green Belt Park, Gandhi Nagar,

Jammu

Phone: 0191-433626

Srinagar Office

Wazir Bagh

Srinagar.

Phone (0194) 431354

# ANNEXE B: IMPORTANT INDUSTRY ASSOCIATIONS IN J&K

## **Jammu & Kashmir Small-Scale Industries Development Corporation Ltd.**

Jammu and Kashmir small-scale Industries Development Corporation Ltd. was started in 1975. The main objective of the corporation is to aid, counsel, assist, finance, promote, and protect the interest of small-scale industrial units in the state.

### **Contact Address:**

- Auquaf Building, Gandhi Nagar, Jammu -180004  
Telephone-(0191) 431644 Fax- (0191) 431733
- SICOP, Boulevard, Srinagar-190012  
Telephone- (0194) 477043

## **J&K Entrepreneurship Development Institute**

The Jammu & Kashmir entrepreneurship development institute was set up with an aim of providing training and consultancy services to the existing and prospective entrepreneurs in the state.

## ANNEXE C: ESTIMATES OF COST OF SETTING UP BUSINESS IN J&K

### Cost of setting up business in J&K<sup>1</sup>

An indicative table on cost of setting up business in J&K

<b>Manufacturing</b>	
Land (US\$ / hectare)	58,421
Labour Cost (US\$ / man year worked)	2,279
<b>Services</b>	
Occupation Costs (US\$ / sq ft / year)	16.8
<b>Employee Cost (US\$ / man year)</b>	
Software Developers	4,020
Team Leads	12,241
Architects	16,946
Project Managers	26,968
<b>Common Heads</b>	
Cost of Capital	10.25-
(Prime lending rate, per cent)	11.00
Electricity (US\$ / 1000 KWh)	35.2

<sup>1</sup> Source: Indiatat, Jammu & Kashmir State website

## DISCLAIMER

This publication has been prepared for the India Brand Equity Foundation (“IBEF”).

All rights reserved. All copyright in this publication and related works is owned by IBEF. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this publication), modified or in any manner communicated to any third party except with the written approval of IBE F.

This publication is for information purposes only. While due care has been taken during the compilation of this publication to ensure that the information is accurate to the best of IBEF’s knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

IBEF neither recommends nor endorses any specific products or services that may have been mentioned in this publication and nor does it assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed on this publication.

IBEF shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this publication.



The India Brand Equity Foundation is a public-private partnership between the Ministry of Commerce & Industry, Government of India and the Confederation of Indian Industry. The Foundation's primary objective is to build positive economic perceptions of India globally.

India Brand Equity Foundation  
c/o Confederation of Indian Industry  
249-F Sector 18  
Udyog Vihar Phase IV  
Gurgaon 122015 Haryana  
INDIA

Tel +91 124 501 4087, 4060 - 67 Fax +91 124 501 3873  
Email [ajay.khanna@ciionline.org](mailto:ajay.khanna@ciionline.org)  
Web [www.ibef.org](http://www.ibef.org)