

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:129
ANSWERED ON:13.07.2009
INDUSTRIAL DEVELOPMENT IN BACKWARD STATES
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has identified the industrially backward States in the country;
- (b) if so, the details thereof;
- (c) whether the Government proposes to formulate any scheme for the development of such backward States; and
- (d) if so, the details of the special steps being taken by the Government in this regard?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY(SHRI ANAND SHARMA)

(a) to (d) : The Government had earlier conducted studies to identify industrially backward districts. But no study has been conducted so far for identifying industrially backward States. The details of the Industrial Investment proposals State-wise is placed at Annexure-I. In a deregulated industrial environment, investment decisions are taken by entrepreneurs. The State Governments promote industrial development and investment. The Central Government through various policy initiatives has been improving the overall investment climate. The Government of India is implementing package of incentives for the special category States as detailed in the Annexure-II.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.129 regarding Industrial Development in Backward States to be answered on 13.07.2009

DETAILS OF THE PACKAGE OF INCENTIVES FOR SPECIAL CATEGORY STATES

1. The following incentives are being offered to the State of Jammu & Kashmir since 14.6.2002 and the States of Himachal Pradesh and Uttarakhand since 7.1.2003:

- # Capital Investment Subsidy @15% of investment of plant and machinery subject to a ceiling of Rs.30 lakh;
- # Interest Subsidy @ 3% on working capital loan for J&K only;
- # Comprehensive Insurance subsidy of 100% on capital investment for J&K only;
- # 100% excise duty exemption with a sunset clause for Himachal Pradesh and Uttarakhand upto 31-3-2010; and
- # 100% Income Tax exemption for first five years and thereafter @30% for Companies and @25% for other than companies for next five years.

2. The incentive package scheme for the North Eastern States which was being implemented since 1997 has been re-introduced as the North East Industrial and Investment Promotion Policy (NEIIPP) 2007 w.e.f. 1.4.2007. The new scheme covers, besides the States of North East i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, the State of Sikkim also and extended benefits to the service sector, bio-technology sector and power generation sector upto 10MW. The norms for substantial expansion were relaxed and capital investment subsidy was enhanced from 15% to 30% without any ceiling. The new scheme offers the following special incentives:

- # Capital Investment Subsidy @ 30% of the value of plant and machinery, without any upper ceiling;
- # Interest subsidy @ 3% on working capital loan;
- # Comprehensive Insurance subsidy of 100% on capital investment;
- # 100% excise duty exemption; and
- # 100% Income Tax exemption.

3. The above incentive packages are admissible for a period of ten years.

4. The Government is also providing Transport Subsidy to industrial units in the above mentioned States.