

UTTAR PRADESH
Infrastructure & Industrial Investment Policy 2012

Highlights

In view of major transformation of industrial environment globally and within the country, Government of Uttar Pradesh has approved and announced new Infrastructure and Industrial Investment Policy-2012 with an objective of attaining the target of 11.2 per cent industrial growth in Uttar Pradesh.

Significantly, to make policy execution transparent and effective all supporting Government Orders, Notifications, amendments in Acts, rules and regulations have been made part of policy document. Main features of new policy are as follows:

Infrastructure Development

- Creation and expansion of land banks by U.P. State Industrial Development Authority and other industrial development authorities through utilisation of barren, unused and un-irrigated public land.
- Compilation and dissemination of land bank information to investors through web-enabled facility as well as simplification of land allotment procedures and land use change.
- Encouragement to Public Private Partnership (PPP) for infrastructure development.
- Encouragement and facilitation to private sector for development of Industrial areas and estates along with permission to foreign direct investment in infrastructure development.
- Development of roads, expressways, eco-friendly metro or rapid transit systems, 4-lane roads connecting all district headquarters to State capital and development of new industrial areas along these roads and expressways.
- Full cooperation in implementation of Delhi Mumbai Industrial Corridor (DMIC) & Dedicated Freight Corridor (DFC). Development of industrial areas and zones in 250 kms on both sides of DMIC. Multi-modal logistics hubs, investment zones and early bird projects have been proposed on 1483 km DMIC and 1011 km of DFC connecting Uttar Pradesh to sea-port at Mumbai.
- Development of Airports on PPP model – near Agra in the vicinity of DMIC to provide facility of dry-cargo transport along with aircraft maintenance hub & at Kushinagar in eastern Uttar Pradesh to promote industrial development and tourism.
- Setting up one National Manufacturing Investment Zone each in Bundelkhand, Eastern and Central Uttar Pradesh.
- Expansion & improvement in water supply and drainage system.
- Boost to setting up of IT Parks, Mega Food Parks, Logistic hubs, Plastic city, Bio-tech industrial parks, Integrated Industrial Townships.
- To ensure swift and smooth transmission of information and data, State government shall facilitate modern cutting edge information technologies such as- Broadband, High-speed communication and data connectivity & 4-G.

- Strengthening and augmenting energy infrastructure, viz. Generation, Distribution & Transmission through a multi-pronged strategy including state, joint and private sector participation.
- Encouragement to non-conventional energy resources & setting up of captive power plants. Solar power generation plants shall be granted status of 'Industry' and will be entitled to all incentives specified in this policy.
- Industrial units getting power supply from 220/132 kv substations will be exempt from rostering except to save national power grid.
- 33/11 kv feeders with more than 75% industrial load will be exempted from load shedding and separated from other consumers.
- Dedicated power feeders built by industrial units at their expense shall not be tapped and used for other purposes.
- Simplification of procedures for power load surrender, upgrading or reduction by industrial units.
- Expansion of CNG/PNG network along the industrial hubs for clean energy supply to industries.

Public-Private Partnership

- Public-Private partnership (PPP) will be encouraged on priority basis in the development of infrastructure.
- Apart from Viability Gap Funding, PPP projects through Annuity based model and other models will also be encouraged.
- Under the Viability Gap Funding scheme, State government will make available grant of 20% of project cost from central government and a maximum of 20% from its own resources to make the project viable.

Industry-Friendly Environment

- Simplification of procedures and processes related to departments of Labour, Energy, Environment, Commercial Tax, Registration, etc.
- Sprucing up web-based Single Window system for investment and implementation of e-Biz mission mode project of Government of India to provide single-stop shop for all kinds of departmental services, clearances, etc.
- Strengthening and improvement in working of *Udyog Bandhu* (a State government agency for facilitating Industries) and U.P. Investment Centre.
- Steps to ensure security of entrepreneurs.
- Creation of IT enabled interactive information mechanisms for making available crucial investment opportunities and speedy redressal of problems and complaints of entrepreneurs.
- Skill & Management development, Bar-coding especially in classified industries, such as Food processing, Leather, Textile, Hosiery, etc.
- Nodal officers of the rank of Principal Secretary to Special Secretary will be nominated to hand-hold large industrial investment projects.
- Entrepreneurs contributing significantly to industrial growth of the State shall be rewarded.

Encouragement to Micro, Small & Medium Enterprises (MSME)

- Encouragement to industrial associations of MSME sector to set up industry-specific clusters through Special Purpose Vehicles so that the basic infrastructure facilities may be developed according to the requirement of MSMEs.
- U.P. is a major export centre for handicrafts, therefore, special steps will be taken to promote development of export and artifact specific clusters in towns as well as development of infrastructure, marketing, branding, design and packaging under ASIDE, small enterprises cluster development, micro-small technology upgradation schemes.
- Constitution of special cell in Directorate of Industry to undertake various studies for improving overall environment for MSMEs growth.
- Based on the demand of micro and small industries, UPSIDC and related industrial bodies will identify land right down to *Tehsil* level to develop mini-industrial areas for such units.
- MSME development schemes of Government of India will be implemented in right earnest by appointing an officer-in-charge in Directorate of Industries for each of these schemes.
- Non-polluting units will be allowed to be set up in residential areas and multi-storey apartments also.
- Rehabilitation Policy for economically viable but sick units and new Exit Policy for unviable closed units.

Fiscal Incentives

Exemption in Stamp Duty

- 100 % on purchase, lease or acquisition of land by industrial units proposed to be set up in Eastern U.P., Central U.P. and Bundelkhand region.
- 100% to new IT, Bio-tech, BPO, Food processing, Food park, Alternative energy resources.
- 100% to private sector infrastructure development excluding PPP projects.
- Reimbursement of 25% of stamp duty, if a private developer completes development of industrial estate or area within 3 years after purchase of land and a minimum of 50% land is sold.
- Exemption from land transfer fee, sub-divisional charges, and levy charges to such manufacturing units that make available their additional land for industrial purpose after 5 years to any other company or agency in which they have at least 51% equity.
- Reimbursement of stamp duty on land transfer to such subsidiary company which starts production within 3 years of the said land transfer from its parent company having 51% share in it.
- 75% to other new units on government land & 50% on private land.
- In case of attachment of assets of a closed unit by UPFC, PICUP or bank, stamp duty shall be payable on sale price fixed by competent authority instead of circle rate.

Exemption in Entry Tax & Other Taxes

- Exemption from Entry tax to iron & steel to be used as raw material.
- Facility of input tax refund or set-off will be allowed to manufacturers who export outside India by sale to export houses in the course of export under subsec.(3) of Sec. 5 of Central Sales Tax Act 1956.
- Maximum kinds of raw material, processing material and packaging materials will be enlisted and list of schedule II part C will be expanded for a tax liability of only 4 per cent.

Exemption From Mandi Fee & Development Cess

- For 5 years on purchase of raw material to all new Food processing units with investment of ` 2 crores or above in plant, machinery and spare parts.

Investment Promotion Scheme

- Eligibility criteria to avail incentives has been brought down from Rs. 10 crore to Rs. 5 crore for new industrial units set up in Poorvanchal, Madhyanchal, Bundelkhand and all food processing units, live stock based units & IT units while, it has been reduced to Rs. 12.5 crore from Rs. 25 crore for the rest of State.
- Interest-free loan equivalent to VAT and Central Sales Tax paid by industrial units or 10 percent of the annual turnover whichever is less will be provided for a period of 10 years repayable after 7 years from the date of first disbursement.

New Capital Subsidy Scheme

- New industrial units to be set up in Poorvanchal, Madhyanchal and Bundelkhand shall get reimbursement at the rate of 5 per cent on interest rate of loan taken for plant and machinery, maximum upto Rs. 50 lakhs per annum for a period of 5 years.
- New Textile units to be set up in Poorvanchal, Madhyanchal and Bundelkhand, shall get reimbursement at the rate of 5 per cent on interest rate of loan taken for plant and machinery, maximum upto Rs. 100 lakhs per annum for a period of 5 years while this facility is available in the tune of maximum upto Rs. 50 lakhs per annum in the other region of the state.

Infrastructure interest subsidy scheme

- Under **Infrastructure interest subsidy scheme**, industrial units take loan for developing infrastructure facilities for self-use, such as – road, sewer, water drainage, power line etc., will get reimbursement at the rate of 5 per cent on interest rate of loan taken for this purpose, maximum upto Rs. 1 crore for a period of 5 years.

Industrial Quality Development Subsidy Scheme

- Reimbursement will be provided to the industrial association, group of industrial units at the rate of 5 per cent on interest rate of loan taken for establishing testing labs, quality certification lab, tool-rooms, etc. maximum upto Rs 1 crore for a period of 5 years.

EPF Reimbursement Scheme

- To generate new employment opportunities, this scheme includes provision of reimbursement of 50 per cent of EPF contribution for their workers for a period of 3 years by new units after 3 years from the date of establishment of the units, if the new units give employment to 100 or more unskilled workers.

Special Facilities for Mega Projects

- Mega projects with the investment more than Rs 200 crores will be provided with special incentives on case-to-case basis and priority shall be given for development of infrastructure facility.

Others

- Exemption from Electricity Duty for 10 years to new industrial units and 15 years to Pioneer units and to captive power generation for self consumption by unit.
- New units will have to pay only for the actual power consumption for first 5 years instead of minimum monthly load and demand.