

STATE INDUSTRIAL POLICY

Chapter I

MISSION

“To facilitate rapid and sustained industrial development in the State through enhanced investment, an investor friendly environment, provision of infrastructure and institutional support, attractive incentive package and optimum utilization of existing resources in order to gainfully exploit emerging opportunities in the national and international markets and generate substantial income and employment avenues for the people of Nagaland”



OBJECTIVES

1. To create conditions for rapid industrial development and conducive investment climate.
2. Create gainful employment opportunities for local population.
3. Develop human resources and bring about improvement in the quality of life by promoting industrial ventures in sectors in which the State has a comparative advantage.
4. Develop entrepreneurial and other technical skills of the available human resources by setting up training centres in relevant sectors as also by enlisting support from reputed national and regional training centres.
5. Develop industrial infrastructure in selected areas by providing common facilities in a compact area for specialized categories of industrial units. Provide other critical infrastructure such as power, water, communications, etc.
6. Promote export-oriented industries with a view to exploit the emerging market opportunities in the neighbouring countries.
7. Develop marketing facilities for industrial products.
8. Encourage large and medium scale mother industries in the public, private, joint, and assisted sectors to create an industrial base making use of the available resource base of the State in selective categories compatible with the local environment and ecology.
9. Develop village and Small Scale Service and Business Enterprises (SSSBE) to provide self-employment to unemployed youth.
10. Develop and promote Tourism Industry in the State.
11. Revive and rehabilitate sick industrial units in the State.
12. Develop food processing industry by facilitating forward and backward linkages.
13. Expedite formalization and development of cross border trade with Myanmar.
14. Provide investor friendly environment by removing procedural bottlenecks and legal hurdles.



STRATEGY

1. Take effective steps to promote industrial culture and create a secure environment for entrepreneurs.
2. Expedite completion of the ongoing Growth Centre and Export Promotion Industrial Park (EPIP) projects and take measures to



- revitalize the existing industrial estates.
3. Create quality industrial infrastructure in compact areas such as Integrated Infrastructure Development Centres, Food Parks, Information Technology Parks, Bio-technology Parks, Cold Storage chains, Warehouses, etc.
 4. Enhance availability of other critical infrastructure such as power, water, and communications for industrial use.
 5. Create *Industrial Facilitation Committees* with the mandate to provide single window clearance to large and medium industries. Adopt the same framework at the district level.
 6. Identify thrust areas for attracting investment keeping in view the comparative advantages of the State.
 7. Provide necessary infrastructure at identified International Trade points in the State. Expedite operationalisation and up-gradation of the Trading points.
 8. Strengthen the network of training institutions in the State and create quality training facilities in sophisticated and specialized trades by encouraging investment in such facilities by the Government of India, the State Government and the private sector.
 9. Provide liberal support to training of entrepreneurs.
 10. Strengthen the role of NIDC as the premier promoter of large and medium scale industrial units by extending suitable financial and policy support to it.
 11. Provide an attractive incentive package of subsidies and concessions over and above the incentives available in the Central Government's North East Industrial Policy 1997 & other concessions so as to attract substantial private investment in the State.
 12. Devise a suitable self-employment scheme for unemployed youths to set up new ventures in the service, small business and tiny manufacturing sectors.
 13. Facilitate credit availability from the banks and other financial institutions for promoting industrial activity.
 14. Accelerate exploration of mines and minerals for enhancing the resource base of the State.
 15. Take effective steps to promote handloom and handicraft sectors by providing, inter-alia marketing access to handloom and handicraft producers through NHHDC and other means.
 16. To develop Tourism Industry and provide necessary support available to other industrial activity.
 17. Revive potentially viable sick State PSUs by taking effective steps including privatization and close down unviable sick PSUs.
 18. Conduct special drives to attract private investment from potential domestic and foreign investors.



Chapter II

INFRASTRUCTURE

The provision of adequate infrastructure is a pre-requisite for industrial development. The State will therefore endeavour to provide necessary infrastructure to facilitate the growth of industries. The concept of Build-Operate-Transfer shall also be considered in identified areas of Power Generation, Road & Bridges, Warehousing, and Industrial Infrastructure either in the private sector or Joint Venture with the State Government. Existing infrastructure shall be strengthened/ upgraded to suit the ever increasing demands of the industrial sector.

(1) Communication:

The length of National Highway in the State is 471.17 Kms and the State Highway is over 1050 Kms. All the major towns and villages are now connected by all weather roads. The State is connected by Rail and Air through Dimapur. Efforts will be made to convert the roads leading to all industrial zones, industrial estates, Growth Centre, EPIP, etc. to sustain heavy vehicular traffic for transportation of raw materials and finished products.



(2) Power:

The present peak demand of power in the State is only 50MW. With commissioning of more 132/66KV substations in Wokha and Tizit during the 2000, augmentation and System improvement the peak demand is expected to reach 80 MW. Even after commissioning of the 75 MW Doyang HEP, 24 MW Likhimro HEP and 24 MW Thermal Power Station, the State will still be in shortage of power. Therefore there is tremendous scope of investment opportunities in the Power sector. Nagaland has potential of more than 2000 MW in hydel power generation.

Industrial infrastructure:

The following industrial infrastructures are available for setting up industrial units in the State.

(a) Old Industrial Estate and New Industrial Estate at Dimapur.

(b) Infrastructure projects at the final stage of completion.

- (i) Mini Industrial Estate at Tizit (Mon) and Kiphire (Tuensang).
- (ii) Growth Centres under 'No-Industry District' at Longleng and Noklak (Tuensang).
- (iii) Growth Centres under DIC schemes at Chuchuyimlang (Mokokchung), Baghty (Wokha), and Saring (Mokokchung).

(c) Projects under implementation and expected to be ready for use by 2001-02.

- (i) Industrial Growth Centre, Ganeshnagar, Dimapur (Under PM's new initiative).
- (ii) Export Promotion Industrial Park (EPIP), Ganeshnagar, Dimapur.

(d) Industrial Zones:-

The following areas in the State has been identified as Industrial Zones where industrial units set up will be eligible for the package of incentives provided under the industrial policy:

1. Bhandari Sub-division
2. Dimapur Sub-division
3. Ghathashi area
4. Industrial Growth Centre, Longleng
5. Industrial Growth Centre, Noklak
6. Mini Industrial Growth Centre, Viswema
7. New Industrial Growth Centre, Ganeshnagar
8. Tizit Sub-division
9. Wazeho Area
10. Tuli area
11. Kiphire sub-division
12. Longnak/Longtho area

Besides the above, the Government will endeavor to notify identify similar zones in other potential areas such as Naginimara-Tiru & Jalukie valley for a balanced industrial development of the State. The Government will also set up IID Centres, Food Parks, IT Parks and chain of Cold Storages etc. in the State to provide all necessary industrial infrastructures to facilitate prospective investors/entrepreneurs to set up industries in the State.

(3) Tele Communication:

The entire district headquarters are now well connected and the Tele-Communication Deptt. is in the process of expanding its network to cover all the recognized villages in the State. The State Government is also planning to set-up Community Information Centre in Block Headquarters and also open more new Telephone exchanges in backward area for training data base and application oriented end use. Internet facilities are available in Dimapur and Kohima. Laying of optic fibre cable to enable Video conferencing facility is available at Kohima and is expected to be commissioned soon at Dimapur.

(5) Finance:

Poor C:D ratio in the North East in general and particularly in Nagaland has been one of the major hurdles in the industrialization of the State. The State has a reasonable banking network in place. All the major banks have branches in Dimapur and Kohima, while other districts are served by the SBI and other State level banks. In order to provide adequate credit linkage to the industrial sector, the Nagaland Industrial Development Corporation Ltd. (NIDC) which is also acting as SFC shall be strengthened to cater to the needs of the entrepreneurs in the industrial sector. All out effort shall be made to utilize the services of IDBI, SIDBI, NEDFi, NMDFC, NSDFC and commercial banks for channeling credit for industrial development of the State.

Chapter III Resource base of the State

(a) *Agro Forest:*

Nature has endowed the State richly in the form of rainfall and fertile soil and a salubrious climate, through which the agro/forest resources are abundant. Nagaland has been the major exporter of round logs, veneers, plywood and sawn timber to the rest of the country till the ban imposed by the Supreme Court. 'Tree farming' has been taken up on a massive scale by the people in the last 10 to 15 years and it is expected to be a major resource for industrial activity in the near future.

(b) *Medicinal & Aromatic Plants:*

Due to the favourable agro climatic conditions, Medicinal Herbs and Plants are abundantly available in the hilly regions of the State. Citronella/Eucalyptus oil production in the State is presently taken up by the Government in the form of demonstration units. Scientific harnessing of this potential in the private sector can yield good results. One of the most valuable medicinal plants commonly known as Ginseng is also available in Nagaland which has tremendous commercial potential for export.

(c) *Horticulture:*

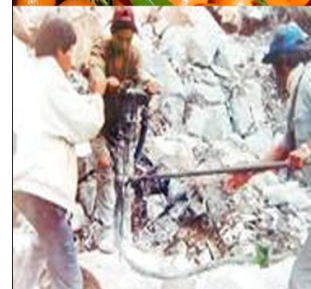
As per the recent study taken by the Government of India, the North Eastern Region has been identified as a potential region for promotion of Horticulture because of the favourable agro-climatic conditions. At present, 42000 hectares of land is covered under horticulture crops but this area can be easily quadrupled given proper pre and post harvest infrastructure. Food Processing Industries based on organic horticulture produce, therefore, have tremendous potential. The State has a comparative advantage in the availability of fruits such as pineapple, plum, bananas, passion fruit and citrus fruits, bamboo shoot and other exotic spices. Introduction of appropriate technology and an efficient marketing network coupled with necessary quality control measures can lead to industrial boom.

(d) *Animal Husbandry and Meat processing:*

The State has high potential for dairy and allied products as well as for processing of hides and skins for leather Industry. At present, scientific processing of Poultry/Piggery and other meat products is lacking in the State. Therefore, there is potential for setting up modern abattoir and other meat processing units in the State. Komul brand of dairy products have received a good market response in and outside the State. There is huge scope for production and marketing of other value added dairy products. Rearing of Angora rabbits for "Angora wool" is also a potential which can be exploited.

(e) *Sericulture:*

Agro-climatic condition is very favourable for the development of all four species (i.e. Eri, Muga, mulberry & Oak Tasar) of sericulture Industries in the State. Capital Investment on various stages of activities involved from spinning, weaving and



manufacturing of value addition products including transport management specifically for related activities will be considered as Industry and the Policy will be applicable for all such activities.

(f) *Floriculture:*

The wide variety of orchids and other flowers available in the State can be exported outside the State as well as abroad to earn valuable domestic/ foreign exchange. Capital Investment relating to fresh cut flowers & packaging, management of dried flowers, processing, manufacturing, special transport management facilities will be considered as Industry and the Policy will be applicable for all such activities.

(g) *Mineral resource:*

Nagaland is rich in minerals resources. The following mineral reserves have been established to date (i) petroleum and natural gas, (ii) nickel-cobalt-chromium bearing Magnetite, (iii) marble, dimensional/decorative stones, (iv) coal etc. The huge reserves of more than 1000 million tonnes of high chemical grade limestone in the eastern Nagaland is a major prospect for setting up of industries such as;

- (i) Cement
- (ii) Calcium carbide
- (iii) Bleaching powder
- (iv) Hydrated lime

Other industries which could be set up in this sector are;

- (i) White & green marble mining and polishing.
- (ii) Ceramic glazed tiles.
- (iii) Ceramic crockery.
- (iv) Ceramic insulators.
- (v) Slate for building materials.

This high grade limestone can be exported for foundry, blast-furnace and other metallurgical and chemical industries.

(g) *Tourism:*

Nagaland is aptly called 'land of festivals'. Every tribe has its own distinct colourful costumes, festivals, dances, music folk-tales, etc. The rich art and culture of the people is a major tourist attraction. Opportunities exist in eco-tourism, adventure tourism, anthropological tourism, ethnic cultural tourism etc. Capital Investment on promoting modern Hotels/ Motels/ Restaurants along with landscaping specifically set in the cities/towns/villages/way-sides/resort spots for catering the needs of tourists including transport management purely for tourists, hiking/adventure equipments, created entertainment facilities/equipments, employment generation for tourist-guides and other similar related items of benefits for tourist will be treated as tourism Industry and the policy will be applicable for all such activities.

(h) *Human resource:*

Although the literacy rate of the State is 83% which is much higher than the national average, the State still lacks in skilled manpower. This scenario is slowly changing as large number of Naga youths are going out of the State for higher and technical education. In addition to the ITI centres run by the government, private training institutes, particularly in computer education are also coming up. This requires a major push so as to develop and up-grade the skills of the local people by utilizing the service of reputed training institutions/organizations. Development of managerial capability of local youth shall be taken up through intensive EDPs. The

State shall encourage private investors/organizations to set up training Institutions in the State. Since English is the official language of the State, this added advantage can be used effectively by any training institute.

Chapter IV

THRUST AREAS

The following shall be the thrust areas for Industrial Development:-

- (a) Food Processing Industries
- (b) Tourism Industry
- (c) Agro-based industries
- (d) Mineral based industries
- (e) Handloom and Handicrafts
- (f) Sericulture
- (g) Floriculture
- (h) Electronics and IT
- (i) Pharmaceuticals
- (j) Petrochemicals
- (k) Bio-tech Industries
- (l) Cane & Bamboo Processing/manufacturing Industries
- (m) Distillations of oils from Medicinal & Aromatic Plants including value added products,
- (n) Processing/manufacturing of indigenous Herbs & Natural Dyes and
- (o) Small Scale Service & Business Enterprises.

Strengthening District Industries Centres:

The District Industries Centres (DIC) plays a vital role in the development of SSI and Tiny sector Industries. The Government shall strengthen the DICs with adequate facilities and also train the officers & staff to keep pace with the latest technology/skill. The newly created Dimapur DIC will be upgraded to full-fledged DIC at the earliest. Each DIC will act as principal agency to guide the entrepreneurs in matters of setting up of Industries including selection of industries/entrepreneurs, preparation of project report and arrangement of finance for projects.

NRI & Foreign Direct Investment:

The State Government will actively promote foreign direct investment in the projects that involve and improve infrastructures like power, roads, social and health care facilities. Similarly, foreign direct investment shall be encouraged in manufacturing activities in thrust areas identified under this policy.

Trade & Export:

The Government will take effective steps to provide necessary infrastructure in all the identified trade centres at Longwa, Pangsha, Mimi, Molhe and Avangkhu on priority. The Government shall take up with the Government of India for expediting formalization of trade with Myanmar in order to bring up the status of the trade centres on par with Moreh-Tamu sector in Manipur. The Government of India has declared Guwahati airport as an International Airport with all

clearance facilities but it is to be made functional. NIDC, the only declared Export House in the State, shall be further strengthened. The Government shall also take up with the Government of India to upgrade the cargo handling facilities at Dimapur airport. The potential for export of Naga handloom and handicraft products, processed fruits and flowers (fresh & dry) will be fully exploited.

State Public sector undertakings

In the backdrop of the ongoing process of liberalization and privatization, the public sector enterprises, especially in the non-core sectors, are losing their relevance. Therefore, in keeping with the present trend, the government will make a distinction between the promotional and purely commercial PSUs. While the promotional undertakings will be strengthened to fulfill their role more effectively, the viable commercial PSUs will be restructured so as to run them on professional lines even by bringing in professional management through lateral induction. The general policy would be to progressively reduce financial and budgetary support to all the PSUs so as to make them stand on their own feet. The Government will not hesitate to close down the unviable sick PSUs.

Congenial atmosphere for industrial development:

Peace is a pre-requisite for creating congenial atmosphere for any developmental process. Therefore, the Government of Nagaland shall strive to create a congenial atmosphere for sustained growth by maintenance of law and order. The State Government shall consider provisioning a dedicated state force for industrial security.

Chapter V

PACKAGE OF INCENTIVES

In tune with the industrial policy resolutions, the government of Nagaland has formulated a package of incentives for promotion and setting up of industrial units and revitalization of sick industrial units in the State. The details of the incentive package are as under:

Period of Validity:

The new package of incentives, hereinafter referred to as "Incentive Scheme-2000", shall become effective from the date of issue of notification of the policy and remain in operation for a period of five years or till such time as the Government may consider fit and proper. The Government also reserves the right to make amendments to the schemes.

Effective Date: Effective date for the Incentive Scheme-2000 shall be the date of issue of notification of the policy i.e. Wef.20th December 2000.

Definitions:

- i. **Ancillary Industry** means an industrial unit which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tools or intermediates or rendering of services, undertaking supplies or renders or proposes to supply or renders not less than 50% of its production or services as the case may be, to one or more other industrial undertaking and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or hire purchase, does not exceed Rs. 100 lakh.

ii. **Eligible Unit** means only new units set up on or after the date of issue of notification of the policy and existing units undergoing expansion/modernisation/diversification at the same place in the State of Nagaland provided that :

(a) The location of the Registered Office shall be within the State of Nagaland.(relaxation may be permitted with approval of the *Industrial Facilitation Committee* in special cases)

iii. **Existing Unit** means an industrial unit which is or was in commercial production at any time prior the date of issue of notification of the policy shall be considered as an existing unit for the purpose of the Incentives Scheme-2000.

iv. **Expansion** of an industrial unit means additional fixed capital investment exceeding at least 25% of the capital investment of the existing unit. For the purpose of calculation, gross value of all the capital investment made on land, building, and plant and machinery of the existing unit will be taken into consideration. Expansion shall also imply an increase of at least 25% in the existing installed capacity as well as increase of additional employment of at least by 10%. Prior to going for expansion, the unit should be operating at least at a minimum of 80% capacity during the three previous years and prior intimation to the concerned implementing agency for Industrial Policy-2000.

v. **Diversification** means separately identifiable investment made by an existing industrial unit in the fixed capital assets to set up a project for manufacturing of new product(s) provided that the additional investment in the fixed assets is not less than 25% of the gross fixed capital and increase of additional employment is at least by 10%.

vi. **Modernization** means separately identifiable investment made by an industrial unit involving new/improved technology having a definite advantage in reduction of cost of production provided the additional investment in fixed assets should not be less than 25% of the gross fixed capital. The incentives available to the unit undergoing expansion/diversification/modernisation shall be for the additional investment made and/or the increase in production over the average of three previous years prior to the year when the unit goes for expansion/diversification as applicable. The year for this purpose shall mean a financial year. The unit which has taken up expansion/ diversification/ modernisation plan prior to coming into force of this policy should intimate the concerned agency within three months from the date of implementation of the policy.

vii. **100% Export Oriented Unit** means an industrial unit which undertakes to export its entire production of goods subject to relaxation as permitted by Government of India from time to time.

viii. **Finished Products** means and includes, the item manufactured by the eligible unit as considered under the project/scheme approved by the concerned term lending agency and or by the implementing agency, together with by-products/scrap, which may get generated as incidental to and during the main production activity.

ix. **Fixed Capital** means and includes cost of Land, Building including Factory



shed, Godown, Laboratory, Plant & Machinery, Installation Charges and Pre-operative expenses capitalised, Electrical and such other equipment, which are directly related to production activities.

- x. **Government** means the Government of Nagaland.
- xi. **New Unit** means an industrial unit which has commenced commercial production on or after the date of issue of notification of the policy.
- xii. **Non-Eligible Unit** means all industries which are mentioned in Schedule – 1 to this policy as non-eligible.
- xiii. **Raw Materials** shall mean and include components, intermediate goods, substances, consumable stores required in the process of manufacture and packing materials utilised for packing of finished products by an eligible unit.
- xiii. **Relief Undertaking Unit** means an industrial unit declared as a relief undertaking by the Government of Nagaland or units declared sick by State Government/Director of Industries & Commerce under any other scheme/Act of the Government.
- xiv. **Schedule** means a schedule to this scheme.
- xv. **Small Scale Industry (SSI)** means an industrial unit where the investment in plant and machinery does not exceed Rs. 1.00 crore.
- xvi. **Small Scale Service Business Enterprise** means an enterprise where the investment in plant and machinery does not exceed Rs. 25 lakh.
- xvii. **Tiny Industry** means an industrial unit where the fixed capital investment does not exceed Rs. 25 lakh.
- xviii. **Export Oriented Unit (EOU)** means a unit that exports at least 35% of the total production.
- xix. **State** means the State of Nagaland.

Eligibility:

All industries except those at Schedule-1 shall be entitled to assistance under the Incentive Scheme-2000.

- (i) Incentives under Incentive Scheme-2000 shall be available to eligible units in the private sector, joint sector, State public sector and the co-operative sector. Central public sector undertakings shall not be eligible for any incentives under the scheme.
- (ii) All new units shall be eligible for the Incentive Scheme-2000.
- (iii) Relief undertaking/sick units shall be eligible for the incentives under Incentive Scheme-2000 for a maximum period of 3 (three) years.
- (iv) The unit undergoing expansion/diversification/modernisation shall be eligible for incentives only for the additional investment made i.e. for the expanded/diversified/modernised portion of the existing unit.

Eligibility Certificate:

- (i) Eligibility Certificate is a certificate which shall be issued by the *Industrial Facilitation Committee* for Medium & Large Industries, Directorate of Industries & Commerce for SSI Units and District Industries Centre for SSSBE/Cottage & Tiny sector. This will be issued after ensuring that all the criteria for eligibility have been fulfilled to the full satisfaction of the concerned *Industrial Facilitation Committee*.
- (ii) No right or claim for any incentives under the scheme shall be deemed to have been conferred by the scheme merely by virtue of the fact that the unit has fulfilled on its

part the conditions of the scheme and the incentives/subsidies cannot be claimed as a matter of right.

- (iii) The incentives under the scheme cannot be claimed unless the 'Eligibility Certificate' has been issued under the scheme by the Implementing Agency concerned and the unit has complied with the stipulations/conditions of Eligibility Certificate.
- (iv) The decision of the Implementing Agency, subject to such directions as Government may issue from time to time in this regard shall be final and binding.

Certificate of Employment:

The certificate of employment would be given jointly by the General Manager (DIC), the District Employment Officer along with either the Sub-Divisional Officer (Civil) or the Extra Asstt. Commissioner where the industrial unit is located. Where the Office and the production centre are located in more than one district, the Director of Employment and Craftsmen shall issue the certificate of employment.

Implementing Agency:

The Implementing Agency for the Incentive Scheme-2000 in respect of the Large & Medium and SSI sector shall be the Director of Industries & Commerce and for Cottage & Tiny and SSSBE shall be District Industries Centres.

Procedure for disbursement of Incentives:

Separate guidelines for issuance of eligibility certificate along with the application forms and procedures for disbursement of incentives would be issued.

Priority for disbursement:

The disbursement of the Incentives by the Implementing Agency shall be in accordance with the chronological order of approved claims. Priority shall be however given to SSI units and 100% Export Oriented Units in thrust areas. Preference will be given to units where at least 50% of the employees are local tribal youth.

Interpretation:

The decision of Industries & Commerce Department, Government of Nagaland, as regards interpretation in this policy resolutions/incentive scheme shall be final. The State Government reserves the right to declare any more incentives or new guidelines or amend any provision(s) including withdrawal of any of the incentives/subsidies as and when necessary for development of industries in the State from time to time under the provision of the Policy.

Right of the Government:

The State Government reserves the right to review the matter regarding sanction/disbursement of subsidies/incentives to the eligible industrial unit(s) and in this connection the State Government's decision shall be final.

Incentives:

The incentives shall be available for eligible units of the following categories:

1. SSI unit
2. Tiny unit
3. Small Scale Service & Business Enterprises (SSSBs)
4. Sick Units/Relief Undertaking Units subject to a maximum period of 3 years
5. Large and Medium sector units
6. Export Oriented Units
7. Units undergoing Expansion/Diversification/Modernization

The following incentives provided by the Govt. of India under the New Industrial Policy for the North Eastern Region shall be available for all eligible industrial units located in identified areas as per the provisions of North East Industrial Policy 1997.

- (a) Capital Investment Subsidy
- (b) Transport Subsidy
- (c) Interest Subsidy on Working Capital Loan
- (d) Tax Holiday

Beside the above, the State Govt. shall provide the following additional incentives under the 'Incentives Scheme-2000' for industrial units set up after the date of issue of the notification of the Policy.

The Incentives are as follows:

- (a) Power subsidy
- (b) Miscellaneous Assistance comprising of drawal of power line subsidy, subsidy on fees for procurement of NRDC technology and quality control measures
- (c) Contribution to Feasibility Study Cost
- (d) Manpower Subsidy for local employment promotion
- (e) Special incentives for 100% Export Oriented Unit
- (f) Sales Tax Exemption for 7 years
- (g) Stamp Duty Exemption for new units
- (h) 15% Price Preference and exemption of Earnest Money on all tenders of the Govt. Store Purchase Programme
- (i) Stipendiary support for special EDP of duration not less than 3 months

Chapter VI

Highlights of the Central Government's North East Industrial and Investment Promotion Policy (NEIIPP)

- (i) **Capital Investment Subsidy:** Capital Investment Subsidy will be enhanced from 15% of the investment in plant and machinery to 30% and the limit for automatic approval of subsidy at this rate will be Rs.1.5 crores per unit.
- (ii) **Transport Subsidy:**
 - i. 90% for transportation of raw materials and finished products to and from the nearest railhead upto Siluguri.
 - ii. 50% for transportation of raw material and finished products within the NER.
 - iii. 75% for transportation of electronic components and finished products by air transport.
- (iii) **Interest Subsidy:** Interest subsidy of 3% on working capital loans for a period of ten years.
- (iv) **Tax Holiday:-**
 - Excise Tax exemption for 10 years from the date of commercial production.

- Income Tax exemption for 10 years from the date of commercial production.

Chapter VII

Incentives available under Incentive Scheme-2000(State Scheme)

Power subsidy:

Subsidy on power tariff will be provided at the rates of 30% and 25% for connected loads upto 1 MW and above 1 MW respectively for a period of 5 years from the date of commercial production subject to a maximum ceiling limit of Rs. 2 lakh annually. This will be a reimbursement scheme on actual consumption of power for manufacturing process substantiated with requisite details.

Drawal of Power Line:

Cost of drawal of 33/11KV line to eligible industrial unit shall be reimbursed subject to a ceiling of Rs. 2.00 lakh provided the location is outside the notified developed infrastructure and is approved by the Government. This subsidy shall be available only once to the eligible unit.

Subsidy for Feasibility Study Cost:

Subsidy will be available at the rate of 50% of the cost of Detailed Project Reports subject to a ceiling of Rs.1.00 lakh, which shall be eligible only for new units with investment in plant & machinery above Rs. 25 lakh provided the report is prepared by a Government approved Industrial Consultants.

Manpower Subsidy:

Government will reimburse upto 25% of the actual wage bill for local tribal employees employed by eligible units upto three years from the date of entertainment subject to a maximum ceiling of Rs. 1.00 lakh annually for those units where investment in plant & machinery is from Rs.5.00 lakh to Rs.25.00 lakh, Rs.2.50 lakh annually for those units where investment in plant & machinery is from Rs.25.00 lakh to Rs.100.00 lakh and Rs.5.00 lakh annually for those units where investment in plant & machinery is above Rs.100.00 lakh.

This grant would be for a period of five years from the date of entertainment of such staff and would only be given to those units where the investment in plant & machinery exceeds Rs. 5.00 lakh and above and the number of employees engaged in the unit exceeds 10(ten) numbers and where the at least 50% of the employees are local tribal youth. Units availing subsidy under this scheme shall take all effective steps to ensure 75% employment of local tribal youth over a period of five years. This subsidy will be admissible on reimbursement basis for only those employees who complete one year of regular employment in the unit.

Special Incentives for 100% Export Oriented Units (EOU):

An additional 5% capital investment subsidy subject to a maximum ceiling of Rs. 3.00 lakh. Sales Tax exemption for an additional period of one year.

Subsidy for Quality Control measures:

Cost of laboratory equipment for the purpose of quality control and ISI/BIS/ISO 9000 certification will be reimbursed subject to a maximum ceiling of Rs. 50,000/- in cases where

it does not form part of the project cost for SSI and Rs. 1.00 lakh in case of Large & Medium unit.

Sales Tax Exemption:

Total Sales Tax exemption is conferred upon all new Industrial Units for a period of 7 (seven) years with effect from 1.12.2000. There will be no re-imburement or claims with retrospective effect.

Stamp Duty Exemption:

50% Stamp Duty and Registration Fee for securing loans from Financial Institutions including Mortgage of fixed assets shall be exempted from the Stamp Duty Act for a period of 5 (five) years.

15% Price Preference and exemption of Earnest Money on Govt. Store Purchase Programme:

Price preference for all purchases shall be admissible to all eligible units at the rate of 15% under Govt. Store Purchase Programme.

Stipendiary Support for EDP:

Stipend at the rate of Rs. 500/- per month per trainee shall be provided for training of 100 youth annually for special EDP to be conducted by Govt. approved/recognized Institutions subject to the conditions that the training period shall not be less than 3 months duration.

*** State PSUs will not be eligible for assistance under the Incentive Scheme-2000**

Chapter VIII

Procedure for Implementation and Monitoring:

In order to ensure proper delivery of all services for smooth industrialization in the State, a three tier body which shall be called 'Industrial *Facilitation Committee*' shall be set up at the State, Directorate/District level. The object of these Committees is to provide various facilities to entrepreneurs and to ensure expeditious identification of entrepreneurs and projects, guidance for registration, processing issuance of eligibility certificate, monitoring of proposals, arrangement of finance by financial institutions, disbursement of incentives, follow-up for rapid implementation of the projects, etc.

Functions of the 'Industrial Facilitation Committee':

- i) Proper and adequate publicity of the Industrial Policy as well as render all assistance to entrepreneurs to avail the benefit of the incentive scheme.
- ii) Identification of prospective entrepreneurs, building up of a data bank to guide and motivate entrepreneurs and to prepare viable project profiles in different categories of investment.
- iii) Enlistment of application and issuance of eligibility certificate under Industrial Policy.
- iv) Co-ordination with the concerned agencies/administrative departments including processing and forwarding of financial proposals.

- v) Proper and effective implementation of all incentive schemes and issuance of sanctions thereof.
- vi) To take up all relevant issues with the Government or with the Committees framed there under for any matter connected with the implementation of the policy.

Procedure for Issuance of Eligibility Certificate:

The application for issuance of Eligibility Certificate shall be made directly to the following Implementing agencies:

- (i) To the *Industrial Facilitation Committee* of the concerned DIC in case of industrial units where the total investment in the plant and machinery does not exceed Rs. 25 lakh.
- (ii) To the *Industrial Facilitation Committee* of the Directorate Level in case of SSI industrial unit where the total investment in plant and machinery does not exceed Rs. 100 lakh.
- (iii) To the *Industrial Facilitation Committee* of the State Level in case of units where the total investment in plant and machinery exceeds Rs. 100 lakh and is Rs. 100 lakh in case of Ancillary & Export Oriented Unit.

The State Level, Directorate Level and the District Level *Directorate Level Industrial Facilitation Committees* shall be responsible for issuance of Eligibility Certificate and to approve the claims of the units Large & Medium/Ancillary & EOU, SSI and Cottage & Tiny/SSSBE respectively.

A set of guidelines including the application forms and procedures for application for getting various incentives will be issued separately.

Committees under Industrial Policy with Functions:

Following shall be the Committees under the Industrial Policy of Nagaland 2000;

State Level Industrial Facilitation Committee:

1. Chief Secretary	Chairman
2. Secretary, Industries Department	Member
3. Secretary, Finance Deptt.	Member
4. Secretary, Labour Deptt.	Member
5. Secretary, Power Deptt.	Member
6. Managing Director, NIDC	Member
7. Director of Industries & Commerce	Member- Secretary

The Chairman may co-opt expert(s) to specific meeting(s) of the committee.

Functions of the Committee shall be:

- (i) To scrutinise the applications and to recommend the deserving cases for the issuance of Eligibility Certificate for the incentives to an industrial unit having an investment in plant and machinery above Rs. 100 lakh and Ancillary and Export Oriented Units.
- (ii) To scrutinise and approve for sanction of claims for State capital investment subsidy for amount exceeding Rs. 25 lakh.
- (iii) The committee shall meet as and when necessary and at least once in a quarter.

- (iv) The Committee shall review the implementation of the Industrial Policy and to recommend suitable suggestion(s) if necessary, for effective implementation of the Policy.
- (v) The Committee shall examine the grievances of the industrial unit(s) and shall make suggestions/direction to the concerned authority to overcome such problem(s) faced by the unit(s).

Directorate Level Industrial Facilitation Committee:

- 1. Secretary, Industries & Commerce Department - Chairman
- 2. Secretary, Finance Department - Member
- 3. Commissioner of Taxes - Member
- 4. Director of Employment & Craftsmen Training - Member
- 5. Director of Industries & Commerce - Member
- 6. Managing Director, NIDC - Member
- 7. Additional Director of Industries & Commerce -Member Secretary.

The Chairman may co-opt expert(s) to specific meeting(s) of the committee.

Functions of the Committee shall be:

- (i) To scrutinise the applications and to recommend the deserving cases for the issuance of Eligibility Certificate for the incentives to an industrial unit having an investment in plant and machinery above Rs. 25 lakh and upto Rs. 100 lakh in case of a SSI unit.
- (ii) To scrutinise and approve for sanction of claims for State capital investment subsidy for amount exceeding Rs. 1 lakh and upto Rs. 25 lakh.
- (iii) To review the implementation of Industrial Policy of Nagaland 2000 and to make suggestions in this regard to the Government from time to time.
- (iv) The Committee shall meet as and when necessary and at least once in every quarter..
- (v) At least four members including the Commissioner & Secretary/Secretary to the Government of Nagaland, Industries & Commerce Department, Commissioner of Taxes, Director of Employment and Craftsmen Training, Director of Industries & Commerce and Member Secretary shall be necessary for any sitting of the Committee.

District Level Industrial Facilitation Committee:

- 1. Deputy Commissioner of the District - Chairman
- 2. Additional Director of Industries & Commerce - Vice Chairman
- 3. Supdt. of Taxes(incharge of the District) - Member
- 4. Lead Bank Manager (Concerned District) - Member
- 5. General Manager, NIDC - Member
- 6. Employment Officer of the District - Member
- 7. Executive Engineer (Power) - Member
- 8. General Manager, DIC - Member- Secretary

Functions of the Committee shall be:

- (i) To scrutinise the applications and to recommend the deserving cases for the issuance of Eligibility Certificate for the incentives under the Industrial Policy to an industrial unit having an investment upto Rs.25 lakh in plant and machinery.
- (ii) To scrutinise and approve for sanction to eligible units all incentives provided by the Industrial Policy- 2000. However, in case of the State capital investment subsidy the Committee will scrutinise and approve for sanction of claims upto an amount of Rs. 1 lakh.
- (iii) To review the implementation of various schemes under the Industrial Policy- 2000 and to make suggestions in this regard to the government from time to time.
- (iv) The Committee shall meet as and when necessary and at least once in every quarter.
- (v) At least four members including the Deputy Commissioner of the District, Supdt. of Taxes (in charge of the District), District Employment Officer, General Manager(NIDC) and Member Secretary shall be necessary for any sitting of the Committee.

The Chairman may co-opt expert(s) to specific meeting(s) of the committee.

Sales Tax Exemption Facilitation Committee:

There will be a Facilitation Committee with the following members.

- | | | |
|--------------------------------------|---|------------------|
| (a) Development Commissioner | - | Chairman |
| (b) Principal Secretary (Industries) | - | Member |
| (c) Finance Commissioner | - | Member |
| (d) Commissioner of Taxes | - | Member |
| (e) Director (Industries) | - | Member Secretary |

The Directorate of Industries & Commerce shall design a format for collecting monthly data for effective monitoring of the Policy.

Chapter IX

Schedule-I

1. Rice Hullers, Rice Mill & Atta Chakki
2. Paper cutting from Roll Paper
3. Nursing Home, Hospital and Medical Research Centre.
4. Unit whose registered office is not in the State of Nagaland (Suitable relaxation may be permitted with the approval of the State Level *Industrial Facilitation Committee* in special cases)