



GUIDE TO HOTEL & HOSPITALITY INDUSTRY IN J&K

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FOREWORD

The hotel and hospitality industry in Jammu & Kashmir is a vibrant sector that plays a crucial role in the region's economy, attracting tourists from around the globe. As this industry continues to grow, it is essential for stakeholders—ranging from hotel owners and operators to investors and other service providers—to navigate the legal landscape effectively.

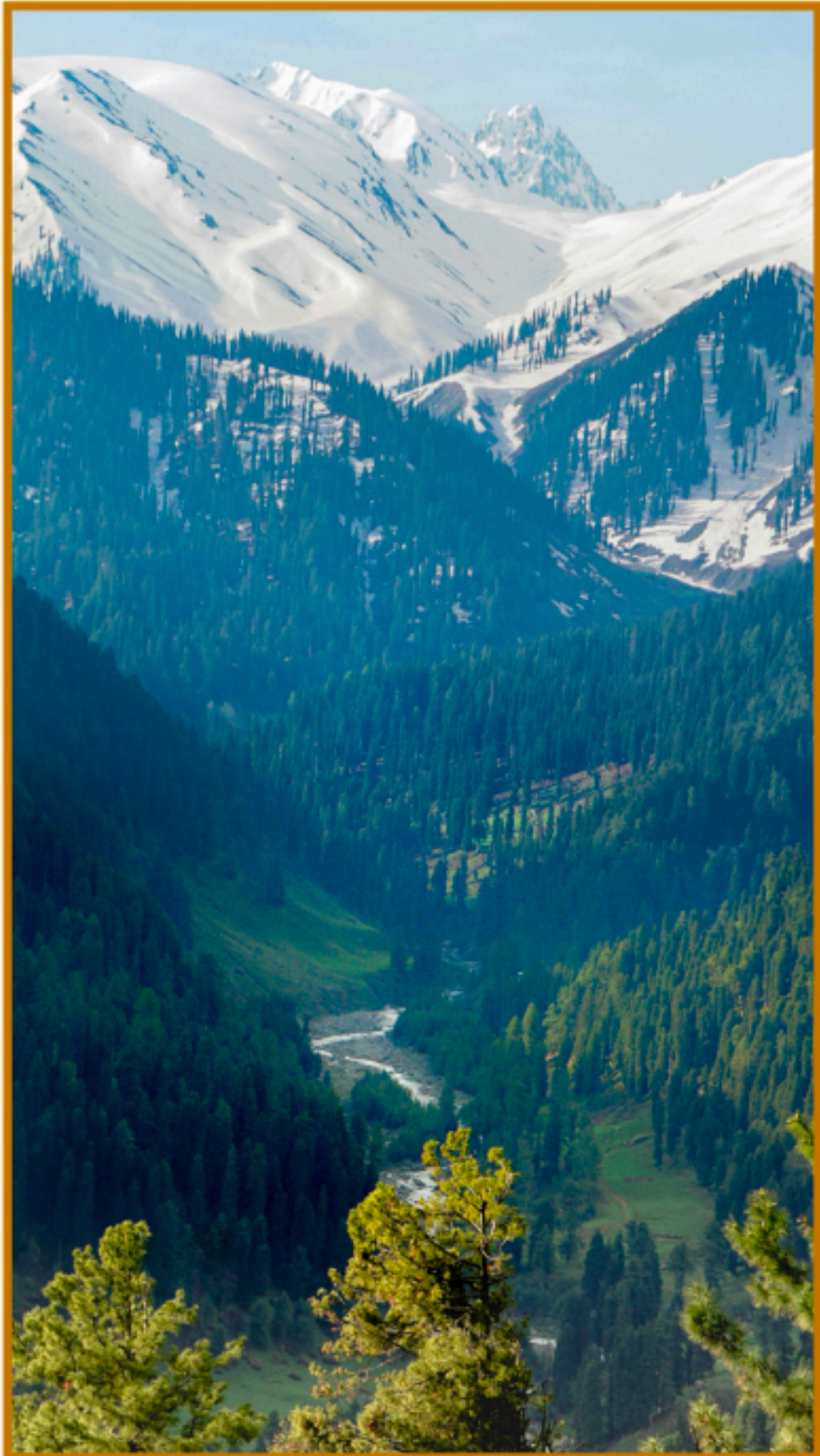
This guide, presented by Iqbal, Malik & Romaan Law Offices (IMR), serves as a comprehensive resource tailored to address the unique challenges and opportunities within the hotel and hospitality sector in Jammu & Kashmir. Our aim is to provide crucial insights into legal considerations, regulatory compliance, and best practices that will empower industry players to make informed decisions. The hospitality sector is characterized by its dynamic nature, where understanding local laws, consumer protection regulations, and contractual obligations is paramount. This guide not only outlines the foundational aspects of hotel management but also delves into the legal frameworks that govern operations in Jammu & Kashmir.

At IMR, we are committed to supporting businesses, specifically the hospitality industry. Our extensive experience in corporate laws equips us with the knowledge necessary to help stakeholders mitigate risks and seize opportunities in this competitive market.

We invite you to explore this guide as a valuable tool for navigating the complexities of the hotel and hospitality industry. By leveraging the insights provided, you will be better positioned to enhance your business operations while ensuring compliance with relevant laws and regulations.

Together, let us foster a thriving hospitality environment in Jammu & Kashmir that not only meets the needs of visitors but also contributes to the sustainable development of the region.





LIST OF ABBREVIATIONS

AGMARK - Agricultural Marketing
BEE - Bureau of Energy Efficiency
BIS - Bureau of Indian Standards
BDO - Block Development Officer
CEMS - Continuous Emission Monitoring Systems
CETP - Common Effluent Treatment Plant
DG - Diesel Generators
DPIIT - Department for Promotion of Industry and Internal Trade
EIA - Environmental Impact Assessment
EPF - Employees' Provident Fund
ESI - Employee State Insurance
ETP - Effluent Treatment Plant
FDI - Foreign Direct Investment
FHRAI - Federation of Hotel & Restaurant Associations of India
FEMA - The Foreign Exchange Management Act
FPO - Fruit Products Order
FSSAI - Food Safety and Standards Authority of India
GST - Goods and Services Tax
HMA - Hotel Management Agreement
HRACC - Hotel and Restaurant Approval and Classification Committee
ICT - Incentive for Information & Communication Technology
IP - Intellectual Property
IRDAI - Insurance Regulatory and Development Authority of India

ISO - International Organization for Standardization
ISI - Indian Standards Institute
J&K - Jammu and Kashmir
JDA - Joint Development Agreement
JDA - Jammu Development Authority
JKPCB - Jammu & Kashmir Pollution Control Board
JMC - Jammu Municipal Corporation
LCMA - Lake Conservation Management Authority
LEED - Leadership in Energy and Environmental Design
LLP - Limited Liability Partnership
MoU - Memorandum of Understanding
NDA - Non-Disclosure Agreement
NOC - No Objection Certificate
NRI - Non-Resident Indian
PAN - Permanent Account Number
PDD - Power Development Department
PHE - Public Health Engineering
POSH - Prevention of Sexual Harassment
RBI - Reserve Bank of India
ROC - Registrar of Companies
SDA - Srinagar Development Authority
SGST - State Goods and Services Tax
SMC - Srinagar Municipal Corporation
STP - Sewage Treatment Plant
TDS - Tax Deducted at Source
UT - Union Territory



AN INTRODUCTION TO HOSPITALITY INDUSTRY IN JAMMU & KASHMIR

The Indian hotel industry is undergoing a remarkable transformation in 2024 with the Union Territory of Jammu & Kashmir emerging as a shining star. J&K is one of the preferred travel destinations, displaying abundant natural beauty, a vibrant culture, welcoming locals, and a unique cuisine waiting to be discovered. As per the data available with tourism department, there has been arrival of 2.11 crore tourists in 2023, including pilgrimage tourists. Jammu & Kashmir region is expected to experience substantial growth in the upcoming years due to the emphasis on developing the region's infrastructure and promoting tourism.

As tourism flourishes in J&K, the officials of tourism department are highlighting an urgent need for more hotels to accommodate the high volume of visitors. With respect to 5-star and 4-star hotels, the branded hotel supply in the Kashmir region has seen steady growth, expanding from fewer than 200 rooms in 2011-12 to over 850 rooms by 2022-23. Additionally, hotel brands are showing continued confidence in the region's tourism potential, with over 1,000 rooms currently in the development pipeline across the Kashmir Valley. It can be depicted by the rise in new hotel constructions across the region, such as Radisson Hotel Group opening 212-key Radisson Collection Hotel, Riverfront Srinagar, under its luxury lifestyle brand Radisson Collection, Inter-Continental Hotel Group, one of the world's leading hotel companies, has also signed a management agreement for Voco Srinagar, scheduled to open in Q4 2026. With the development of new hotels and resorts, upgrading existing establishments

and targeting niche tourism segments, investors can play a pivotal role in shaping the future of the hospitality sector in Jammu & Kashmir. Investing in the hospitality sector in Jammu & Kashmir will offer a wealth of opportunities for investors to increase the value of their real estate holdings.

With respect to recent trends in the hotel industry in J&K, the General Administration Department (Order No. 1116-J&KGAD, dated May 30, 2024) has officially approved the establishment of district-level committees dedicated to identifying suitable land for 5-star hotels across the Union Territory. This may include state land, forest land, private land, etc having the potential and feasibility considering factors, such as accessibility and other basic infrastructure required for the project. This initiative aligns with regional development goals, aiming to boost tourism infrastructure and provide high-standard accommodations. However, when it comes to Sustainable Development, it's essential that the construction of the hotels adheres to strict environmental standards to minimize ecological impact. Large-scale hotel construction can strain local ecosystems, increase carbon emissions, and alter natural landscapes. Therefore, integrating environmental standards is crucial for sustainable growth. Implementing eco-friendly designs, rainwater harvesting, waste management systems, and renewable energy sources can help offset environmental impacts. Such adherence not only preserves the environment but also ensures that tourism remains a long-term, sustainable contributor to J&K's economy.



INCENTIVES UNDER GOVERNMENT POLICIES/SCHEMES

The Jammu and Kashmir Industrial Policy 2021-2030 (JK Policy)

Tourism and Hospitality fall in the category of Focus Sectors under the JK Policy and are eligible for incentives under the said policy.

An Existing Unit which has commenced operation on or before March 31, 2021, and a New Unit which commences operation on or after April 1, 2021, are eligible for incentives under the policy as under:

- **Subsidy on DG Set:** 100% subsidy on purchase and installation of a single new DG Set having capacity ranging from 10 KW to 200 KW with a cap of Rs.45 lakhs.
- **Exemption of Stamp Duty and Registration Fee:** All New Units and Existing Units undertaking substantial expansion (an additional investment of a minimum 25% of the total amount of investment already made in the existing unit for construction of building and other durable physical assets), 100% exemption on stamp duty and registration fees on land transactions in Government Industrial Estates including lease deeds and mortgage deeds.
- **Subsidy on procurement of Quality Certificate:** New Units, Existing Units and Existing Units undertaking substantial expansion are eligible for a subsidy of 30% of the total cost incurred in obtaining quality. Quality Certification like ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK, ZED Rating, etc., shall be given a subsidy of 30%, subject to a maximum of Rs. 2 lakhs.
- **Subsidy on Automation:** New Units, Existing Units and Existing Units undertaking substantial expansion are eligible for a subsidy of 25% on expenditure incurred on automation/software/hardware/business process re-engineering through computers/IT/Online Pollution Control Devices subject to a maximum of Rs. 2 lakhs.
- **Subsidy on Pollution Control Devices:** New Units, Existing Units and Existing Units undertaking substantial expansion are eligible for a subsidy of 60% on cost of Pollution Control Devices subject to a maximum of Rs. 50 lakhs.
- **Subsidy for Green and Environment Protection Initiative:** New Units, Existing Units and Existing Units undertaking substantial expansion are eligible for a subsidy of 50% on the expenditure on installation of new equipment of rainwater harvesting, wastewater recycling, zero discharge process/solid waste management.
- **SGST Incentive:** Existing Units registered under GST on or before 31.03.2021 are eligible for 100% Net SGST reimbursement for 10 years from 01.04.2021.

The Jammu and Kashmir Tourism Policy 2020 (Tourism Policy)

Tourism Policy is in operation from the date of its issuance 17.12.2020 and will remain in force for 10 years. All projects started, established and expanded operationally during such period will qualify for benefits/exemption concessions. Other than the fiscal benefits available to business units under JK Policy, some additional benefits available to tourism units are:

1. Units which fall under Category B and C areas of the Tourism Policy which are less commercialised and remote areas, and which are not eligible under capital incentives under JK Policy, or any schemes of Government of India can claim capital incentive of 15% of the eligible capital investment.
2. **Support for Sustainable Tourism (Sector Specific):** Assistance will be extended to eligible Tourism Units up to 75 % of the cost of carrying out Energy Audit by a recognized Bureau of Energy Efficiency (BEE) certified Energy Auditor for BEE Star scheme for commercial building as follows: 1 Star: 40%, 2 Star: 50%, 3 Star: 60%, 4 Star: 70% and 5 Star: 75%. Maximum reimbursement amount is 5 Lakhs per unit yearly. It will be disbursed once during the operative period of the policy subject to a maximum of ten individual units per year post submission of BEE certificate stating Star Rating submission of certificate stating sustainability of the Tourism Unit.
3. **Support to Eco Tourism:** 100% reimbursement on achieving the certifications and standards from the Eco-Tourism Society of India up to a maximum amount of Rs. 1 Lakh for a maximum of five Tourism Units per year.

Incentive for Information & Communication Technology (ICT):

The Government will facilitate and support international and national level conferences, exhibitions and other events in J&K for the promotion of usage of ICT in the tourism sector. Financial assistance for conducting conferences/ events will be provided to the maximum limit of Rs.5 lakh per event to maximum 5 events per year, as may be approved by the Tourism Department.

The tourist service provider providing audio video guide will be eligible for one-time assistance up to 25% of the cost of procuring the equipment/ content creation or Rs. 2 lakh whichever is less. Incentive can be availed for two units per year during the operative period of the policy.



New Central Sector Scheme for Industrial Development of Union Territory of Jammu & Kashmir (Central Scheme)

The Central Scheme is effective from 01.04.2021 and will remain in force up to and inclusive of 31.03.2037.

All units willing to avail incentives under this scheme must apply for registration through the online portal before 30.09.2024. All applications for registration shall be disposed of by 31.03.2025 unless otherwise extended. Existing Unit which has commenced commercial production/operation prior to 1.04.2021 and is registered under GST in the UT of Jammu & Kashmir can avail the incentives under this scheme.

New Unit for service sector which is registered under this scheme on or after 1.04.2021 but not later than 31.03.2025 can avail the benefits under this scheme, subject to commencement of commercial operation within 3 years from the date of grant of registration.

Service sector units with a minimum investment of Rs.1 crore in building and other durable physical assets will be eligible for incentives under this scheme.

Incentives under the Central Scheme:

- (i) Capital Investment Incentive (CII).
- (ii) Capital Interest Subvention (CIS).
- (iii) Goods & Services Tax Linked Incentive (GSTLI).
- (iv) Working Capital Interest Subvention (WCIS).

1. Capital Investment Incentive (CII):

The following units are eligible to avail this incentive:

- a. New Units with investment of not more than Rs.50.00 (Fifty) crore in building and all other durable physical assets.

- b. Existing Units undertaking substantial expansion with investment of not more than Rs.50.00 (Fifty) crore in building and all other durable physical assets.
- c. All eligible units located in Zone A category blocks in the UT of Jammu & Kashmir (which are more commercialised blocks in districts of the UT listed in Annexure III of the General Operational Guidelines for Registration of Units under New Central Sector Scheme for Industrial Development of Jammu & Kashmir issued on 1.4.2021) will be provided CII @ 30% of the investment made in construction of building and installation of other durable physical assets with maximum limit of Rs. 5 crore.
- d. All eligible units located in Zone B category blocks in the UT of Jammu & Kashmir (which are less commercialised and backward blocks in districts of the UT listed in Annexure III of the General Operational Guidelines for Registration of Units under New Central Sector Scheme for Industrial Development of Jammu & Kashmir issued on 1.4.2021) will be provided CII @ 50% of the investment made in construction of building and installation of other durable physical assets with maximum limit of Rs.7.50 crore.

2. Capital Interest Subvention (CIS):

The following units are eligible to avail this incentive:

- a. New units will be eligible for this incentive on the loan availed on investment made in construction of building and other durable physical assets.
- b. Existing units undertaking substantial expansion will also be eligible for this incentive on the loan availed on investment made in construction of building and other durable physical assets.
- c. All eligible units can avail CIS at the annual rate of interest of 6% for a maximum of 7 consecutive years from any date after the date of application for registration under this scheme. However, disbursement of eligible amounts under this incentive shall begin only after commencement of commercial production.

3. Goods & Services Tax Linked Incentive (GSTLI):

The following units are eligible to avail this incentive:

- a. New units registered under the scheme irrespective of the value of investment in construction of building and other durable physical assets and having a GST registration.
- b. Upper limit of incentive under this component shall be 300% of the eligible value of investment made in construction of building and other durable physical assets. The value of building and durable physical assets will be as per the eligible value

determined under the CII or CIS, whichever is applicable.

- c. All eligible units will be granted GSTLI equal to 100% of Gross payment of GST, i.e. GST paid through cash and input tax credit for a maximum period of 10 years from the date of commencement of operation or till the validity of the scheme whichever is earlier.
- d. The amount of incentive paid in a financial year will not exceed one-tenth of the total amount of eligible incentive under this component subject to full payment of GST as per GST return filed for the claim period.

4. Working Capital Interest Subvention (WCIS):

The following units are eligible to avail this incentive:

- a. All existing units in the UT of Jammu & Kashmir registered under GST prior to the date of notification of this scheme will be eligible for this incentive.
- b. All existing eligible units can avail interest subvention @ 5% on working capital loan for a maximum of 5 consecutive years from the date of grant of registration under this scheme. Existing eligible units availing benefits under this component will be eligible for a five-year period, even when they are undertaking substantial expansion.
- c. The maximum benefit under this component is Rs. 1 crore in 5 years.

Note: The registration deadline for availing the incentives under this policy was 30.09.2024. The Government may open registration under this policy again.



LEGAL FRAMEWORK FOR HOTEL & HOSPITALITY INDUSTRY

In Jammu and Kashmir, the hotel and hospitality sector functions within a robust legislative framework that guarantees sustainable growth, high-quality services, and safety. This framework includes a wide array of laws and rules pertaining to consumer protection, labour laws, environmental standards, public health and safety and establishment registration and classification of establishments. The Directorate of Tourism and other concerned authorities enforce these rules and conduct regular audits and inspections to ensure compliance. This structured approach not only aims to enhance the overall tourism experience but also promotes sustainable and responsible tourism practices in the region. Key components of this framework are:

Jammu & Kashmir Registration of Tourist Trade Act, 1978.

It is the key legislation which provides for the registration of persons dealing with tourists and for matters connected including the Hotel & Hospitality industry. If the hotel-keeper defaults in registration of the hotel, then he shall be punishable by the commissioner of Tourism with a fine which may extend to Rs. 5000/- or if the contravention continues, then Rs. 500/- per day.

Other applicable laws include:

- The Air (Prevention and Control of Pollution) Act, 1981.
- The Apprentices Act, 1961.
- The Central Goods and Services Tax Act, 2017.
- The Contract Labour (Regulation and Abolition) Act, 1970.
- The Copyright Act, 1957.

- The Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- The Employees State Insurance Act, 1948.
- The Environmental Protection Act, 1986.
- Fire Protection and Fire Safety Requirements as per National Building Code of India, 2016 and Jammu & Kashmir Fire and Emergency Services Department.
- Food Safety and Standards Act, 2006.
- The Foreign Exchange Management Act, 1999.
- The Hazardous and Other Wastes (Management, Handling and Transboundary Movement) Rules, 2016.
- Hotel Insurance Policies.
- Income Tax Act, 1961.
- The Industrial Disputes Act, 1947.
- The Jammu and Kashmir Shops and Establishments Act, 1966.
- The Jammu & Kashmir Unified Building Bye Laws, 2021.
- The Legal Metrology Act, 2009.
- Minimum Wages Act, 1948.
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Solid Waste Management Rules, 2016.
- The Water (Prevention and Control of Pollution) Act, 1974.

Some of these laws will be discussed in detail in later chapters, as they form a key part of the compliance requirements that hotels must adhere to.

Regulatory authorities

The key regulating authorities in Hotel & Hospitality Industry are:

- Directorate of Tourism, J&K.
- Food Safety and Standards Authority of India (FSSAI).
- State Excise and Taxation Department.
- Local Municipal Corporations and Urban Local Bodies.
- Jammu & Kashmir Pollution Control Board (JKPCB).
- Fire and Emergency Services Department.
- Labour Department.
- Bureau of Indian Standards (BIS).

Guidelines For Approval of Hotel Projects And Star Classification Of Operational Hotels:

The Ministry of Tourism, Government of India has laid down certain guidelines for the approval and classification of hotels and restaurants. **Hotel and Restaurant Approval and Classification Committee (HRACC)** classification is a voluntary scheme to gain credibility, attract government incentives, and boost visibility through official tourism promotions. These enumerated guidelines are as follows:

1. The classification from 1-star to 5-star Deluxe is based on the quality of facilities and services provided.
2. Comply with prescribed standards regarding the accommodation, Food and Beverage services and public areas.
3. Comply with fire safety regulations including the installation of smoke detectors, fire extinguishers and emergency exits.
4. Ensure adequate security arrangements including CCTV surveillance, security personnel and secure access control.
5. Adherence to health and hygiene standards, including regular pest control and cleanliness protocols.
6. Provision for Front Desk services, In-room Amenities and business services like meeting and conference facilities and business centres for higher star categories.
7. Employ qualified and adequately trained staff in all departments and provide regular training programs for staff to enhance service quality and keep up with industry standards.

Renewal of classification certificates which are valid for a specified period (usually 5 years) and must be renewed upon expiry through a re-inspection process.

A close-up photograph of a hand holding a stack of five light-colored wooden blocks. The blocks are arranged vertically, and each block has a word carved into it in a sans-serif font. The words, from top to bottom, are 'Compliance', 'Rules', 'Standards', 'Policies', and 'Regulations'. The background is blurred, showing a blue surface and a red object with a pattern of small white dots.

Compliance

Rules

Standards

Policies

Regulations

PRE-ESTABLISHMENT COMPLIANCES

The pre-establishment compliances for setting up hotels in Jammu & Kashmir involves adhering to a series of legal, regulatory and administrative requirements. By taking these precautions, the hotel may be guaranteed that it complies with all applicable safety, hygiene and service standard regulations and that it is in consonance with the law. The comprehensive list of pre-establishment compliances is:

Business structure and Registration:

- a) **Choose a business structure:** The primary step in setting up any hotel is to decide on the type of business entity (e.g., Sole Proprietorship, Partnership, Limited Company or Limited Liability Partnership).
- b) **Establish the business structure:** Register the business entity with the Registrar of Companies (ROC) in case of a limited company or LLP. Although it is not mandatory to register partnerships, it is better to register the same to avail some additional benefits provided under the Partnership Act, 1932.

Land and Building Approvals:

- a) **Land Acquisition:** Purchase or lease land suitable for hotel construction, ensuring it's zoned for hotel purposes. Before acquiring the land, a thorough legal due diligence as regards to the title of the land should be carried out to avoid claims in future. When acquiring land for the construction of a new hotel, stamp duty is a critical legal requirement that must be fulfilled to validate the transfer of property ownership. Any transfer of land through sale or lease should be registered with the concerned Sub-Registrar.

- b) **Land Use Conversion:** If the land is classified as agricultural, apply for land use conversion to commercial use with the relevant authority.
- c) **Building Plan Approval:** Submit architectural plans and designs to the local municipal authority or development authority or village panchayat, for approval. Furthermore, Floor Area Ratio (FAR) is a metric used in urban planning to determine the maximum allowable building size on a given plot of land. FAR is often set by local zoning laws to control development intensity, influence building design, and ensure open space. Therefore, construction of hotels must comply with the prescribed FAR requirements given under the Jammu and Kashmir Unified Building Bye-Laws, 2021 (Refer to Annexure-C).
- d) **Environmental Clearance:** Obtain environmental clearance from J&K Pollution Control Board for large projects. Consent of Pollution Control Board to establish and operate Hotels/Restaurants shall be granted on fulfilment of conditions given under the JKPCB Guidelines of 2010.

JKPCB Guidelines for Regulation of Hotels and Restaurants are as under:

- I. Hotels up to six rooms shall not require consent of the Board provided they maintain a soakage pit/septic tank and do not become a nuisance to the surroundings.
- II. Hotels with seven to nineteen rooms with restaurant up to thirty-five sitting capacities shall be eligible for consent of the Board on maintaining septic tank and soakage pit in efficient manner at all times and restaurant attached with such hotels on maintaining efficient oil and grease traps before discharging effluent arising from its kitchen/laundry into Municipal sewer or a drain.
- III. Hotels with twenty rooms or more and/or restaurants with sitting capacity of thirty-six or more shall be eligible for consent of the Board on maintaining a Sewage Treatment Plant (STP) in good and efficient manner at all times.
- IV. The Hotels and Restaurants which are connected with Municipal sewer line leading to STP, shall provide Oil & Grease Traps before effluent arising from its kitchen and laundry are discharged into the Municipal sewer.
- V. The kitchen of the hotel/restaurant shall be equipped with air pollution control devices i.e., hoods, ducting, chimney, exhaust fans and emission shall be discharged into the atmosphere through stack height of 2 metre above the building height.
- VI. Hotel/Restaurant who have installed Boilers running on Diesel or Coal shall

follow the parameters/standards as per Central Pollution Control Board Norms.

- VII. In case of Consent to Establish/Consent to Operate along with Authorisation for DG sets, if applicable, the applicant shall apply with requisite Consent Fee along with following information:
 - i. Capital Cost of Hotel/Restaurant.
 - ii. Number of rooms in a hotel.
 - iii. Sitting capacity of Restaurant(s).
 - iv. Land Papers/Approved Building permission or Plan/Fire Safety compliance.

Electricity and Water Connections:

Apply for an electricity and water supply connection from the local power distribution department or local municipal authority or Jal Shakti (PHE) Department.

Signage Approval: Obtain approval for the installation of business signage from the local municipal authority.

Other Compliances:

- a) **Insurance:** Obtain necessary insurance coverage for the property, employees and guests.
- b) **Legal Documentation:** Prepare all legal documents including lease agreements, contracts with suppliers, employment contracts and others.

Some of the pre-establishment compliance requirements, which also form part of post-incorporation compliances, are addressed in detail in the following chapter.



HOTEL AGREEMENTS: KEY TYPES AND UNIQUE CHARACTERISTICS

The operations of a hotel can be managed either directly or delegated to an external operator through a hotel management agreement. In a tourist hub like Kashmir, where demand for hospitality services is high, business owners indeed have leverage in negotiations with big franchisors, hotel brand owners and other partners. It's essential for the local hotel owners to assert their rights and negotiate favourable terms that align with their business objectives and protect their interests. Raising the local industry awareness about different legal agreements pertaining to the hotel and understanding the nuances of hotel management agreements, franchise agreements, lease agreements, and other relevant contracts is imperative.

Hotel agreements formalise the development process, ensuring both Government and private investors align on standards, responsibilities, and goals for the proposed land and infrastructure, leading to successful project implementation.

Agreements Specific to The Hospitality Sector

In the hospitality industry, various types of agreements govern the relationship between hotel owners, operators, and brands. Understanding these agreements is essential for ensuring compliance, protecting interests, and optimising operational efficiency. Below is a detailed overview of the primary types of hotel agreements along with their unique characteristics.

Hotel Management Agreement (HMA)

Under such contract, the owner of the hotel property delegates operational and management responsibilities to a management company. The management company mostly owns the brand as well and the hotel operates under that brand. The owner retains ownership of both the real

estate and the business, bearing the primary risk, while compensating the management company for its day-to-day management services.

Characteristics:

- HMAs are usually for a tenure of 15 (fifteen) to 25 (twenty-five) years.
- In most cases, a management company is entitled to a Base Management Fee and an Incentive Fee. The base management fee is usually a percentage of the total revenue generated by the Hotel. However, the incentive fee is a percentage of the gross operating profits of the Hotel.
- Base management fee is usually 2% to 4% of hotel's total revenue from day-to-day operations and incentive fee ranges from 4% to 8% of Gross Operating Profit, motivating management companies to optimise performance. Gross Operating Profit is a key performance indicator which measures a hotel's profitability by subtracting all the operating expenses from its total revenue.
- Owners can assess the effectiveness through performance tests like RevPAR (Revenue Per Available Room) and GOPPAR (Gross Operating Profit Per Available Room) comparisons.

Franchise Agreement

A franchise agreement is essentially the license which allows the franchisee to trade under the name and style of the franchisor.

Characteristics:

- The franchise agreement is generally signed for a period of 15 (fifteen) years.

- Usually, franchisor is entitled to a franchise fee linked to the hotel's room revenue.
- Franchise fee includes an initial fee and an ongoing fee. Initial franchise fee is a one-time payment which is made at the signing of the franchise agreement. It is an entry fee to own and operate a franchise using franchisor's brand, trademarks, and systems. Ongoing franchise fees, such as Royalties are usually regular monthly payments made to the franchisor (typically 3% to 5% of gross room revenue).
- The franchisor retains the right to terminate the agreement if the franchisee fails to meet established standards.
- Franchisees often contribute to a marketing fund of the franchisor (1% to 2% of total revenue).

Third-Party Management Agreement

Third-Party management companies are tasked with overseeing the day-to-day operations of hotels on behalf of owners, whether these properties are independent having their own brand or franchised with hotel chains. The term "third-party" emphasizes that the management function is being outsourced to an external and specialised firm rather than being handled internally by the owner or the brand itself. These companies receive compensation in the form of management fees, including base and incentive fee, as well as charges for additional services such as technical support. Characteristics:

- Prioritises owner interests, contrasting with branded operators who focus on brand reputation.
- A third-party operator is likely to be amenable to a shorter tenure with flexible terms, contrasting with other management agreements which ask for

longer durations with stricter termination clauses.

- Third-party operators have multi-brand knowledge and experience, which can improve efficiency and guest satisfaction.
- Management fees typically range from 4% to 6% of total revenue, structured as base and incentive fee.
- It allows owners without management experience to effectively run their properties while retaining control.

Lease Agreement

In a lease agreement, the hotel owner serves as the lessor and holds no operational responsibilities. This model offers owners a risk-averse operating approach with minimal financial risk and a stable income stream. The predictability of lease income over a specified period enables owners to secure financing on more favourable terms. However, disadvantages include the opportunity cost of potentially higher returns if the hotel performs well and the lack of control over asset operations.

Characteristics:

- Rent can be a fixed rental fee or based on revenue/net operating income, affecting risk levels for owners.
- Provides predictable income with minimal operational risk but may limit potential returns if hotel performance is high. In high-performing periods, the hotel owner does not benefit directly from increased revenues since they only receive the agreed-upon rent, regardless of profitability.
- Lease terms are often long-term, ranging from several years to decades.
- The lessee assumes all operational and financial risk.
- Lease agreements may be disadvantageous from the perspective of taxation since the income generated will be taxed as Income from House Property

and not as income from business where one can claim expenses.

Joint Development Agreement (JDA)

Joint Development Agreements are arrangements where two or more parties collaborate to develop a hotel or other property project, sharing resources, risks, and rewards. JDAs are commonly used in large-scale projects where the parties bring different expertise, such as one providing capital and another offering industry knowledge or operational capability.

Characteristics:

- **Resource Maximization:** Allows both parties to leverage resources efficiently within a defined timeframe.
- **Revenue Sharing:** Compensation can be structured as a percentage of sales revenue or shared constructed area.
- **Subsequent Agreements:** Often leads to further agreements with hotel brands or management companies post-construction.

Understanding these agreements is crucial for hotel owners in regions like Jammu & Kashmir, where tourism is vital. Each type serves different operational needs and risk profiles, allowing owners to choose the best fit for their business objectives while ensuring legal compliance and protecting their interests.



COMPLIANCE

POST-ESTABLISHMENT COMPLIANCES

Upon establishing a hotel in Jammu & Kashmir or anywhere in India, ongoing adherence to various legal, regulatory, and operational standards is essential. These post-establishment compliances ensure that the hotel operates lawfully, provides high-quality services, and maintains rigorous safety and hygiene standards. Below is a comprehensive list of post-establishment compliances for hotels in Jammu & Kashmir.

Operational Licence and Permit Renewals

Tourism Department Registration: This is mandated under the Jammu and Kashmir Registration of Tourist Trade Act, 1978. This registration is essential for all businesses operating in the tourism sector, including hotels and travel agencies.

Trade Licence: It is a mandatory document that authorises individuals or entities to conduct business within a specific municipal area. This licence ensures that businesses comply with safety and regulatory standards, thereby safeguarding public health and welfare.

Legal Metrology: Compliance with the Legal Metrology Act mandates periodic calibration and inspection of measuring instruments used in kitchen and guest services, ensuring accuracy.

Fire Safety Certificate: Renewed annually or as required by Fire and Emergency Services.

Pollution Control Consent: Typically requires renewal every 1-5 years, as mandated by the Jammu & Kashmir Pollution Control Board.

Liquor License (if applicable): Renewed annually through the State Excise Department.

Food Safety Compliance (FSSAI): Ensure that all food handling and preparation areas meet FSSAI standards for hygiene, quality, and cleanliness. Regular health checks and food safety training for staff are required. Renew as required by the category of the licence, generally every 1-5 years.

In the Hotel Industry, FSSAI regulations and Act is the main legislation to comply with as it focuses on maintaining high standards of health and sanitation to ensure food safety. As per Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011, Hotels must maintain cleanliness in all food handling areas, including kitchens, storage rooms, and dining areas. Proper facilities for handwashing and water disposal must be provided. Food handlers should receive training in food safety practices and undergo regular health check-ups to ensure they are free from communicable diseases. According to Food Safety and Standards (Food Product Standards and Food additives) Regulations, 2011, Hotels must ensure that all food products used or served meet the quality and safety standards set by FSSAI. Only additives that are approved and within the permissible limits can be used in food preparation. According to Food Safety and Standards (Packaging and Labelling) Regulations, 2011, Food must be packaged in clean, food-grade materials to prevent contamination. Labels must include essential details such as ingredients, allergens, nutritional information, and expiry dates to inform consumers and ensure transparency.

According to Food Safety and Standards (Prohibition and restriction on sales) Regulations, 2011 Hotels must ensure that prohibited substances such as additives or chemicals are not used in food preparation

and compliance with restrictions on specific ingredients or practices to avoid health risks. According to Food Safety and Standards (Food Safety Management system) Regulations, 2011, Hotels must establish and maintain a system to identify, assess and control food safety hazards. Regular internal and external audits are required to ensure that FSMS is effectively implemented and maintained.

According to Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011, Hotels must monitor food products for contaminants and ensure that levels of toxins and residues are within safe limits.

Labour Law Compliance

Labour laws in India are uniquely placed under the Concurrent List of the Constitution, allowing both Parliament and State legislatures to enact and enforce labour-related regulations. Currently, there are over 100 state laws and 40 central laws addressing diverse areas such as industrial dispute resolution, working conditions, social security, and wages.

Recent Developments in Labour Laws

India's labour law landscape is undergoing a substantial transformation with the introduction of four new labour codes:

1. Code on Wages, 2019
2. Industrial Relations Code, 2020
3. Code on Social Security, 2020
4. Occupational Safety, Health, and Working Conditions Code, 2020

These codes are designed to consolidate 44 existing labour laws into four comprehensive codes, aimed at reducing compliance burdens on businesses while improving worker rights and welfare.

Implementation Status: While these codes have been notified, their implementation depends on states finalising their respective draft rules. So far, 25 out of 28 states and several Union Territories have completed

this process, though states like West Bengal, Meghalaya, and Nagaland are still pending. A definitive date for full implementation has not been announced but is anticipated soon. This part outlines key labour law compliance requirements for hotel operators in Jammu and Kashmir, derived from various central and state Acts. Essential obligations include maintaining updated employee records as mandated by the Shops and Establishments Act, 1966, Minimum Wages Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and various other laws as provided in detail below:

1. Jammu and Kashmir Shops and Establishment Act, 1966:

This state-specific law governs the working conditions of employees in commercial establishments, including hotels. It covers aspects such as working hours, overtime pay, leave entitlements, and conditions for employing children and women.

To ensure compliance with applicable labour laws in Jammu and Kashmir, it is essential for hotel owners to adhere to various statutory benefits and regulations outlined in the Jammu and Kashmir Shops and Establishment Act. These measures are crucial for safeguarding employee welfare and promoting a positive work environment.

Statutory Benefits: Provident Fund: Mandatory contributions to the Employees' Provident Fund (EPF) for employees, ensuring financial security post-retirement.

Insurance: Coverage for employees against health risks, providing medical benefits and compensation for loss of wages due to sickness or maternity.

Gratuity: Employees are entitled to gratuity payments after five years of service, rewarding long-term commitment.

Leave Entitlements: Employees must receive annual leave, sick leave, and casual leave as per statutory requirements, promoting work-life balance.

Working Conditions: Daily work hours are limited to a maximum of nine hours, with adult workers not exceeding 48 hours per week. Employees are entitled to at least one day off each week, and daily wage workers must be compensated for this holiday. Child labour is strictly prohibited, and young workers or women cannot work more than six hours a day or during restricted hours.

Overtime Compensation: Any overtime work must be compensated at double the ordinary wage rate, ensuring fair remuneration for extra hours worked.

Health and Safety Regulations: Maintenance of safe and healthy working environments is mandated by the Shops and Establishments Act.

Provision of adequate facilities for drinking water and sanitation is essential for employee health.

Adhering to these standards not only fulfils legal obligations but also fosters a positive work environment that enhances employee satisfaction and productivity in the hospitality sector.

2. The Minimum Wages Act, 1948: empowers both the Central and State governments in India to set minimum wage rates for scheduled employment to ensure fair remuneration for workers. These rates are periodically revised to account for factors like inflation and cost of living.

Employers who do not pay the prescribed minimum wage may be fined. The exact amount can vary but typically ranges from Rs. 500 to Rs. 5000, depending on the violation and its severity. In case of egregious violations, the offender can lead to imprisonment for up to six months.

In Jammu & Kashmir, the Labour and Employment Department recently revised minimum wage rates through notification S.O.513 issued on October 12, 2022. These revised rates (as in Table 1) are detailed in Annexure-A of the notification and are currently in effect.

Category of Employment	Minimum Daily Wages
Unskilled	Rs. 311
Semi-Skilled	Rs. 400
Skilled	Rs. 483
Highly Skilled	Rs. 552
Administrative/Ministerial	Rs. 449

3. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952:

provides that the business with 20 or more employees must contribute to the Employees' Provident Fund Organisation (EPFO) wherein both the employer and employee contribute a percentage of the employee's salary to the Provident Fund.

4. The Employees' State Insurance Act, 1948: provides that the business with 10 or more employees must provide medical benefits and insurance coverage for employees. The employer contributes 3.25% and the employee contributes 0.75% of the wages towards the Employees' State Insurance (ESI) fund.

5. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: POSH Act aims to protect women from sexual harassment at work and establish a framework for addressing complaints. Key requirements include:

Internal Complaints Committee (ICC): Employers with ten or more employees must form an ICC, comprising at least 50% women, including a senior female presiding officer and an external member from a women's NGO.

Employer Responsibilities: Employers must ensure a safe working environment, display information about the ICC and its functions, conduct regular workshops on sexual harassment, and treat such behaviour as misconduct.

Annual Reporting: The ICC must submit an annual report detailing complaints received, resolved, pending cases, and actions taken.

Penalties for Non-Compliance: Failure to establish an ICC can result in fines up to INR 50,000, with repeated offences leading to increased penalties or de-registration of the entity.

This Act emphasizes the importance of creating a safe workplace and provides a structured approach to handling sexual harassment complaints.

Environmental Compliance for Hotels in Jammu & Kashmir

Hotels in Jammu & Kashmir must adhere to environmental regulations set by both the Jammu & Kashmir Pollution Control Board (JKPCB) and national standards. This ensures sustainable and eco-friendly operations that protect the region's natural beauty.

Key Areas of Compliance:

1. Approvals & Permits

- a. Consent to Establish: Obtain this from JKPCB before construction to ensure the planned hotel complies with environmental norms.
- b. Consent to Operate: Secure this from JKPCB before starting operations. This certifies that the hotel meets environmental standards under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

2. Wastewater Management

- a. Sewage Treatment Plants (STPs): All hotels must install STPs to treat wastewater, as required by the Water Act.
- b. Zero Liquid Discharge: Hotels in ecologically sensitive areas must implement a zero liquid discharge system. This means treating and reusing all wastewater onsite, preventing any discharge into natural water bodies.

3. Emission Control

Air Quality: Emissions from diesel generators, boilers, and kitchen exhausts must meet JKPCB standards.

- a. Diesel Generators (up to 800 kW): Particulate matter limit is 0.3g/kWh.
- b. Boilers: Particulate matter emissions capped at 150 mg/Nm³.

Noise Pollution:

- c. Noise Limits: JKPCB sets noise limits for different zones and times of day and night which the hotel businesses must adhere to.
- d. Eco-Sensitive Zones: Additional noise restrictions apply in eco-sensitive zones to protect wildlife.

4. Environmental Management & Monitoring Chimneys: Hotels must construct chimneys of adequate height to ensure proper dispersion of pollutants, as per JKPCB guidelines.

- a. Monitoring and Reporting: Regularly monitor and document emissions, noise levels, and environmental parameters (air and water quality). Report these findings to JKPCB. Continuous Emission Monitoring Systems (CEMS) may be required for real-time data collection in some cases.
- b. Hazardous Waste: Manage hazardous waste (e.g., used oils, chemicals) according to the Hazardous Waste (Management) Rules, maintaining records and reporting to JKPCB.

5. Waste Management

Solid Waste: Comply with the Solid Waste Management Rules, 2016, by:

Segregating waste at the source (biodegradable, dry, hazardous).

Providing clearly labelled bins and training staff on proper waste segregation.

Storing waste securely to prevent contamination and odours.

Disposing of waste responsibly: Composting biodegradable waste, recycling recyclables, and using authorised handlers for hazardous waste.

Plastic Waste: India has banned the manufacture, distribution, stocking, sale and use of selected 19 single-use plastic items with effect from July 1, 2022. This affects hotels and the hospitality industry, as they are required to comply by reducing or eliminating the use of single-use plastic items such as plastic cutlery.

6. Environmental Impact Assessment

(EIA): Hotels in sensitive areas, such as eco-sensitive zones may require an Environmental Impact Assessment under the EIA Notification, 2006. This assesses potential environmental impacts and outlines necessary mitigation measures.



Building and Facility Maintenance for Hotels in Jammu & Kashmir

Jammu and Kashmir Unified Building Bye-Laws, 2021: Hotels must adhere to technical standards in building construction, covering structural integrity, accessibility, and safety protocols. Municipal authorities conduct inspections to ensure adherence to approved building plans and compliance with these codes.

Jammu & Kashmir Municipal Act, 2000: Requires hotels to maintain properties in good condition, without risks to public health or safety, necessitating routine repairs and upkeep.

Fire Safety Regulations:

Governing Laws: Fire safety in hotels is primarily regulated by the National Building Code (NBC) of India, 2016 and The Jammu and Kashmir Municipal Act, 2000.

Hotels must comply with the following requirements:

Fire Safety Certificate: Mandatory acquisition of a Fire Safety Certificate from the Jammu & Kashmir Fire and Emergency Services Department.

Fire Drills and Equipment Maintenance: Hotels must conduct regular fire safety drills, maintain updated fire extinguishers and alarm systems, and ensure fire safety plans are current and compliant with NBC standards.

Fire Safety Equipment and Emergency Exits: Essential fire safety installations and protocols include:

Smoke Detectors and Alarms: Early detection systems to alert occupants in the event of a fire.

Manual Call Points: Positioned in accessible areas for manual alarm activation.

Accessible Fire Extinguishers: Located strategically, suited to extinguish different fire types (e.g., CO2, foam).

Clearly Marked Emergency Exits: Clear signage and unobstructed exits for easy evacuation.

Non-compliance with fire safety regulations can lead to various penalties, including notices and warnings from authorities

outlining deficiencies and deadlines for correction, monetary fines proportional to the severity of the violation, and potential license suspension for hotels. Additionally, there may be restrictions on building occupancy or limited use of non-compliant areas. In severe cases where negligence results in injury or death, responsible parties could face criminal charges. Authorities also have the power to seal or vacate premises deemed unsafe for occupancy.

Elevator Safety:

Governing Laws: Elevators in hotels must be installed and operated in accordance with the laws in force.

Safety protocols for elevators include:

Certification and Approval: Obtain municipal authority approval before installation, with details on the elevator's load capacity and safety features.

Compliance with NBC Standards: Elevator installations must comply with NBC 2016 and related safety guidelines.

Periodic Inspections by Certified Agencies: Third-party agencies accredited by the Bureau of Indian Standards (BIS) may also conduct independent safety assessments. These guidelines, when rigorously followed, help ensure that hotel facilities in Jammu & Kashmir operate within safety regulations, protecting public health and minimising risks.

Taxation Compliance

Goods and Services (GST)

Goods and Services Tax (GST) is an indirect tax that applies to the supply of goods and services, including hotel accommodations.

As per the GST Act, 2017, hotels are classified into three categories:

1. **Budget Hotels:** These hotels provide basic amenities such as a bed, bathroom, and limited facilities. The GST rate for budget hotels is 12%.

2. **Mid-Range Hotels:** These hotels offer moderate amenities such as a restaurant, room service, and other facilities. The GST rate for mid-range hotels is 15%.

3. Luxury Hotels: These hotels provide high-end amenities such as luxury rooms, fine dining, and premium services. The GST rate for luxury hotels is 28%.

Income Tax

Income tax is a direct tax imposed on the income earned by individuals and businesses, including those in the hospitality sector. Hotel owners must file annual income tax returns and make advance tax payments as required by the Income Tax Act. They are responsible for maintaining accurate financial records to determine taxable income after deducting permissible expenses. Employers must also deduct Tax Deducted at Source (TDS) from employee salaries if their income exceeds the basic exemption limit, ensuring compliance with tax regulations.

Property Tax

Property tax implementation in Jammu & Kashmir remains in a transitional phase. While the administration officially notified property tax for municipal areas to be collected from April 1, 2023, onwards, the actual collection mechanism has not yet been fully activated. Although the legal framework exists through official notifications, there is currently no active collection of these taxes from property owners. This gap between policy announcement and practical implementation has created some ambiguity about immediate tax obligations. Property owners should monitor upcoming announcements and developments, as the tax system is expected to become fully operational, at which point regular payments and compliance will be required to avoid penalties.

Customer Service, Quality Assurance, and Consumer Protection

In Jammu & Kashmir, hotels and hospitality establishments must adhere to high service standards under local and national regulations, including:

The following guidelines ensure consistent quality in customer service and hospitality:

Service Quality: Provide consistent, high-quality services in cleanliness, food and beverage services, and customer care. Adhere

to standards specific to the establishment's star rating as per HRACC guidelines.

Guest Feedback and Complaint

Resolution: Implement a feedback system to address guest complaints and suggestions, promptly addressing service issues as mandated by law.

Security: Implement security measures with surveillance, secure access control, and trained personnel to ensure guest safety.

Data Security: The protection of guest data which is collected during the online bookings in the hospitality industry in Jammu & Kashmir is guided by:

- Information Technology Act, 2000
- Information Technology (Reasonable Security Practices and Procedures and Sensitive Data or Information) Rules, 2011
- Digital Personal Data Protection Act, 2023

To ensure robust data security, hotels and hospitality establishments must comply with the following guidelines:

Consent and Data Collection: Obtain informed consent from guests for data collection, specifying the purpose and types of data collected. Collect only essential data.

Data Encryption and Access Control: Use encryption for sensitive data, both during transmission and at rest. Implement strict access controls, restricting data access based on roles.

Purpose Limitation: Use personal data solely for the purpose collected, avoiding unauthorised sharing or usage.

Third-Party Compliance: Ensure third-party data-sharing agreements mandate equivalent data protection standards.

Data Protection Policy: Develop a policy detailing data collection, processing, storage, and protection procedures, including breach management.

Data Deletion: Allow guests to request deletion of their personal data when no longer needed (unless required to keep the records for govt. agencies as obligated under other legislations).

These measures ensure guest data privacy and security, reflecting compliance with national and regional standards for data protection in Jammu & Kashmir's hospitality sector.

Insurance Coverage

In the hospitality sector, proper insurance coverage goes a long way in mitigating the risks involved in running the business.

Property Insurance

Hotels must secure comprehensive property insurance to protect against various risks such as fire, explosions, natural disasters (e.g., earthquakes and floods), theft, and vandalism. A commonly chosen policy is the Standard Fire and Special Perils Policy, which is standardised by IRDAI to ensure consistent coverage across providers.

Liability Insurance:

Product Liability Insurance: Crucial for hotels with restaurants or bars. This covers:

- Food poisoning claims.
- Allergic reactions to food ingredients.
- Injuries from defective products sold in your hotel (e.g., a faulty hairdryer).

Professional Liability Insurance: This applies if your hotel offers services beyond basic accommodation, such as:

- Spa treatments (massage, facials).
- Guided tours or excursions.
- Fitness classes.
- It protects against claims of professional negligence or errors in these services.

Employee Insurance:

As previously mentioned under the header of labour law compliance, hotels with more than ten employees are mandated to register under the Employees' State Insurance (ESI) Act, which provides essential benefits such as medical care, disability coverage, and maternity benefits in cases of sickness or injury. Alongside ESI, it is crucial for hotels to secure employees' compensation insurance to cover claims related to work-related injuries or fatalities, particularly for high-risk roles like kitchen and maintenance staff. Additionally, offering group health insurance can enhance employee benefits by covering medical expenses not included under the ESI scheme, thereby improving overall employee satisfaction and retention. Compliance with labour laws regarding timely premium payments and accurate documentation of employee records is vital to avoid legal penalties.

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INTELLECTUAL PROPERTY RIGHTS IN THE HOTEL INDUSTRY

Intellectual Property (IP) is integral to establishing and protecting goodwill in the hotel and hospitality industry. This includes a hotel's brand name, logos, architectural designs, website content, proprietary recipes, and even distinctive interior design elements. Effective IP protection enhances brand loyalty, builds trust, attracts clientele, and prevents unauthorized use of valuable assets. Some types of IP relevant to hotels are:

1. Trademarks: A hotel's name, logo, slogan, and other brand identifiers are core elements that represent the brand's identity and reputation. Registering these as trademarks under the Trademark Act, 1999 provides legal protection, allowing the hotel to prevent others from using identical or similar marks that could mislead customers. Regularly monitor for any potential infringements and act promptly, if identified.

2. Copyrights: Copyright protection under the Copyright Act, 1957 is crucial for a hotel's creative content. This includes marketing materials, interior design themes, photographs, and website content. Copyrights automatically apply upon creation but can be registered for added protection.

3. Design Rights: For unique architectural elements, furniture, or interior décor, design registration under the Designs Act, 2000 ensures protection. This is especially valuable for hotels with distinctive appearances that form part of their brand identity.

Register unique designs of any elements central to the guest experience to reinforce brand identity and prevent imitation.

4. Trade Secrets and Confidential Information: Proprietary recipes, customer databases, and business strategies are often considered trade secrets. To protect these, hotels can use Non-Disclosure Agreements (NDAs) with employees and contractors. Implement robust data security policies and clear confidentiality agreements with staff and vendors who have access to sensitive information.

Domain Names: The hotel's online presence is critical for brand visibility and marketing. Ensuring exclusive rights to a distinctive and memorable domain name is essential to avoid brand confusion. Register relevant domain names early, including common misspellings, to safeguard against cybersquatting.

Enforcement of IP Rights

To maintain and enforce IP rights effectively:

- **IP Monitoring:** Regularly monitor for IP infringement online and offline through trademark monitoring services or checking competitors' advertising.
- **Take Immediate Action:** If an infringement is identified, consider options ranging from cease-and-desist notices to formal litigation depending on the severity of the breach.
- **Registering IP Globally:** For hotels planning to operate internationally or attract a global clientele, consider extending IP protection to relevant foreign markets.

INDIA



FOREIGN DIRECT INVESTMENT IN HOTEL INDUSTRY

‘Foreign Direct Investment’ or ‘FDI’ means investment through capital instruments, such as equity shares, by a person resident outside India in an unlisted Indian company. FDI in Indian companies involved in construction and development of projects of hotels and resorts is allowed up to 100% of equity of the Indian company. The FDI is under automatic route and there is no requirement of any Reserve Bank of India or Government of India approval. However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only after the Government approval.

Jammu and Kashmir holds unique appeal for businesses due to its stunning landscapes, strategic geographic location, and largely untapped market potential across multiple sectors. The tourism and hospitality industry are a significant employment generator in J&K. It’s set to attract more non-resident Indian (NRI) investments in the short and long term. While FDI is not new in India, its impact on regions like J&K may not be well understood by the local population, necessitating a deeper understanding of FDI’s implications.

The Government of Jammu & Kashmir as a recent initiative, has issued Policy for Promotion of Foreign Investment in Jammu and Kashmir-2022 on March 30, 2022 whereby an Indian company interested in a project in J&K involving project cost of Rs.100 crores or more and with a minimum of 51% of its shares held by a foreign entity will be eligible for allotment of land from a land bank exclusively identified for such

entities under the policy. This policy is based on the guiding framework on FDI issued by the Government of India through the RBI and Department for Promotion of Industry and Internal Trade (DPIIT) and will be valid for the next 10 years. All the details relating to policy is available on the J&K Single Window Clearance System. According to DPIIT, cumulative FDI inflow in J&K was valued at US\$ 1.08 million between October 2019- March 2024.

While FDI brings capital, technology, and market access, understanding FDI regulations and leveraging opportunities is essential for sustainable economic development and global integration.

Regulatory Bodies:

FDI in India is regulated by various bodies, including:

- DPIIT (policy formulation).
- Reserve Bank of India (RBI) (monetary aspects).

Primary Legislations:

- The Foreign Exchange Management Act, 1999.
- The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.
- The Consolidated Foreign Direct Investment Policy, 2020.

Overall, a comprehensive approach that addresses regulatory, infrastructure, and business environment issues can help J&K harness the benefits of FDI.



SUSTAINABLE DEVELOPMENT AND FUTURE OUTLOOK

In the previous chapter, we discussed the significance of FDI in Jammu and Kashmir, particularly its potential to catalyse economic growth, generate employment, and enhance infrastructure in the region. By attracting investments, Jammu and Kashmir can tap into new avenues of development, especially in sectors like tourism and hospitality, which have the potential to leverage the region's unique natural beauty and cultural heritage.

There is a growing optimism about attracting investments in J&K in the hotel industry, however, while this prospect is encouraging, the region faces certain foundational challenges that must be addressed to ensure sustainable, high-quality development. For instance, the city of Srinagar alone generates a staggering amount of solid waste, exceeding 13,000 metric tons per month, while only 450 metric tons is disposed of or managed effectively every day. The primary landfill site at Achan is overburdened and unable to handle the volume of waste generated, leading to widespread dumping of waste even into sensitive water bodies like Dal Lake. Lack of waste segregation facilities exacerbates the problem, resulting in uncontrolled dumping and contamination of the environment. Improper solid waste disposal poses severe environmental and health risks, including soil contamination, water pollution, and air quality deterioration. Furthermore, lack of common effluent treatment plants (CETPs) result in disposal of harmful effluents into defunct drainage systems. In order to tackle this problem, either industries can invest in costly individual effluent treatment plants (ETPs) or sewage treatment plants (STPs). However, these individual solutions are often insufficient due to the overall inadequacy of the drainage infrastructure. The lack of proper infrastructure undermines the

region's appeal as an investment destination, deterring potential investors concerned about environmental sustainability and regulatory compliance.

For supporting industries like tourism and hospitality, and fostering employment, one of the primary areas of focus is the development of sustainable infrastructure. Prioritizing infrastructure development, including power and water supply, sewage systems, and waste management, is essential for sustainable expansion. Adequate infrastructure not only supports existing industries but also attracts new investments and fosters economic diversification.

The gap between the demand and supply of electric power in J&K poses a significant challenge for large-scale hotel projects that demand substantial energy supplies. This would likely lead to increased power cuts, further straining local resources. While investments in expanding electricity infrastructure, such as through mega hydel power projects, could help meet the demand, these projects pose considerable risks to local water systems and the broader environment. In light of these challenges, renewable energy sources which are not a threat to local water systems and the broader environment should be prioritised. Switzerland provides a compelling model in this regard, as it has successfully balanced infrastructure development with environmental preservation, setting an example for sustainable growth. Nevertheless, any progress in Jammu & Kashmir must prioritize preserving the region's delicate ecological balance, ensuring that nature and development go hand in hand. Striking a balance between progress and environmental conservation is essential to ensure that J&K thrives without compromising its climate and natural beauty.



CONCLUSION

In a landmark development, the Federation of Hotel & Restaurant Associations of India (FHRAI) has entered into a Memorandum of Understanding (MoU) with the Government of Jammu & Kashmir to bolster the hospitality and related infrastructure in the Union Territory. This historic agreement, signed on 27th December 2021, marks the first time an association of hotels and restaurants has partnered with a government body. The MoU aims to foster a cooperative framework that will facilitate investment in the hospitality sector. This collaboration is expected to pave the way for the J&K Government to provide land to FHRAI members for various projects and extend incentives and other benefits as per extant policies and rules.

The new developments in hospitality are anticipated to stimulate economic growth through increased investments and create more employment opportunities in the region. By adhering to the industry norms, hotels in Jammu and Kashmir can ensure a safe and welcoming environment for guests and employees. Moreover, they can contribute to the sustainable growth of the tourism industry in the region, thereby enhancing the region's appeal as a premier tourist destination.

Jammu and Kashmir is expected to experience a substantial increase in tourism in the upcoming years. This growth is driven by several factors, including the region's natural beauty, vibrant culture, welcoming locals, and unique cuisine. The Government is also investing heavily in the development of the region's infrastructure, which is making it more accessible to tourists.

As tourism flourishes in J&K, there is an urgent need for more hotels to accommodate the high volume of visitors. The hotel brands are also showing continued confidence in the region's tourism potential. However, any progress in Jammu and Kashmir must be mindful of the region's unique ecological balance, with development efforts carefully designed to harmonize with nature. By aligning hotel operations with sustainable development goals, the industry can reduce its environmental impact and contribute positively to sustainable tourism, balancing economic viability with environmental and social responsibility. This balance is key to fostering economic stability without compromising the region's identity and environmental integrity.

The future of the hospitality sector in Jammu & Kashmir looks bright. With the continued growth of tourism, there will be an increasing demand for quality accommodation. Investors can play a pivotal role in shaping the future of this sector by investing in new hotels and resorts, upgrading existing establishments, and targeting niche tourism segments.

The hospitality sector in Jammu & Kashmir is regulated by several laws and regulations. Hotel owners and operators must comply with these laws and regulations to operate legally. The information provided in this guide is intended to help hotel owners and operators understand the legal and regulatory framework governing the hospitality sector in Jammu & Kashmir. It is also intended to help investors understand the opportunities available in this growing sector.

ANNEXURE-A

MINISTRY OF COMMERCE AND INDUSTRY
(Department for Promotion of Industry and Internal Trade)
NOTIFICATION

New Delhi, the 19th February, 2021

F. No. 1(1)/2020-SSS.—The Government of India is pleased to announce New Central Sector Scheme for Industrial Development of Union Territory of Jammu & Kashmir.

- 1. Scheme Title:** This Scheme will be called New Central Sector Scheme for Industrial Development of Jammu & Kashmir.
- 2. Coverage:** The Scheme will cover the Union Territory of Jammu & Kashmir.
- 3. Commencement and Duration of the Scheme:** It will be effective from 01.04.2021 and will remain in force up to and inclusive of 31.03.2037.
- 4. Application period for registration:** Registration shall commence from 01.04.2021 and will continue till 30.09.2024, subject to the guidelines issued in this regard. Notwithstanding the aforementioned time period, if based upon the registrations already granted, the projected financial liability reaches 115 percent of the Approved Funds, registration process may be paused, either temporarily or permanently. However, registration process may be resumed depending on availability of Approved Funds.
 - 4.1.** Merely submitting application for registration will not entitle any applicant for registration under this scheme. Further details shall be provided in the guidelines of this scheme.
 - 4.2.** No unit will have the right to register under this scheme or claim the benefits unless it is specifically approved by the registering authority as laid out in the guidelines.
 - 4.3.** The registration will be granted by the registering authority as laid out in the guidelines, which will, inter-alia, consider the prima-facie eligibility of the unit, availability of Approved funds.

4.4. All units willing to avail incentive(s) under this scheme have to apply for registration through the online portal.

5. **Grant of registration:** All applications for registration shall be disposed of by 31.03.2025 unless otherwise extended.

6. **Definitions:**

6.1. **‘Approved Funds’** mean financial outlay allocated under each component of this scheme.

6.2. **‘Arm’s length price’** as defined under the provisions of Income Tax Act, 1961.

6.3. **‘Commencement of Commercial Production:** means starting of manufacturing of finished goods on commercial basis which is preceded by trial production and installation of complete plant and machinery for manufacturing of finished products in commercial quantity and all raw materials, consumables, etc. required for manufacture are available.

6.4. **‘Commencement of Commercial Operation:** means starting of operation/delivering of services on commercial basis.

6.5. **‘Existing Unit’** means a unit which has commenced commercial production/operation prior to 1.4.2021 and is registered under GST in the UT of Jammu & Kashmir.

6.6. **‘Finished Goods’** means the goods actually produced and supplied by an industrial unit and for which it is registered under the Scheme.

6.7. **‘Manufacturing unit’** means a unit which carries out processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturing unit” shall be construed accordingly.”

6.8. **‘New Unit’**

(a) For manufacturing sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial production within 3 years from the date of grant of registration.

(b) For Service sector means a unit registered under this scheme on or after 1.4.2021 but not later than 31.03.2025. Such unit has to commence commercial operation within 3 years from the date of grant of registration.

(c) A new unit will be required to fulfill the following conditions:

(i) It is not formed by splitting up, or reconstruction of a business already in existence.

(ii) It is not formed by transfer to the new unit of plant or machinery previously used for any other purpose.

(iii) It has not relocated from elsewhere and/or is not an existing unit reopened under a new name and style.

Provided that heritage property not in use before 1.4.2021 is restored thereafter for commercial or hospitality or tourism services on commercial basis will also be considered as new unit as per eligibility conditions to be further elaborated in detailed guidelines.

6.9. **‘Plant and Machinery’** in case of Manufacturing units shall cover industrial plant and machinery as erected at site which are newly purchased from open market at an arm’s length price. It excludes relocated/recycled/refurbished plant and machinery.

6.10. **‘Building and other durable physical assets’** in case of Service sector units shall cover new building and other durable physical assets for a service sector unit where purchases have been made following an Arm’s length pricing

- 6.11. 'Raw material'** means materials or substances used by any unit, in the production or manufacturing of the finished goods.
- 6.12. 'Services'** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.
- 6.13. 'Service unit' means a unit providing "services".**
- 6.14. 'Substantial expansion'** means an additional investment of minimum twenty-five percent of the total amount of investment already made in an existing unit in plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).
- The additional investment should result in increase of production capacity/enhancement of Services or diversification and should not be a mere replacement of existing plant and machinery.
- 6.15. 'Unit'** means any industrial (manufacturing) entity or eligible service sector enterprise other than those run departmentally by Government, which is a registered business enterprise under Goods & Service Tax.
- 6.16. 'Working Capital'** is difference between Current Assets and Current Liabilities. It is the capital required for the smooth and uninterrupted functioning of the unit and is used to finance its day to day needs, such as buying raw materials.
- 6.17. Zone A and Zone B** for the purposes of this scheme shall mean areas as defined by Government of Jammu & Kashmir and as specified in the guidelines.

7. Eligibility for availing incentives:

- 7.1.** All units eligible under Manufacturing and eligible Service sector will be granted incentive(s) under this scheme as defined under respective incentives.
- 7.2.** The scheme shall not be applicable to the units which manufacture the products listed in the *negative list* at Annexure –I.
- 7.3.** Service sector units with a minimum investment of Rs.1 crore in building and other durable physical assets will be eligible for incentives under this scheme. The scheme shall be applicable only for services listed in *positive list* in Annexure-II which may be modified further by the Steering Committee.
- 7.4.** All eligible units have to commence commercial production/operation within 3 years from the date of grant of registration.
- 7.5.** Any investment made on or after 1.4.2019 by a unit in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for service sector) will be taken into consideration to decide the eligible value of investment as per the entitlement under Capital Investment Incentive, Capital Interest subvention and GST Linked Incentive of this scheme. However, the date of commencement of commercial production/ operation has to be on or after 1.4.2021. The eligibility for availing any incentive is subject to grant of registration under the scheme.
- 7.6. (a)** Cost of Plant and Machinery (in manufacturing sector) that is essential for manufacturing of finished goods but excludes cost of land, consumables, disposables or any other item charged to revenue.
- (b)** Cost of construction of Building and procurement of other durable physical assets for the service sector unit that are basic to the running of that particular unit in service sector

but excludes cost of land, consumables, disposables or any other item charged to revenue.

7.7. Units availing benefits under other schemes of the Government of India will not be eligible for similar incentives under this Scheme.

7.8. Subject to provisions of Clause 7.7, such units can avail other incentive(s) under the Scheme as per eligibility. Details regarding this shall be specified in the guidelines.

7.9. The beneficiary of this scheme has to furnish an undertaking to abide by the terms and conditions of the scheme.

7.10. Eligibility under this scheme will be subject to verification on investment (Core and Non-Core) in Plant and Machinery (in manufacturing sector) and cost of construction of building and other durable physical assets (in service sector). However, the incentive will be eligible only for core segment in both manufacturing and service sector. Details will be laid down in the guidelines.

7.11. Period for availing incentive(s):

All eligible units can avail specified incentive under this scheme up to a period as specified in the respective incentives.

8. Nodal agency

The Jammu & Kashmir Development Finance Corporation Ltd. (JKDFC) or any other agency authorized in this regard by Government of India will be the nodal agency for disbursement of incentives under various components of the scheme. Nodal agency will release incentive only through e-transfer to the designated bank accounts of eligible units.

9. Governance and Implementation Mechanism

9.1 The scheme will be implemented under the supervision of Government of India i.e. the Department for Promotion of Industry & Internal Trade (DPIIT). However, the registration process as well as processing of claims under different incentive components is delegated to the UT of Jammu & Kashmir. Details will be given in the guidelines for implementation of the scheme.

9.2 Committees constituted for governance and implementation of this scheme along with their Power and function are as under:

9.2.1 The Apex Committee

(a) Constitution

- (i) Union Home Minister as Chairperson
- (ii) Union Commerce and Industry Minister
- (iii) Lt. Governor of UT of J&K

(b) Powers and functions

- (i) Decide upon any modification in the scheme within its overall financial outlay which have not been specifically delegated under the power and function of other Committees.
- (ii) Approve any deletion in the negative list

9.2.2 The Steering Committee

(a) Constitution

- (i) Secretary, DPIIT as Chairperson
- (ii) Secretary/ Additional Secretary, Ministry of Home Affairs

- (iii) Secretary, Ministry of Environment, Forest and Climate Change
- (iv) Secretary, Ministry of MSME
- (v) Representative, NITI Aayog
- (vi) Additional Secretary and Financial Advisor (AS&FA), DPIIT
- (vii) Chief Secretary, Government of Jammu & Kashmir
- (viii) Joint Secretary, DPIIT in charge of J&K Schemes (Member Secretary)

(b) Powers and functions

- (i) Monitor the smooth implementation and issue detailed guidelines for execution including the different levels of delegation for registration and sanction of claims under the overall supervision of UT level committee.
- (ii) Decide on matters relating to registration, commencement of production/operation, including extension of the dates.
- (iii) Decide on the proposals for implementation, monitoring and IT support as per needs and contingencies under the administrative cost component including establishing of Project Management Unit at the level of DPIIT and Project Implementation Unit at the UT level.
- (iv) Utilize the services of Central Board of Indirect Tax and Customs (CBIC) and Central Board of Direct Taxes (CBDT) and to periodically invite appropriate officers like jurisdictional Chief Commissioners of GST, Income Tax and Commissioner of UT GST as Special Invitees, for seeking their inputs with particular emphasis on preventing fraudulent or non-genuine claims.
- (v) Get random/surprise inspections done to prevent misuse of the scheme through engagement of an independent third party or empanelment of qualified personnel for verification.
- (vi) Issue detailed guidelines on eligibility under service sector in consultation with the UT administration.
- (vii) Amend the categorization of blocks into Zone A and Zone B. However, this amendment in categorization shall be in alignment with the categorization of Blocks by the UT of Jammu & Kashmir
- (viii) Review and make additions to the negative list for goods and any changes to the positive list for services.

9.2.3 The Union Territory Level Committee

(a) Constitution

- (i) Chief Secretary, UT of Jammu & Kashmir as Chairperson
- (ii) Secretary of Finance, UT of Jammu & Kashmir
- (iii) Secretary of Industry & Commerce, UT of Jammu & Kashmir (Member Secretary)
- (iv) Joint Secretary (JS) DPIIT (or his representative)
- (v) Representative of Internal Finance Wing of DPIIT as member
- (vi) Any other member(s) representing the relevant sectors related to the projects under consideration may be nominated by the Chief Secretary or Secretary (Industry & Commerce) to the administration in UT of J&K as Special Invitees

(b) Powers and functions

- (iii) Monitor the overall implementation of the Scheme and put in place proper checks and balances for ensuring transparency and efficiency in grant of registration, processing and approval of claims under the Scheme.
- (iv) The Committee in coordination with the Department of Industries and Commerce, UT of Jammu and Kashmir shall ensure that proper checks and balances are in place to avoid misuse of the Scheme.

9.3 Details of further delegation of powers for granting registration of units, processing and sanction of claims will be prescribed in the detailed guidelines of the scheme.

10. Incentives under the Scheme

Subject to eligibility, the following incentives are provided under this scheme.

- (i) Capital Investment Incentive (CII).
- (ii) Capital Interest Subvention (CIS).
- (iii) Goods & Services Tax Linked Incentive (GSTLI).
- (iv) Working Capital Interest Subvention (WCIS).

10.1. Capital Investment Incentive(CII):**(a) Eligibility:**

- (i) The following units will be eligible to avail this incentive
 - a. New units with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail this incentive in both Zone A and Zone B.
 - b. Existing units undertaking substantial expansion with investment of not more than Rs.50.00 (*Fifty*) crore in Plant & Machinery (for manufacturing sector) or Building and all other durable physical assets (for service sector) will be eligible to avail benefit under this incentive in both Zone A and Zone B.
- (ii) Subject to proviso in Clause 6.8(c), a unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and other durable physical assets (for service sector), where purchases have been made based on Arm's Length Pricing,.
- (iii) A service sector unit will be eligible for this incentive only if it makes investment of not less than Rs. 1.00 crore in new building and other durable physical assets
- (b) All eligible units located in Zone A category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @30% of the investment made in plant and machinery (for manufacturing sector), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs. 5.00 crore.
- (c) All eligible units located in Zone B category blocks in the UT of Jammu & Kashmir will be provided Capital Investment Incentive @50% of the investment made in plant and machinery(for manufacturing), or for construction of building and installation of other durable physical assets (for services sector) with maximum limit of Rs.7.50 crore.
- (d) An existing unit can avail this benefit for substantial expansion only once during the validity period of the scheme.

- (e) A new unit registered under the scheme will not be eligible to avail the benefit under substantial expansion.
- (f) Physical verification of the units is mandatory before availing this incentive. However under special circumstances, on recommendations by UT, with due justification, Steering Committee may consider electronic modes, or any other method as deemed appropriate in lieu of physical verification.
- (g) Detailed procedure for registration and availing this incentive shall be laid down in the guidelines.

10.2. Capital Interest Subvention (CIS)

(a) Eligibility:

- (i) New units will be eligible for this incentive on the loan availed on investment made in eligible plant and machinery (for manufacturing sector), or construction of building and other durable physical assets (for service sector).
- (ii) Existing units undertaking substantial expansion will also be eligible for the incentive as per clause 10.2(a)(i).
- (iii) Interest on loan up to the principal amount of Rs. 500 crore for investment in eligible plant and machinery shall be eligible for Capital Interest subvention. If the total principal amount of loan (loan being defined as a whole and not as per draw-down amount in each tranche) is more than Rupees 500 crore, then interest on the loan amount exceeding Rs. 500 crore would **not be** eligible for Capital Interest Subvention.
- (iv) The Capital Interest Subvention would be eligible on amount disbursed and not on the principal amount sanctioned for the term loan.
- (v) A unit will be eligible for this incentive only if it installs new plant and machinery (for manufacturing sector) or constructs new building and installs other new durable physical assets (for service sector) where purchases have been made based on Arm's Length Pricing.
- (vi) A service sector unit with an investment of not less than Rs. 1 crore in new building and other new durable physical assets will be eligible for this incentive.
- (b) All eligible units can avail Capital Interest Subvention at the annual rate of interest of 6% for a maximum of 7 consecutive years from any date after the date of application for registration under this scheme. However, disbursement of eligible amount under this incentive shall begin only after commencement of commercial production.
- (c) In future, if the annual rate of interest falls below 8%, an eligible unit will still be liable to pay a minimum amount of interest at the annual rate of interest of 2%. (Illustration: In future, in case the annual lending rate by a bank for an eligible unit falls to 7%, the amount of interest subvention will be limited to 5%, and the unit will bear 2% interest burden).
- (d) This incentive is applicable on the loans availed from a Scheduled Commercial Banks or Financial Institutions registered by Reserve Bank of India.
- (e) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.3. Goods & Services Tax Linked Incentive (GSTLI)

- (a) **Eligibility:** New units registered under the scheme irrespective of the value of investment in plant and machinery (for manufacturing sector) and construction of building and other durable physical assets (for service sector) and having a GST registration will be eligible for benefit under this incentive.

- (b) Upper limit of incentive under this component shall be 300% of the eligible value of investment made in plant and machinery (for manufacturing sector) or construction of building and other durable physical assets (for services sector). The value of Plant and Machinery for manufacturing or building and durable physical assets in Services sector units will be as per the eligible value determined under Capital Investment Incentive or Capital Interest Subvention, whichever is applicable.
- (c) All eligible units will be granted Goods & Services Tax Linked Incentive (GSTLI) equal to 100% of Gross payment of GST, i.e. GST paid through cash and input tax credit for a maximum period of 10 years from the date of commencement of commercial production/operation or till the validity of the scheme whichever is earlier. However GST paid on exported goods or services will not be counted towards eligible incentive amount under this component.
- (d) The amount of incentive paid in a financial year will not exceed one-tenth of the total amount of eligible incentive under this component subject to full payment of GST as per GST return filed for the claim period.
- (e) The quantum of incentive will be the same irrespective of the fact whether the unit is located in Zone A or Zone B in the UT of Jammu & Kashmir.
- (f) In case gross GST paid by any unit in a financial year is more than one-tenth of the total amount of eligible incentive, the balance can be carried forward to the subsequent financial year(s). Further, in case the unit is not able to claim full eligible amount of incentives in the first 3 year, the same can be carried forward to subsequent years. However, this will not be carried forward beyond the eligible period of 10 years or beyond the validity of scheme, whichever is earlier.
- (g) In order to avail benefit under this incentive, a unit will be required to have a new registration number for GST. If an applicant has another unit registered within the UT of Jammu & Kashmir, existing GST number shall not be used for the new unit which has been registered under this scheme. (Illustration: If an existing unit 'A' starts another unit with name 'B' then GST number of unit 'A' will not be applicable for availing GSTLI for unit 'B'. A new GST number will be required by unit 'B' to avail GSTLI.)
- (h) Detailed procedure for availing this incentive shall be laid down in the guidelines.

10.4. Working Capital Interest Subvention(WCIS)

- (a) **Eligibility:** All existing units in the UT of Jammu & Kashmir registered under GST prior to the date of notification of this scheme will be eligible for this incentive, subject to the registration and other conditions as detailed in the guidelines.
- (b) Units located both in Zone A and Zone B in the UT of Jammu & Kashmir are eligible for this incentive
- (c) All existing eligible units can avail interest subvention @ 5% on working capital loan for a maximum of 5 consecutive years from the date of grant of registration under this scheme. Existing eligible units availing benefits under this component will be eligible for five years period, even when they are undertaking substantial expansion.
- (d) In case, if the annual rate of interest charged by a bank falls below 6%, a minimum amount @1% per annum of interest will still have to be paid by the eligible units (Illustration: If in future, bank rate of interest for a unit becomes 5%, the interest subvention will be limited to 4% and the unit will bear the burden of 1% interest).
- (e) The maximum benefit under this component for manufacturing as well as service sector units is Rs. 1 crore in 5 years. The methodology for calculation of the eligible amount of working capital interest subvention will be prescribed in the detailed guidelines issued there under.

(f) Detailed procedure for availing this incentive shall be laid down in the guidelines.

11. Process of application for registration, claiming incentives, approval and disbursal of claims:

These shall be prescribed in the detailed guidelines to be issued separately.

12. Processing/ scrutiny of claims:

- 12.1. Claims filed under the scheme will be pre-scrutinized by recognized independent audit agency to be appointed by DPIIT.
- 12.2. JKDFC will undertake pre-scrutiny of 10% claims before disbursement of incentives. The Chief Controller of Accounts of DPIIT will also conduct post-audit of 20% of high value claims (i.e. Rs. 5.00 crore and above), 1% of Working Capital Interest Subvention claims released in each financial year and 5% of other claims.
- 12.3. All concerned Ministries/departments of Government of India are required to amend their respective Acts/Rules/Notification etc. and issue necessary instructions for giving effect to these decisions.

13. Rights of the Central/Union Territory(UT) Government of J&K /Financial Institutions:

- 13.1. In case any unit availing incentives under this scheme goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 10 years after the date of commencement of production/ operation, then the unit will not be eligible to claim any incentive with effect from the date it goes out of production/ operation or changes its location.

Further, all such units will be liable to refund the entire grant or incentive availed if it goes out of production/ operation permanently or changes location of the whole or any part of unit or disposes of a substantial part of its total fixed capital investment within 5 years after the date of commencement of production/ operation.
- 13.2. If it is established that a unit has obtained incentive(s) by misrepresenting/suppressing an essential fact, furnishing of false information the unit has to refund the entire grant or incentive availed with interest of 15% per annum and will also be liable for criminal proceedings.
- 13.3. Concealment of input supplies or routing of third party or non-Jammu & Kashmir production for claims or malpractices of similar kinds will render unit liable for forfeiture of further claims and recovery of all previous incentive(s) paid with interest @15% per annum.
- 13.4. The incentive(s) will be released through digital payment and Nodal agency will collect all information required by the DBT Mission in respect of beneficiary units. Nodal agency shall take an affidavit cum indemnity bond in this regard from the authorized signatory of the beneficiary unit.
- 13.5. The Nodal agency shall furnish Certificate of Utilization of the incentive(s) in Form 12(C) of General Financial Rules, 2017 in respect of disbursements to the DPIIT within a period of 3 months from the date of receipt of the last installment/full amount.

14. No interest on account of delay in payment of incentive can be claimed by the unit

RAJENDRA RATNOO, Jt. Secy.

ANNEXURE-I**Negative List:**

The following industries will not be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir :

- (i) All goods falling under Chapter 24 of the Central GST Tariff Act, 2017 which pertains to tobacco and manufactured tobacco substitutes.
- (ii) Pan Masala as covered under Chapter 24 of the Central GST Tariff Act, 2017.
- (iii) Plastic carry bags of less than 20 micron as specified by Ministry of Environment and Forests Notification No. S.O. 705(E) dated 02.09.1999 and S.O. 698(E) dated 17.6.2003 and any subsequent amendments.
- (iv) Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.
- (v) Plantation, Refineries and Power generating Units above 10 MW.
- (vi) Coke (including Calcined Petroleum Coke), Fly Ash.
- (vii) Units not complying with environment standards or not having applicable Environmental Clearance from M/o Environment & Forests and Climate Change or State Environmental Impact Assessments Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board/State Pollution Control Board also will not be eligible for incentive under the scheme.
- (viii) Low value addition activities in goods such as preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price etc. take place excluding high value packaging and processing.
- (ix) Gold and gold dore.
- (x) Molasses
- (xi) Marble, Travertine & Granite.
- (xii) Revolvers and pistols.
- (xiii) Any other industry/activity placed in negative list through a separate notification as and when considered necessary by the Government. It will be effective from the date of such notification.

Annexure-II

The following services, details of which will be given in guidelines, will be eligible for benefits under New Central Sector Scheme for Industrial Development of Jammu & Kashmir:

Service Sector Positive List	
1	Tourism & Hospitality Services (including health & wellness tourism)
2	Services promoting Film Tourism (including film cities, studios)
3	Ropeways, Entertainment Parks and Rides
4	Heritage Property Restoration Services

5	Healthcare Services
6	IT & ITeS Services
7	Maintenance and Repair Services
8	Freight Terminals, Logistics Parks & Warehousing (including Cold Store Services)
9	Testing, R&D, Analysis & Certification services
10	Educational & Skill Development Services

**Government of Jammu & Kashmir
Industries & Commerce Department
Civil Secretariat, Jammu**

Subject: - Jammu and Kashmir Industrial Policy 2021-30.

Reference: Administrative Council Decision No.46/7/2021 dated 09.04.2021

Government Order No: 117-IND of 2021

Dated: 19.04.2021

Sanction is hereby accorded to the adoption of Jammu and Kashmir Industrial Policy 2021-30 as per annexure appended to this order for its implementation with effect from 01-04-2021.

All industrial units coming into commercial production from the date of implementation of this Policy shall be entitled to avail incentives as provided in the Jammu and Kashmir Industrial Policy 2021.

All existing units and existing units undertaking substantial expansion shall be entitled to incentives provided in this Policy.

The existing units eligible for incentives under the erstwhile Industrial Policy 2016 shall be allowed to avail the same under the Industrial Policy 2016 till 31-03-2026.

Previous orders, if any issued, which are inconsistent with this Policy shall stand superseded by this order to the extent of inconsistency.

By order of the Government of Jammu and Kashmir.

Sd/-
(Ranjan Prakash Thakur)
Principal Secretary to the Government
Dated: 19.04.2021

No. IND/DIC-20/2021

Copy to the: -

1. All Financial Commissioners.
2. Director General of Police, J&K.
3. Principal Secretary to the Lieutenant Governor.
4. All Principal Secretaries to the Government.
5. Principal Resident Commissioner, J&K Government of India.
6. Chief Electoral Officer, J&K.
7. All Commissioner, Jammu/Kashmir.
8. Joint Secretary (J&K), Ministry of
9. Chairman, J&K Special Tribunal.
10. Director General, &K Institute of Management, Public Administration and Rural Development, Jammu.
11. Chairman, J&K Special Tribunal.
12. All HoD's of Industries and Commerce Department.
13. All Deputy Commissioners.
14. Director, Information.
15. Director, Archives, Archaeology and Museums.
16. General Manager, Government Press, Jammu/Srinagar.
17. Private Secretary to the Hon'ble Lieutenant Governor.
18. Private Secretary to the Chief Secretary.
19. Private Secretaries to Advisor (F)/(B)/(BK) to Lieutenant Governor.
20. Pvt Secy to Principal Secretary to the Government, Industries and Commerce Department.
21. In-charge website, GAD/ I&C Department.

3.7 Duration of the Policy

- 3.7.1. Jammu & Kashmir Industrial Policy 2021 shall be valid for a period of 10 years from the 01.04.2021.
- 3.7.2. The Government of Jammu & Kashmir can extend the time period of the policy.
- 3.7.3. The Government of Jammu & Kashmir can amend or clarify to remove difficulty in implementation of the policy.

3.8. Land Bank

- 3.8.1.1. Jammu & Kashmir Government envisages to attract investment in manufacturing as well as services sector. Since availability of adequate land is a pre-requisite for setting up of industry, the Government is developing State-of-the-art industrial land bank across the Jammu & Kashmir
- 3.8.1.2. Allotment of Land in Industrial Estates will be as per Jammu & Kashmir Industrial Land Policy 2021.

3.9. Land Allotment and Governance

Land allotment shall be governed by the Jammu & Kashmir Industry Land Allotment Policy 2021-30.

3.10. Creation of Industrial Estates, Parks and Clusters

- 3.10.1. The Department of Industries and Commerce, Jammu & Kashmir would initiate action to develop Industrial Estates/ Parks on the ready to occupy model to attract investments. Government will develop sector specific parks and clusters.
- 3.10.2. Effective integration between industry and infrastructure shall be endeavored by developing Industrial corridors having world-class infrastructure such as Highspeed Transportation Network Logistic Parks, Common Facility Centers, etc.

3.11. Encouraging Private Industrial Estates and Parks

The Department of Industries and Commerce, Jammu & Kashmir shall encourage the development of private industrial estates to provide state-of-the-art industrial infrastructure to the industry by providing a separate incentive package

- e) Promoting Zero effluent discharge plants.
- f) Ensuring environmental sustainability by providing incentives for green industrialization.
- g) Promotion of exports from districts by leveraging 'District as Export hub' scheme,

3.6.3. Special emphasis on skill development and to create high level of employment generation

- a) Encouraging industry and university collaboration for skill development of local youth.
- b) Industry oriented curriculum in government colleges/ institution and universities.
- c) ITI s and Polytechnics to offer future ready courses.
- d) To encourage investments in capacity building programs for creating an industry ready human resource pool.
- e) Providing additional fiscal support to employment based Mega/ Anchor projects thereby generating higher employment
- f) Entrepreneurship development for the local youth through EDI
- g) Setting up of Start-ups and promoting technology transfer.

3.6.4. Minimum Regulation- Maximum Facilitation and Digital Interventions

- a) Government would act as facilitator rather than the regulator.
- b) All UT related services, consents and permissions required to set up and operate an industry in Jammu & Kashmir shall be provide through Single Window Portal.
- c) Strengthening Single Window Cell by involving the concerned department wherever necessary with respect to investments as well as concern and issues that the industry may have encountered.
- d) Directorate of Industries, Jammu & Kashmir will coordinate with Industrial Associations for Ease of Doing Business initiatives.
- e) Implementation of Department for Promotion of Industry and Internal Trade (DPIIT) District and State level reforms.
- f) Government of Jammu & Kashmir would opt for Block chain, Internet of Things, Artificial Intelligence, Robotics and other technologies for Ease of Administration and Governance.

3.12. Environment Protection

3.12.1. The Government shall encourage environment protection through setting up of Green industries and adoption of green technologies.

Units/ projects which undertake installation of online pollution control devices shall be incentivized under this policy. Accordingly, the Government will encourage units to undertake sustainable green initiatives and will utilize Renewable energy.

3.12.2. Special attention shall be paid to environment protection by way of installation of Effluent Treatment Plants (ETPs), hazardous waste management systems, zero discharge processes, energy conservation measures, solid waste disposal plants, recycled water utilization, renewable energy utilization and dense plantation. Installation of such plants under PPP mode shall be encouraged with grant of incentives as are applicable under the policy or as may be prescribed under the procedural guidelines.

3.12.3. Setting up of red category industries in certain cases shall be allowed subject to adoption of all environmental protection measures, installation of on-line pollution control equipment/devices and adherence to prescribed measures in relation to location of such units and environmental audit under the overall supervision of Pollution Control Board.

3.12.4. Water Supply and Industrial Waste Management:

Water is a scarce resource and optimal utilization of water by industry would be actively encouraged. Industries would be encouraged to recycle, and reuse water generated from industrial processes after adopting appropriate technologies and techniques, for which special incentives shall be provided. Accordingly, emphasis will be to:

- a) replenish and recharge ground water by adopting "Rainwater Harvesting",
- b) recycle & re-use water recovered from industrial processes
- c) opting for green and renewable power
- d) solid waste management

Besides, the Government while developing any new Industrial Estate/

Cluster shall make all possible endeavors for establishment of Common Effluent Treatment Plant (CETP) and other common environment protection measures for treatment of industrial waste.

3.12.5. Energy conservation measures

Efforts will be made to educate industry stakeholders about low-carbon low waste, non polluting and safe technologies.

- a) Encourage industries to go for carbon auditing
- b) Use of energy efficient equipment in industries will be encouraged
- c) Industries with connected load of above 100 KW will be encouraged to adopt energy auditing
- d) Facilitate industries in implementing clean technology projects utilizing various Government of India Schemes

3.13. Revival of Sick Units

3.13.1.1. The guidelines for rehabilitation/ revival of Micro, Small and Medium

enterprises (MSME) notified by the Ministry of MSME vide helps in early detection of distress and rehabilitation/ exit of MSME in a more structured and transparent manner. These guidelines along with Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs) issued by the Reserve Bank of India in consultation with the Ministry of MSME vide RBI/2015-16/338FIDD.MSME & NFS.BC.N0.21/06.02.31/2015-16 dated 17.03.2016 shall be applicable for revival and rehabilitation of the Sick units.

3.13.1.2. In case where the unit requires additional finance for revival, following procedure shall be applicable:

3.13.1.2.1. The concerned General Manager shall deal with the case as per the provisions of Govt. Order No: 47 IND1999, dated 10/02/1999 in respect of the units where total assistance requirement does not exceed Rs. 5.00 Lac. These cases shall be referred to District Level Revival Committee (DLRC) for declaring the unit as sick.

3.13.1.2.2. After approval of the DLRC the General Manager shall recommend the case to the Director Industries & Commerce concerned for sanction of soft loan. In case of the units

where the financial 'assistance requirement exceeds Rs. 5.00 Lac, the same shall be recommended to the concerned Directorate of Industries & Commerce for declaring the unit as sick and subsequent placement of such case(s) before State Level Revival Committee (SLRC) for approval of requisite funds in each case.

3.13.1.2.3. The Director of Industries and Commerce shall there after forward the case(s) to concerned Bank for disbursement of the financial Assistance as a soft loan.

3.13.1.2.4. The Government shall keep a provision of a corpus fund to be placed at the disposal of the Lead Bank of the UT for meeting the requirement of differential amount of interest to be reimbursed to the concerned bank incurred on account of disbursement of soft loan.

3.14. Focus Sectors:

The list of focus sectors is as follows:

- 1) Manufacturing
- 2) IT & ITeS
- 3) Agriculture and Food Processing
- 4) Healthcare and Pharmaceutical
- 5) Infrastructure and Real Estate
- 6) Herbal and Medicinal Plants
- 7) Milk Poultry and Wool Production
- 8) Education and Skill Development
- 9) Tourism and Hospitality
- 10) Film Tourism
- 11) Horticulture and postharvest management
- 12) Renewable Energy
- 13) Handloom and Handicrafts
- 14) Agriculture, Mulberry and Production of Silk
- 15) Export oriented units
- 16) Any other sector that is notified by Government of Jammu & Kashmir.

4. Package of Incentives

4.1. Eligibility

- 4.1.1. All eligible Manufacturing and Service sector units will be granted incentive(s) under this scheme as defined under clauses of respective incentives of this policy.
- 4.1.2. The incentives shall not be applicable to the units which manufacture the products listed in the Annexure -I (Negative List for Manufacturing Sector).
- 4.1.3. The incentives shall be applicable only in case of such service units from sectors as listed in the Annexure II (Positive List for Service Sector).
- 4.1.4. The incentives shall be disbursed only after certification of commencement of Production/Operation of the unit by the concerned GM DIC.

4.2. Subsidy on DG set

- 4.2.1. All new units; existing units and existing units undertaking substantial expansion will get 100% subsidy on purchase and installation of a single new DG set having capacity ranging from 10 KW to 2000 KW, with the capping of Rs. 40 lakhs in Zone A and Rs. 45 lakhs in Zone B. The incentive can be availed only once under the Policy.
- 4.2.2. In case of units undergoing substantial expansion, the unit holder shall be incentivized on DG Sets only on incremental power load in case the incentive has already been availed by the unit on existing Power Load (Incremental Power load shall mean, Power load comprising of expansion part only).
- 4.2.3. If the existing unit undertakes Substantial Expansion but has not availed the DG Set subsidy earlier, the DG Set subsidy shall be applicable on aggregate power load of the unit (Aggregate power load shall mean total power load of the unit after Substantial Expansion)
- 4.2.4. The subsidy shall be available to the unit after it has been verified that the DG set has been installed in the unit.
- 4.2.5. The incentive shall, however, be extended, subject to installation of Retrofitted Emission Control Devices/ Equipment, as per the condition

laid down by the Hon'ble National Green Tribunal for DG Sets of 125 KVA capacity and above.

- 4.2.6. The amount of subsidy on purchase of one (01) DG set shall be paid to the Unit only through a bank (or the concerned financing agency, if any) even if the promoter may not have taken any loan for purchase of the DG set.
- 4.2.7. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive under the Policy.

4.3. Exemption of Stamp Duty and Court Fee

- 4.3.1. New units and existing units undertaking substantial expansion shall be eligible for 100% exemption of Stamp duty on land transactions in Government Industrial Estates, including lease deed and mortgage deed.
- 4.3.2. New units and existing units undertaking substantial expansion shall be eligible for exemption of payment of court fee for registration of documents relating to land transactions.

4.4 Subsidy on procurement of Quality Certificate

- 4.4.1. New units; existing units and existing units undertaking substantial expansion, procuring Quality Certification like ISO, ISI, BIS, FPO, BEE, AGMARK, ECOMARK, ZED Rating etc. shall be given a subsidy of 30% of the total cost incurred for obtaining the said certificate, subject to a maximum of Rs 2 lakhs, as certified by the Chartered Accountant. This incentive, however, can be availed only once.
- 4.4.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive.

4.5. Subsidy on Automation

- 4.5.1. New units, existing units and existing units undertaking substantial expansion incurring expenditure on automation / software / hardware / Business process reengineering (BPR) through computers/IT/ Online Pollution Control Devices shall be provided subsidy of 25% of expenditure incurred on the same up to a limit of Rs. 2 lakhs, after due verification by the Industries & Commerce Department/Pollution

Control Board, if the same has not been claimed under Capital Investment Incentive (CII) or similar subsidy scheme of the Central or Jammu & Kashmir Government.

- 4.5.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive.

4.6. Subsidy on Pollution Control Devices

- 4.6.1. New units; existing units and existing units undertaking substantial expansion shall be eligible for subsidy on the cost of new Pollution Control Devices (PCD), @ 60% of the cost of Pollution Control Devices subject to a maximum of Rs. 50 lakhs, if this has not been already claimed under Capital Investment Incentive (CII) or similar subsidy scheme of the Central or Jammu & Kashmir Government
- 4.6.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive

4.7. Green and Environment Protection Initiative

- 4.7.1. New units; existing units and existing units undertaking substantial expansion shall be eligible 50% subsidy on the expenditure incurred on installation of new equipment of rainwater harvesting, wastewater recycling, zero discharge process/ solid waste management
- 4.7.2. Existing units not undertaking substantial expansion which have availed this incentive earlier will not be eligible for this incentive again.

4.8. Turnover Incentive

- 4.8.1. For existing Micro units, 3% Turnover incentive shall be provide for all existing units registered under GST in the UT of Jammu & Kashmir on or before 31.03.2021. Units can avail incentive for 5 years, maximum up fo Rs. 10 lakhs per annum.
- 4.8.2. For existing SME and Large Units, 2% Turn over incentive shall be provided for all existing units registered under GST in the UT of Jammu & Kashmir on or before 31.03.2021. Units can avail incentive for 5 years, maximum up to Rs. 50 lakhs per annum.
- 4.8.3. Units can avail the incentive for 5 consecutive years within the applicable time period of this policy. This incentive shall however be subject to an annual overall capping of Rs 50.00 crore.

4.9. SGST Incentive

- 4.9.1. Existing units registered under GST in the UT of Jammu & Kashmir on or before the date of 31.03.2021 shall be eligible for 100% Net SGST reimbursement for 10 years from 01.04.2021.
- 4.9.2. The negative list of activities under which a business enterprise shall not be allowed to avail the benefit, shall be reviewed from time to time.

4.10. Sanction of Incentives under Jammu & Kashmir Package

- 4.10.1. All the incentives under the Jammu & Kashmir Package up to Rs. 5.00 lakhs shall be sanctioned and disbursed by the concerned General Manager.
- 4.10.2. The incentives above 5.00 lakhs and up to 50.00 lakhs shall be sanctioned by the Divisional Level Committee of respective Directorates of Industries and Commerce, Jammu/Kash
- 4.10.3. The incentives above 50.00 lakhs shall be sanctioned by the UT Level Committee of Department of Industries and Commerce Jammu and Kashmir.
- 4.10.4. The composition of committees shall be detailed in the guidelines.
- 4.10.5. The sanctioned amount shall be disbursed by concerned General Manager within a period of 15 days from date of sanction.
- 4.10.6. The committee shall meet once in a month for each district in the division. The concerned General Manager shall submit the cases, which are required to be placed before the Division Level Committee, to the Director, Industries and Commerce within the period of 30 days and the same shall be disposed of by the Divisional Level Committee within one month.
- 4.10.7. 10% audit of all incentive claims sanctioned at District level shall.

- be conducted by Directorate of Industries and Commerce Jammu Kashmir before disbursement, The Director Industries & Comm concerned shall constitute a committee of officers for the purpose
- 4.10.8. The incentive approval committee viz. District Level, Division Level and UT Level reserves the power to reject the claim.

4.11. Marketing Support

With a view to create more business opportunities for Micro and Small Enterprises, the Jammu & Kashmir Government Intends to Initiate the following measures:

- 4.11.1. Industrial trade fairs shall be organized, and Jammu & Kashmir participation would be promoted on a regular basis at nation and international level.
- 4.11.2. Jammu & Kashmir would organize marketing events for MSME like buyer-seller meets, trade fairs, exhibitions etc. All the MSMEs and other industrial units shall be encouraged to participate in such marketing events.
- 4.11.3. MSEs goods and services shall be procured as per the policy. of: Government of Jammu and Kashmir as issued and amended from time to time.
- 4.11.4. Local filter has been provided in the GeM portal in order to give boost to the local manufacturers.

4.12. Entrepreneur and Skill Development Fund

- 4.12.1. An entrepreneur and skill development fund shall be created for incorporating entrepreneurial skills to the local youths for sustain industrial growth in the UT. 10% of the premium charged by Industrial Corporations as per Land Policy for allotment of the land the entrepreneurs shall be transferred to this Fund.
The entrepreneurs shall be provided training and skill development industrial entrepreneurship from JK Entrepreneur Institute (JK EDI) and other premier institutes of the country.

4.13. Incentives from Government of India

The details of New Central Sector Scheme for Industrial Development of UT of Jammu & Kashmir have been provided in Annexure III

- 4.14. Procedures for the purpose of this policy, wherever required shall be laid down in the procedural guide

5. Ease of doing Business

- 5.1. The Jammu & Kashmir has been taking multiple initiatives in Ease of Doing Business. Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 focusses on creating an investor friendly environment and improve ease of doing business in the Jammu & Kashmir. This is being facilitated by providing accelerated and time bound grant of various licenses, permissions & approval promoting industrial development and facilitating new investments as well as by simplifying the regulatory framework by reducing procedure requirements and rationalizing documents.
- 5.2. Several important reforms and measures with departments like Health & Drug Controller, Agriculture, Pollution Control Board, Public Health Engineering, Labor, Forest, Power Development Department, Fire, High Courts, Housing & Urban Development, Industries and Commerce in areas like labor, property registration, single window clearance system and central inspection framework are being implemented under District level BRAP, leading to a smoother regulatory ecosystem.
- 5.3. All units will be granted clearances under the provisions of Jammu & Kashmir Single Window (Industrial Investments and Business Facilitation), Act 2018 and will be governed by the Committees under the Act.
- 5.4. Invest JK web portal, is an initiative of Government to facilitate Ease of Doing Business. It will lead to a paradigm shift in the role of the Government from being regulator to that of a facilitator. Invest JK is being promoted as a brand which will help in attracting global investments and Facilitating Investments. Jammu Kashmir Trade Promotion Organization (JKTPO) will give all backend support to ensure the promotion of brand “Invest JK” and will work jointly with National & International Industries Associations/ Forums by organizing and participating in various Summits, Fairs, Exhibitions, Road shows etc.
- 5.5. **Registration of Units**
 - 5.5.1. New units intending to avail incentives under this policy will have to get provisional registration from GM DIC (Concerned)
 - 5.5.2. The Date of Production /Date of Operation has to be authenticated by the GM of concerned DIC in permanent registration

5.6. Assessment

- 5.6.1. The basic assessment of raw material and finished goods shall be done within fifteen (15) days from the date of issuance of Date of Production.
- 5.6.2. Self-certified documents as per prescribed format in respect of Consumption of raw materials and finished goods produced during the year shall be submitted to concerned GM, District Industries Centre at the end of each financial year by all the units.
- 5.6.3. 10% of Self-certified documents shall be inspected and a report shall be submitted to the Director, Industries and Commerce within a period of 2 weeks from the date of inspection.

5.7. Setting up of New Unit/ Substantial Expansion units on the allotted plots

The request for substantial expansion/new unit on the land already allotted shall be considered only in case of units which have already come into production and shall be permitted by the respective Committees as per procedures laid down in the guidelines

5.8. Change of line of activity

The powers to grant permission for change in line of activity shall lie with the General Managers and same shall be done within 10 days. The application is to be supplemented with the requisite document as detailed in guidelines.

5.9. De-registration of Units

The powers to de-register the units shall be vested with concerned Director, Industries & Commerce. The applicant shall have to apply to the General Managers with all requisite formalities who shall forward the same to the Director, Industries & Commerce. The whole process shall be completed within a period of 21 days- 07 days for concerned General Manager DIC and another 14 days for concerned Director Industries & Commerce. The concerned General Manager shall not insist for the formalities for which the Industries Department is not responsible, and they shall obtain only an affidavit duly attested by

Government of Jammu & Kashmir
Tourism Department
Civil Secretariat, Srinagar/Jammu

Subject: - Jammu and Kashmir Tourism Policy-2020
Ref: - Administrative Council Decision No. 47/06/2020 dated 18.3.2020

Government Order No. 133-JK (TSMI) of 2020
Dated: - 17.12.2020

The Jammu and Kashmir Tourism Policy-2020 approved by Administrative Council vide its Decision No. 47/06/2020 dated 18.03.2020 forming Annexure to this Government order is hereby notified.

Sd/-
(Ranjan Prakash Thakur)
Principal Secretary to the Government
Dated: 17.12.2020

By order of the Government of Jammu and Kashmir
No. TSME/Estt-117/2014-1

Copy to the: -

1. LD. Advocate General, J&K
2. All Financial Commissioners.
3. Director General of Police, J&K.
4. All Principal Secretaries to the Government.
5. Principal Secretary to the Hon'ble Lieutenant Governor, J&K.
6. All Commissioner/Secretaries to Government. The Commissioner/Secretary to Government, General Administration Department is requested to get the policy document hoisted on the website of GAD.
7. Joint Secretary, J&K, (Ministry of Home Affairs), Government of India, New Delhi.
8. Divisional Commissioner, Jammu/Kashmir.
9. Chairperson, J&K, Special Tribunal.
10. Director General, J&K Institute of Management & Public Administration & Rural Development.
11. Director, Information Department, J&K.
12. All Deputy Commissioners.
13. Sr. Deputy Director General, Department of Telecommunication, J&K.
14. All Head of Departments/Managing Directors/Chief Executive Officers/Autonomous Bodies.
15. Secretary, J&K Public Service Commission/Service Selection Board/Board of Professional Entrance Examination.
16. Director Estates, J&K
17. Director, Archives, Archaeology & Museums, J&K
18. Secretary, Legislative Assembly.
19. General Manager, Government Press, Jammu/Srinagar.
20. Director General, TAIPA.
21. Cellular Operators, Association of India (COAI), 14, Bhai Veer Singh Marg, New Delhi-110001.
22. Private Secretary to the Chief Secretary, J&K.
23. Private Secretary to Advisor (B)(BK)&(F) to the Lieutenant Governor.
24. Private Secretary to Secretary to the Government, Tourism Department.
25. I/C Website, Tourism Department.
26. Government Order File (w.2.s.c).

providing any service related to travel and tourism including Travel Agents, Tour Operators, Ticketing Agents & Tourist Guide or any service provider as designated by the Tourism Department.

- vi. Theme Park: It should be based on a single or series of themes on a piece of land measuring at least 5 acres with a minimum investment of Rs. 30 Crores pertaining to the cost of equipment alone. It may have amusement rides, water slides, restaurants, Shopping area, activity area and theme areas. It is, however, not mandatory to have all these features.
- vii. Adventure Tourism Projects: Adventure sports should have requisite infrastructure, equipment and trained staff, along with appropriate safety and rescue set-up, that would provide tourists with an opportunity to undertake permissible adventure activities like mountaineering, river rafting etc with a minimum investment of Rs. 2 Crores. All requisite permissions from various competent/regulatory authorities and comprehensive insurance cover will have to be obtained before the activity.
- viii. Convention Centre: A covered pillar-less, air-conditioned hall, with a minimum carpet area of 5000 Sq. Ft, that provides adequate space for meetings, conventions/conferences and exhibitions, and can accommodate minimum 500 persons at one point of time.
- ix. Wellness Tourism Unit: A unit engaged in developing (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy) wellness centers with minimum 20 rooms and minimum investment of Rs. 1 Crore.
- x. Sound and Light Show/ Laser Show: Minimum investment in the equipment cost to the tune of Rs. 5 Crore.
- xi. Aerial Ropeways: As defined in "The Jammu and Kashmir Aerial Ropeways Act, 2002" and will also include any transport mode that have cables and exclusively used for transporting tourists from one point to another point. The cable may be driven or passive, and items may be moved by pulling, sliding, sailing or by drives. The use of pulleys and balancing of loads moving up and down are the elements of ropeways. The types of ropeways are as following:
 - 1. Mono-cable Detachable Gondolas (MDG)
 - 2. Bi-cable (2S) & Tri-cable (3S) Gondolas lifts
 - 3. Pulsed Movement Gondolas Aerial Ropeway
 - 4. Detachable Chairlift
 - 5. Fixed grip chairlifts
 - 6. Tele mix: combined detachable chairlift and gondola lift
 - 7. Aerial Tramways
 - 8. Funicular railroads
 - 9. Sky Bus

10. Fiscal Incentives and Benefits

10.1 Fiscal incentives

Fiscal incentives to hotels, resorts, wellness Centers, houseboats and other tourism related units/projects will be considered for sanction as per the provisions laid down under relevant Jammu and Kashmir Industrial Promotion Policy 2020 and schemes of Government of India.

In case of units/ projects falling in B and C Category areas, and not covered under the incentives provided under Jammu and Kashmir Industrial Promotion Policy, 2020, the same shall be considered for sanction of incentives at 15% of the eligible capital investment subject to a maximum limit to be decided by the tourism department as per the procedure laid down in the relevant guidelines to be issued by the Tourism department.

Note:

- Single unit will not be granted capital investment subsidy under more than one policy and a unit eligible for incentives under Jammu and Kashmir Investment Promotion Policy, 2020, shall in no case be considered for incentives under Jammu and Kashmir Tourism Policy, 2020.
- Capital investment subsidy will be granted post the successful start of commercial operations of the eligible Tourism Units.
- Maximum targets per year/ annual targets to be fixed by tourism department as per need assessment and availability of funds.

10.2 Eligible Capital Investment

The term eligible capital investment will include expenditure components as per the guidelines of the Ministry of Tourism, Government of India and as per the guidelines to be adopted by the Department of Tourism for the relevant Tourism Unit. However, the following heads of investments with respect to the unit will not be eligible for incentives:

1. Working Capital
2. Pre-operative expenses and preliminary expenses
3. Second hand equipment's purchased or shifted from within or outside the country
4. Interested capitalized
5. Consumable stores
6. Inventories for maintenance or repairs
7. Consumable spares, inventories, tool equipment's for maintenance or repairs
8. Investment on land required for setting up the unit, inclusive of the cost of the Land
9. Vehicles, furniture & fixtures, cutlery, crockery and utensils; and
10. Any construction which is in the nature of real estate transactions, e.g. shops, flat, offices, etc. meant for sale/ lease/ rent.

10.3 Support for sustainable Tourism (Sector Specific)

1. Assistance will be extended to eligible Tourism Units up to 75% of the cost of carrying out Energy Audit by a recognized Bureau of Energy Efficiency (BEE) certified Energy Auditor for BEE Star scheme for commercial building as follows:

Star Rating	1 Star	2 Star	3 Star	4 Star	5 Star
Max Assistance	40%	50%	60%	70%	75%

Max. reimbursement amount is & 5 Lakhs per unit yearly. It will be disbursed once during the operative period of the policy subject to maximum of ten individual units per year post submission of BEE certificate stating Star Rating submission of certificate stating sustainability of the Tourism Unit. Moreover, such Tourism Units will be accorded special recognition by the Jammu and Kashmir Government.

2. Water Harvesting/ Conservation and Environment-friendly practices like Green Buildings, will be as per the Jammu and Kashmir Industrial promotion policy 2020.
3. Reimbursement of the capital cost of setting up effluent/ sewerage treatment plants will be as per the Jammu and Kashmir Industrial Promotion Policy 2020.

10.4 Incentive for promotion of Innovation

The incentives for promotion of innovation will be disbursed as per the provisions laid under the Jammu and Kashmir Industrial Promotion Policy 2020.

10.5 Skill development Allowance Scheme (Sector Specific)

Short time skill development course offered by various institutes recognized by Department of Tourism along with the association of National Council for Hotel Management and Catering Technology, Institute of Hotel Management Srinagar, Food Craft Institute, Jammu, FHRAI, HRANI, HAI, TAAI, IATO and TAFI for employment generation.

- This subsidy will be provided to the unit, which gives an undertaking to the effect that all such trained workers will continue to be employed by them after their training for a period of at-least 3 years. An amount equal to 50% of the actual cost of training with an upper ceiling limit of Rs. 10,000/- per trainee will be reimbursed, subject to a maximum of Rs. 50,000 per unit for one training programme in a single year with an upper ceiling of 20 units per year. 30% subsidy will be released after completion of the training and remaining 70% will be released after employment of 3 years of the trained persons after successful completion of training.
- Training to tourist guides from local areas with one-time stipend of Rs. 5,000 registered with the Department. The reimbursement will be limited to training for 400 service providers for a single year and no repeat training is allowed for the same individual.
- Tourism courses would include courses for personnel working in hotels, resorts, wellness centers, cottages, tented accommodation, transportation booking, marketing, tourist guide, ticketing and any other related course as notified by the Jammu & Kashmir Government from time to time.
- The existing staff of tourism department will be trained to build their capacity for specific jobs under the skill development allowance for enhancing their performance.
- Third party skill assessment of trainees after completion of course will be a condition for the reimbursement of course fees.
-

10.6 Assistance for Research in the Tourism / Hospitality Industry

Financial assistance up to maximum of Rs. 5 Lakh will be provided to recognized Travel Associations/ Hotel Associations/ Chamber of Commerce/ other Travel & Hospitality Bodies to carry out market research studies on travel and tourism/ hospitality sector in Jammu & Kashmir. The subject matter will be finalized as per the relevance and requirement of the industry. Not more than three such studies will be sanctioned each year. Preference to be given to reputed hospitality associations and recognized institutes like IIMs.

10.7 Support to Eco Tourism

100% reimbursement on achieving the certifications and standards from the Eco Tourism Society of India up to a maximum amount of Rs. 1 Lakh for maximum of Five Tourism Units per year.

10.8 Interest subsidy to eligible tourism units

The interest subsidy shall be as per the Jammu & Kashmir Industrial Promotion Policy, 2020.

10.9 Power tariff

As per notification by Government of Jammu and Kashmir Electricity tariff order.

10.10 Incentive for information and communication Technology (ICT)

- The Jammu & Kashmir Government will duly facilitate and support international and national level conferences, exhibitions and other events In Jammu & Kashmir for the promotion of the usage of ICT in the tourism sector. Financial assistance for conducting such conferences/ events will be provided to the maximum limit of Rs. 5 lakh per event to max 5 events per year, as may be approved by the Tourism Department.
- The tourist service provider providing audio/ video guide will be eligible for one-time assistance up to 25% of the cost of procuring the equipment / content creation or Rs. 2 Lakh, whichever is less. Incentive can be availed for two units per year during the operative period of the policy.

10.11 Convergence of Different Schemes

Convergence among different schemes of Government Department including Rural Development Department, Forest, R&B, Transport, Lakes & Waterways Development Authority, Tourism Development Authority etc. to synergies them for development of infrastructure and other facilities at various tourism destinations.

10.12 Diesel Generator Set / Green Energy Option

As per the relevant provision of the Jammu and Kashmir Industrial Promotion Policy, 2020.

11. Proposed Projects (Proposed projects are only indicative)

11.1 Outsourcing of Assets/Projects

Tourism Department and its corporations will identify the properties to be outsourced or put to any mechanism as deemed appropriate by the Government/board of Directors

11.2 Eco-circuit Projects

- The Department will develop Eco-Circuit projects in Jammu & Kashmir with the active participation of the private sector.
- The List of projects is tabled below:

S.No.	District	Eco-Circuit
1	Srinagar	Hokarsar Wetland, Dachigam
2	Jammu	Surinsar, Gharana Wet Lands
3	Baramulla	Hygam, Ningli, upper belt Yousmarg & Rafiabad

4	Budgam	Tosamaidan & Doodhpathri
5	Udhampur	Patnitop, Chenanai, Sudhmahadev, Mantalai, DuduBasantgarh, Ramnagar, Pancheri, Keya, Mansar
6	Ramban	Nathatop, Sanasar,Daggantop,Gool
7	Kishtwar	Potato Farm, MarganTop, Marwah/Warwah, Sithan, Dacchan, Gulabgarh (Skiing and Snow adventure), Kishtwar High Altitude National Park
8	Rajouri	Shakkermarg, Dera Ki Gali
9	Poonch	Poonch, Loran, Chandimarh, Bafliaz, Noori Chamb
10	Kathua	Bani, Sarthal, Siara Jasrota Wildlife Sanctuary, Machedi, sacred groves of Dhagger, Rhododendron trails of Banjal
11	Kupwara	Sogam, Lolab, Bangas Valley, Limber, Dangyari, Kalaroos
12	Shopian	Hirpur
13	Kulgam	Ahrabal

11.3 Destination Development Projects

- To promote the unexplored tourist destination of the Jammu & Kashmir, the Department with the private sector participation will prepare destination tourism development plans.
- Suggested destination for the projects; to be notified separately, will have amenities like residential cottages, hospital, school, shopping area, parking, cobbled streets/path, movement through electrical vehicles, parks, club, entertainment centers etc.

11.4 Lake Tourism

- The Department in collaboration with the Boards/ Agencies intends to develop beautiful lakes in Jammu & Kashmir with active participation of the private sector to give boost to the local economy and overall upliftment of the area.
- The list of lakes is as under:

S.No.	District	Lake
1	Srinagar	Dal/Nigeen & Anchar Lake
2	Jammu	Surinsar
3	Baramulla	Wular Lake
4	Bandipora	Manasbal Lake, Bandipora
5	Kathua	Ranjit Sagar Dam/ Lake, Gati Dam, Ujj Dam
6	Reasi	Salal Dam
7	Doda	Baglihar Dam
8	Rajouri/Poonch	Seven Pir Panchal Alpine Lakes, Nandan Sar, Sukh Sar, Neel Sar, Gum Sar, Akaldakshni, Chandan Sar, Baghsar, Smatsar Lake (Budhal)
9	Kishtwar	Dool
10	Udhampur	Mansar

11.5 Ropeway Projects

- The Department has planned ropeway projects at feasible locations near major tourist spots. Such projects will be developed with private sector participation.
- Possible sites for the new ropeway projects are tabled below:

S.No.	District	Ropeway Project
1	Srinagar	Shankaracharya, Dara to Mahadev
2	Reasi	Shiv Khor
3	Budgam	Yusmarg
4	Udhampur	Mansar, Pinglamata, Patnitop to Sudmahadev to Mantalai
5	Doda	Bhaderwah
6	Kishtwar	Chaugan - Kalamsatar
7	Ganderbal	Amarnath

11.6 High Class Tented Accommodation

- The Department intends to provide tented accommodation/ hutments at various locations in Jammu & Kashmir through private partnerships

S.No.	District	Tented Project
1	Ganderbal	Sonmarg, Naranag, Manasbal
2	Baramulla	Gulmarg, Watlab
3	Anantnag	Pahalgam, Duksam, Kokernag, Verinag
4	Kathua	Purthu, Bani, Sarthal, Dhagger, Siara, Bani, Chatargala
5	Udhampur	Pancheri, Patnitop, Mantalai, Dudu
6	Ramban	Sanasar, Googlidhar
7	Doda	Bhaderwah: Jai, Padri, Khellani Top, Gur Danda, Balote, Khani-Top, Chhatar Galah
8	Kishtwar	Sinthan Top, Potato Farm, Gulabgarh to Machail (enroute), Brindavan, Chingam, Paddar
9	Rajouri	DKG, Shakkermarg, Nangathub, KesriHall (Budhal), Girgan Valley, Budhkhanari (Darhal)
10	Poonch	Loran, Nandishool, Mandi, Noorichamb
11	Kulgam	Aharbal
12	Kupwara	Lolab, Dangyari, Bangas
13	Bandipora	Gurez
14	Srinagar	Dara

11.7 Star Category Hotels

- The Department intends to develop Star Category Hotels at various locations with the private sector participation

S.No.	District	Star Category Hotels
1	Jammu	Jammu
2	Srinagar	Srinagar
3	Baramulla	Gulmarg including Ice Hotel
4	Anantnag	Pahalgam including Ice Hotel
5	Reasi	Katra
6	Udhampur	Patnitop, Mantalai, Mansar
7	Doda	Bhaderwah
8	Ganderbal	Sonmarg
9	Kathua	Basoli
10	NH	Star category Hotels along NH Lakhanpur to Uri

11.8 Skiing Projects

- The Department intends to develop Skiing projects in the Jammu & Kashmir at various locations with the private sector participation

S.No.	Location	Facilities
1	Patnitop, Nathatop, Sanasar	Skiing Resort
2	Sinthan Top, Bhaderwah, Padri, Jai	Ski Resort/ Fun skiing Resort/ Snow bound Resort
3	Sarthal, Chala, Dhagger	Skiing Resort
4	Gulmarg	Ski Resort with ski-lift facilities, Winter Olympics Training, Summer Activities
5	Pahalgam, Aru Valley	Snow and Ski Sports
6	Padritop, Bhaderwah	Snow and Ski Sports
7	Doodhpatri	Snow and Ski Sports

11.9 Adventure Activities

- The Department intends to develop Jammu & Kashmir as an adventure hub. The Department intends to promote following areas as adventure destinations with the activities tabled below:

S.No.	Location	Adventure Activity
1	Pahalgam, Anantnag	Paragliding, Trekking, Camping & Rafting
2	Yusmarg, Budgam	Trekking and Camping
3	Sonmarg, Ganderbal	Trekking, Camping & Rafting

4	Aitham, Jammu	Paragliding
5	Siara, Gatti, Kathua	Paragliding, Water Based activities
6	Bhaderwah, Doda	Snow bound adventure activities
7	Patnitop, Udhampur	Rock climbing, Zipline, Trekking, Camping, Cycling, water sports
8	Kishtwar	Mountaineering Expedition
9	Rajouri	Trekking
10	Poonch	Trekking

11.10 Eco Parks

- The Department intends to develop Eco Parks in the Jammu & Kashmir at the following locations through private partnerships

S.No.	District	Eco Park
1	Jammu	Mansar, Surinsar, Gharana Wetland
2	Kathua	Basohli, Bani
3	Udhampur	Pancheri, Mantalai
4	Doda	Bhaderwah
5	Kishtwar	Marwah, Warwan area
6	Rajouri	Dera Ki Gali, PatliKila (Koteranka), Bagla Darhal
7	Anantnag	TBD
8	Baramulla	Upper belt of Rafiabab
9	Shopian	Hirpur
10	Kulgam	Ahrabal
11	Kupwara	Lolab, Bangas
12	Bandipora	Gurez

11.11 International Institutes

- The Department intends to set up International institutes in the Jammu & Kashmir with the private sector participation at the following locations,

S.No.	Location	Institute Type
1	Jammu/Kashmir	International Institute of Adventure Tourism
2	Sanasar/Sonmarg	School of Adventure Tourism
3	Basohli Kathua	International Institute of Miniature Paintings
4	Kishtwar	Mountaineering Institute
5	Jammu/Kashmir	Satellite Campus of Indian Institute of Tourism and Travel Management, Gwalior
6	Jammu	Institute of Hotel Management
7	Gulmarg	Skiing Institute
8	Kashmir	Food Craft Institute

11.12 Golf Projects

- To promote leisure sports in Jammu & Kashmir, the Department will identify new Golf destinations for their development through private partnership.

11.13 Health and Wellness

- The Department intends to set up Health and Wellness centers at the following locations through private partnerships

S.No.	Location	District
1	Sanasar, Mantalai, Kud	Ramban/ Udhampur
2	Loran, DKG, Hilltak, Tatapani (hot springs)	Poonch / Rajouri
3	Bhaderwah	Doda
4	Billawar	Kathua
5	Uttarbehni/ Purmandal, Baba Chambiyal	Jammu
6	Srinagar	Srinagar
7	Pahalgam	Anantnag
8	Gulmarg	Baramulla
9	Yusmarg	Budgam
10	Lolab	Kupwara
11	Mantalai	Udhampur
12	Sanasar	Ramban

12 Jurisdiction of Courts

- The courts within the territorial jurisdiction of Jammu and Kashmir shall have sole jurisdiction to try cases which may arise in connection with this policy.

Category A
Categorization for Incentives
(Highly Commercialized)

Tourist Spot	District
Gulmarg	Baramulla
Pahalgam	Anantnag
Sonamarg	Ganderbal
Patnitop	Udhampur
Katra Town (Municipal Limit)	Reasi
Srinagar (Municipal Limit)	Srinagar
Jammu (Municipal Limit)	Jammu

Category B
Categorization for Incentives
(Highly Commercialized)

Tourist Spot	District	Tourist Spot	District
Mansar-Surinsar	Udhampur/Jammu	Hirpora	Shopian
Ransoo-Shiv Khori	Reasi	Lam (Tral)	Pulwama
Shahdara Sharief	Rajouri	Sharashali Khrew	Pulwama
Bhaderwah Town	Doda	Narbal (Gulmarg)	Budgam
Basohli (Ranjit Sagar Dam)	Kathua	Magam	Budgam
Kheer Bhawani	Ganderbal	Khag	Budgam
Gagangir (Sonamarg)	Ganderbal	Tangmarg	Baramulla
Manasbal Lake	Ganderbal	Candilora	Baramulla
Yusmarg	Budgam	Ferozpora Tangmarg	Baramulla
Tosamaidan	Budgam	Sumbal Sonwari	Baramulla
Doodpathri	Budgam	Watlab	Bandipore
Chari-Sharief	Budgam	Reshwari	Kupwara
Mattan	Anantnag	Dara	Srinagar
Aru Valley	Anantnag	Fagir Gujri	Srinagar
Daksum	Anantnag	Pandrethan	Srinagar
Verinag Village	Anantnag	Kishtwar Town	Kishtwar
Chatpal	Anantnag	Chanderkote-Pul-Doda (Artificial Lake)	Ramban/Doda
Achabal	Anantnag	Batote	Ramban
Kungwatan	Kulgam	Mathwar Dev Sathan	Jammu

Category C (Remote Areas)

Tourist Spot	District	Tourist Spot	District
Sukrala, Bala Sundn, Katee	Kathua	Village Malhori	Jammu
Thein Village	Kathua	Pora Kotla Meadow's Ransoo	Reasi
Kheer Bhawani Asthapan (Devibal)	Anantnag	Swankha Jard	Samba
Bilawar-Machadi	Kathua	Jhaggar Kotli	Jammu
Baradari, Bhingarh Fort	Reasi	Sangerwani	Pulwama
Thoru, Daggan Top	Reasi	Aripal (Tral)	Pulwama
Seven Lakes, Nanan Sar	Poonch	Khankah (Tral)	Pulwama
Dera-Ki-Gal	Poonch	Margan Top	Anantnag
Dani Dhar Kila	Poonch	Ramnagar (Dalsar Lake, Chountra, Marara & Pingla Mata)	Udhampur
Loran, Nandi Chool, Jabhi	Poonch	Dudu Basant Garh	Udhampur
Dhana Satar, Ram Kund, Lohar Devta	Poonch	Khilanmarg	Baramulla
Mandi Rajpura (Buda Amarnath)	Poonch	Awantipora	Pulwama
Mughal Maidan Chatroo	Kishtwar	Khalini Top	Doda
Bimainag	Kishtwar	Nilnag	Budgam
Dessa, Lal Draman, Dal Draman	Doda	Sarthal Mata/Meadows	Kishtwar
Chiralla, Bhallessa	Doda	Waseknag	Kulgam
Gool, Sangaldhan	Ramban	Suchet Garh, Gharana Wetland	Jammu
Mohu-Mangat	Ramban	Jhiri Village (Baba Jitto), Baba-Ka-Talab	Jammu
Pogal Paristan (Sunseri, Sargali, Sarvadar, Devlab)	Ramban	Chinta, Jai, Padri, Khani Top, Bhal Padre	Doda
Ukhral-Neel Top	Ramban	Jawala Mukhi Temple (Khrew)	Pulwama
Aliabad Sarai	Shopian	Krimchi, Mansar, Shankri Devta, Panchari	Udhampur
Khankah Pinjoora	Shopian	Nou Devian, Dera Baba Banda	Reasi
Karnah	Kupwara	Surinsar-Mansar	Jammu/Udhampur
Machil	Kupwara	Tulail	Bandipore
Tangdhar	Kupwara	Sadhna Pass	Kupwara
Pakherpora	Budgam	Noori Chamb-Peer-Ki Gali	Poonch
Saderkote Payeen	Bandipore	Bani-Basohli	Kathua
Parihaspora	Baramulla	Baba Chamliyal Shrine	Samba
Rafiabad	Baramulla	Purmandal, Uttarbehni	Samba
Boniyar	Baramulla	Padder, Machail	Kishtwar
Badra-Kali Mandir	Kupwara	Hygam	Baramulla
Village Bajalta	Jammu	Kounsarnag	Kulgam
Village Pargalta	Jammu	Sudhmaha-Dev, Mantalai	Udhampur
		Sinthan Top	Anantnag

ANNEXURE-B

Checklist for Registration of a Hotel in Jammu & Kashmir

The Department of Tourism has made the process of registering the hotel completely online, making it very simple and convenient. Simply visit <https://www.tourismjk.in/> to learn more. Just log into the website and submit the required documents. The registration is done under the J&K Tourist Trade Act, 1978/2011.

Documents required for Hotel Registration in Jammu & Kashmir:

- Building Permission/Drawing/Site Plan duly approved by Competent Authority.
- Land Ownership Paper /Rent Deed/Lease Deed duly approved by Competent Authority.
- Character Certificate of the promoter/proprietor (Police).
- NOC from PHE Department.
- NOC from concerned departments if applicable (like JDA, SDA, SMC, LCMA, Concerned Development Authority, Srinagar Cantonment Board, BDO, Panchayat Committee).
- Non-Conviction Affidavit under section 11(A & B) of Tourist Trade Act.1978/82/2011.
- NOC from Fire and Emergency Services Department.
- NOC from the Health Department.
- Consent Order from State Pollution Control Board.
- PDD Inspection Report.
- Photograph of the promoter/proprietor.
- PAN Card/GST (if applicable).
- Photographs of the unit.
- Address Proof (Aadhar Card, Ration Card, Driving License, Bank Passbook with Photo).

Some of the mandatory Licenses/Registrations include:

- Building permit from local authority to undertake building operation/construction.
- Commencement Certificate to authorise the start of construction work.
- Consents under the Pollution Control laws to operate and establish.
- Completion Certificate after the construction is completed to verify compliance with approved plans, building codes, and regulations.
- Occupancy Certificate issued after the Completion Certificate to allow the building to be used for its intended purpose.
- Lift license for installation and operation of elevators.
- License for storage of Diesel Oil.
- License for storage of Kerosene & Compressed Gas.
- Registration of Boilers & Generators under regulations for safety and compliance.
- Trade license from municipal authority to allow business operations within a specific area.
- FSSAI license for compliance with food safety standards and production of safe food for consumption.
- Liquor license for storing and selling liquor.
- GST registration for legal compliance and tax Collection on accommodation and services.
- Registration of a hotel under the J&K Shops & Establishments Act.
- Registration under the Employees Provident Fund (if more than 20 employees are employed). Private establishments must file Provident Fund

returns monthly, with submissions due by the 15th Day of the subsequent month.

- Registration under Employees State Insurance Act (if 10 or more employees are employed). Establishments must file Employee Fund Insurance returns monthly by 15th Day of the succeeding month.
- Registration under the Contract Labour Law if contract workers are engaged (if employing 20 or more contract workers).
- Registration under the Weights and Measures Act if weights and measures are used.
- Signage license required for installation of outdoor signs boards and advertisements.
- Music license for playing music which is copyrighted.

ANNEXURE-C

FAR for Hotels under Building Bye Laws

Note: WEIM = Whichever is more								
Building Use	Plot Area (Sq. m)	Ground Coverage (%)	FAR	Max. Height. (m)	Min. Setbacks (m)			
					Front	Rear	Side	Side
Hotel	1000-2500	40	180	Height to be regulated by Fire and Emergency Equipment available	Shall be as per Table no. 5-2 of Building Bye Laws	1/3rd of height. of building or 6 m (W.E.I.M)	1/3rd of height. of building or 6 m (W.E.I.M)	1/3rd of height. of building or 6 m (W.E.I.M)
	Note: 5% of permissible FAR for party hall and 3% permissible FAR for Conference Hall shall be allowed.							
	Above 2500	30	200	Height to be regulated by Fire and Emergency Equipment available	Shall be as per Table no. 5-2 of Building Bye Laws	1/3rd of height. of building or 6 m (W.E.I.M)	1/3rd of height. of building or 6 m (W.E.I.M)	1/3rd of height. of building or 6 m (W.E.I.M)
	Note: 5% of permissible FAR for party hall and 3% permissible FAR for Conference Hall shall be allowed.							

ANNEXURE-D

Key Contact Numbers

Key Regulatory Bodies	E-mail Address	Contact Number
Directorate of Tourism, J&K	<div> Jammu Div: dirtsmjmu@gmail.com </div> <div> Kashmir Div: directortourismkmr@gmail.com </div>	<div> Jammu Div: 0191-2520409, 0194-2548172 </div> <div> Kashmir Div: 0194-2502279 </div>
Jammu & Kashmir Tourism Development Corporation	info@jktdc.co.in	<div> Jammu Div: 0191-2549065, +91 9419212451 </div> <div> Kashmir Div: 0194 - 2502270, 0194-2502271 </div>
Food Safety and Standards Authority of India	<div> Jammu Div: dycommissionerfoodsafetyjmu@gmail.com </div> <div> Kashmir Div: dycomfoodsafetykashmir@gmail.com, deputycontrollerkashmir@gmail.com </div>	<div> Jammu Div: +91 941919137 </div> <div> Kashmir Div: +91 9419590564, 0194-2502845/46 </div>
J&K Excise Department	excise.commr@jk.gov.in	<div> Jammu Div: 0191-2477977, 0194-2477761 </div> <div> Kashmir Div: 0194-2311576, 0194-2311562 </div>
J&K Taxation Department (GST Helpdesk)	<div> Jammu Div: gsthelppdeskjmu@jkcomtax.gov.in </div> <div> Kashmir Div: acctkashmir2011@gmail.com </div>	<div> Jammu Div: 0191-2477303 </div> <div> Kashmir Div: 0194-2310595 </div>
Srinagar Municipal Corporation	commissioner-smc@jk.gov.in	+91-194-2474499, 0194-2470465

Jammu Municipal Corporation	Jmcjammu@rediffmail.com	0191-2520448, 0194-2520428
J&K Directorate of Urban Local Bodies	<div> Jammu Div: dlbjammu@gmail.com </div> <div> Kashmir Div: directorulbk@gmail.com </div>	<div> Jammu Div: 0191-2470050 </div> <div> Kashmir Div: 0194-2490714, 0194-2490757 </div>
J&K Pollution Control Board	<div> chairman87jkspcb@gmail.com </div> <div> Jammu Div: regionaldirectorjkspcbjmu@gmail.com </div> <div> Kashmir Div: regionaldirectorkmr@gmail.com </div>	<div> Jammu Div: 0191-2476925 </div> <div> Kashmir Div: 0194-2313966 </div>
Fire and Emergency Services, J&K	info.fesjk@gmail.com	<div> Jammu Div: 0191-2457821 </div> <div> Kashmir Div: 0194-2455061 </div>
Department of Labour and Employment	secylejk@gmail.com	<div> Jammu Div: 0191-2520658 </div> <div> Kashmir Div: 0194-2506197, 2506197 </div>
Bureau of Indian Standards	jkbo@bis.gov.in	01923-222690, 0194-222696
Department of Legal Metrology	clm-jandk@jk.gov.in , clmjandk@gmail.com	<div> Jammu Div: 0191-2479295 </div> <div> Kashmir Div: 0194-2492726 </div>

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