

The English translation of the “Industrial and Service Sector Investment Policy 2004”

Chapter 1—Introduction

- 1.1 The Tenth Five year Plan lays emphasis on extensive industrial development; i.e., industrial development which is equally distributed in the State and labour intensive, in order to eradicate pervasive unemployment and poverty. It becomes important that to achieve the envisaged 8 per cent growth rate in State’s Gross Domestic Product (GSDP), an annual industrial growth rate of 12.4 is required, which will create 1.6 million employment opportunities every year during the Plan period. Thus, a target of creating 8 million new employment opportunities is envisaged during the entire Plan period.
- 1.2 To achieve the goals set by the Tenth Five Year Plan a great impetus has to be given to accelerate industrial development in the State. This requires that the congenial environment should be made for industries by introducing detailed reforms.
- 1.3 Uttar Pradesh in view of its population of 166 million people is the largest and most important state in India. Had it been a separate country, it would have been the seventh largest country in the world. Integrated development of such a large state is also vital for the development of the nation itself. It is also, the largest consumer market of the country. Therefore the benefit of its economic development and development of resultant purchasing power will benefit to all the industrial units of the whole country.
- 1.4 Before we start to determine the policy for the development of the State, it is important that the meaning of “development” is clearly understood. Growth in the GSDP can not be the sole criteria of development. The new world has identified the integrated and all-round development of the entire humanity as the real meaning of development, i.e.; achieving higher levels of Human Development Index, in which not only growth in GSDP but also the distribution of GSDP among different factors of production and its positive impact on humanity have their own importance.
- 1.5 Uttar Pradesh, like other States of India, is a agrarian economy. It is an established principle that at higher levels of development while the share of agriculture in the GSDP shrinks, the share of secondary sector and then of the tertiary sector increases as a structural change. Thus, the policy of any development-oriented State should be one which promotes industries and service sector.
- 1.6 It is the established principle that for the development of economy, the structure changes from of Agriculture (primary sector) to Industry (Secondary Sector) and then to Service Sector is essential. Therefore the industrial policy of a developing state should be one which encourages the

service creation. Considering this the emphasis has been laid to ensure that investment in industry and service sphere both are attracted.

1.7 Working on this principle, in order to achieve objectives enumerated in Chapter 2, certain efforts need to be done on priority and special thrust should be given on them.

4.3.3.1 **Thrust Areas**

1.8.1 Faith on Entrepreneurs

4.3.3.2 For adequate development of industrial it is essential that the existing rules are, showing faith in entrepreneurs, simplifical and made congenial to the industrial development. This has been the main thrust in the new investment policy. Specially, to ensure proper compliance under various rules and inspections, arrangement of self-certification and certification by third agency will be made.

1.8.2 Strengthening the Infrastructure

1.8.2.1 The State Govt. is duty bound to facilitate the all-round development of Industry, Trade, Commerce and Service Sector. This requires development of adequate infrastructure facilities for the development of all these sectors. Considering this the private sector will be encouraged by giving piloting role in establishing infrastructure in the State.

7.1.2.1 The State Govt. as far as possible, will ensure to establish infrastructure facilities in private/ joint sector. But, if it is felt that investment in joint sector is not possible in certain critical areas, then the State Govt. will make efforts to establish such infrastructure facilities.

1.8.3 Incentives for New Industries

1.8.3.1 Certain new areas, like—information technology, bio-technology, food-processing etc. have emerged, which show immense potential for investment. The State Government will encourage private sector to invest in these new areas and will erect the necessary infrastructure in these areas.

1.8.3.2 Government of India has made a policy to give certain benefits to the units located in the Special Economic Zones (SEZs). The State Government has proposed four SEZs. These SEZs will be established in Greater Noida, Kapur, Moradabad and Bhadohi. The State Government will also grant certain benefits to units located in these areas. If required, more such Zones may be developed at other places.

1.8.3.3 In Service Sectors, specially in Education, Medical & Health, Entertainment and Tourism Sectors have become important components of Gross Domestic Produce and Human Development Index. The State Govt. will make effort to attract maximum capital investment in these sectors.

- 1.8.3.4 The share of the State in India's total Handicraft is 65%. The development of main cities & Towns will be ensured through development of Handicraft / exports in cluster and facilities like infrastructure, marketing, design & packaging will be provided / developed through various schemes.
- 1.8.3.5 In the age of competition, in order to make small units viable, the State Govt. will provide interest subsidy, and will help in purchase of new techniques and for provide necessary help for standardization through B.I.S. The Small Industries Rehabilitation Board will be set up for rehabilitation of sick units and to prepare rehabilitation package, and Small Industries Rehabilitation Schemes will be launched.
- 1.8.4 **Multi-faceted Policy**
- 1.8.4.1 The objective of the State Government is not to develop industries only, but to ensure an all-encompassing investment in industry, trade, commerce and services. Investment in services sector help in improvement in Human Development Index also. Considering this, this year the State Government proposes to announce its Industrial and Service Sector Investment Policy in place of Industrial Policy.
- 1.8.5 The necessary Govt. orders will be issued by the State Govt for implementation of all facilities / concessions/ provisions through various concerning departments envisaging the date of implementation detailed terms and conditions and the procedures to be followed. It is advisable that the entrepreneurs should act upon these G.Os after taking them into cognisance. The Udyog Bandhu will provide these G.O.s in totality to needy entrepreneurs.

Chapter 2—Objectives & Strategy

2.1 Objectives

2.1 To achieve the all round development of the State we need to accelerate the pace of growth in the fields of not only industry, but also trade, commerce and services. This requires that we should identify our goals in specific terms. Thus, the following targets are envisaged for this Policy :

1. achieving an annual industrial growth rate of 12.4 percent;
2. generation of 1.6 million employment opportunities every year;
3. making the State the most attractive destination for the investors; and
4. taking the benefits accruing out of this investment to all the sectors of the State.

2.2 STRATEGY

2.2.1 To Promote Private Participation in Industrial Development

2.2.1.1 The State will actively promote the participation of the Private Sector in the industrial and economic growth of the State. The State accepts its role in nurturing private economic activity and entrepreneurship. It recognises generation of wealth in the Private Sector, as necessary for the overall prosperity of the State. It will, therefore, endeavour to forge a meaningful partnership with industry, in policy formulation and its actual execution and implementation.

2.2.1.2 The State Govt. is sensitive and alert towards the requirements of the entrepreneurs. Need is to take the economic reforms started during last decade more rapidly. It is essential to build favourable environment for promoting investments for development of entrepreneurship in the State. To achieve this goal, all the existing rules & regulations will be thoroughly studied so as to simplify them and make them more rational, and will include facilities of self certification & certification by third party.

2.2.2 Balanced development of Tiny, Small & Heavy Sector

2.2.2.1 Small and Tiny Sectors, play an important role in creating larger number of employment opportunities and provide a wide range of goods and services. Therefore, the State shall create conditions for a balanced and harmonious growth of all segments of the Industrial Sector such as Heavy, Medium, Small and Tiny Sectors.

2.2.2.2 Traditional industries have thrived in the State, for centuries, and alongwith varied cottage industries, have been the backbone of the State's economy. They will be strengthened, augmented and made competitive in terms of quality, technology, design, packaging and marketing.

2.2.3 Promotion of Exports

2.2.3.1 Exports are not only vital to the national economy, but they serve to significantly enhance the professionalisation of local industry and the competitiveness of its products. A facilitative atmosphere will be provided for the promotion of exports from the State and to enhance the competitiveness of exportable products.

2.2.4 Promoting NRI & FDI Investments

2.2.4.1 There is a tremendous potential for NRI investments in the State. Through their entrepreneurial skills and abilities, Indians, specially residents of Uttar Pradesh and the neighbouring States, have made a mark in every field of human activity abroad. The State shall create an attractive environment for them to invest in the State. Procedures and systems shall be so modified, as to facilitate their investment.

2.2.4.2 Foreign Investment, is necessary for projects, requiring large investments, like power, roads, bridges etc. The State shall attract foreign direct investment and create circumstances, where Uttar Pradesh becomes the leading destination in the country for foreign investments.

2.2.5 Assured security of life & property

2.2.5.1 In order to achieve the overall objectives of the New Industrial and Service Sector Investment Policy, 2004, the State shall ensure creation of an atmosphere of security to develop confidence in the entrepreneurs. Law and order machinery will be toned-up in a way to be responsive to the needs of industry. Uttar Pradesh, has suffered from a stereo-typed image, over the last many years, as an insecure State. Facts speak otherwise. The data published by the 'National Crime Records Bureau', authentically establishes, that in terms of rate of crime, Uttar Pradesh is one of the better State of the country. This is at variance, to the popular myth, that has been in circulation. The State assures security of life & property, to its entire population in general and those engaged in productive economic activities in particular.

2.2.5.2 Considering the special needs of industries, a Fast Track Grevances Redressal cell shall be established under a D.G. (Police) in the office of IG Police. In addition, special arrangements for Police Protection shall be made for Industrial Area/ Estates.

2.2.6. Creation of Sensitive Administrative Body for Industrial Development

2.2.6.1 The administrative system of the State will be reoriented to make them responsive to the present needs of industry. To make the idea of liberalisation a success, certain organisational/structural changes will be made in some agencies. Attitudinal changes in the officials will also be brought in.

2.2.7 Recognition of the role of service sector

2.2.7.1 Over the years, the tertiary sector has emerged, as an important avenue of employment and economic activity. Its critical role as Service Industry, has to be recognised, for faster economic development and reduction of pressure on land. The

State shall create an environment conducive to rapid development of this Sector free from unnecessary regulation.

7.1.2 Formulation of Industry specific Tailor Made Package

2.2.8.1 In order to respond to the needs of specific segments of industry, tailor-made support package will be evolved, on a continuing basis, in consultation with the industry itself. The State, shall also develop, a package of incentives and support services, to be extended for development of entrepreneurship, in selected sectors, particularly in rural areas. Traditional industries and crafts, will be supported and strengthened by provision of inputs to enhance their viability and competitiveness.

2.2.9 Review of Tax Structure

2.2.9.1 The State, shall, also continuously review and revamp, wherever necessary, the entire tax structure, so that it reflects the requirement and expectations of industry.

2.2.10 Revitalisation of existing Investments to make them productive

2.2.10.1 Uttar Pradesh is one of the leading States, in terms of existing investments in Industry. However, a number of Industrial units, especially in the small sector are facing several difficulties, which have impacted adversely on their viability. The State recognises the need to revitalise them, so that the existing investments in them, could be made productive once again. The State shall, assist existing industries, to not only remain competitive, but also grow and expand. The vibrancy of the existing industries, is the best way to attract fresh investments.

Chapter – 3 Infrastructure Facilities

3.1 Participation of the private sector shall be ensured in the development of Infrastructure facilities. The State government will, wherever necessary, provide subsidy and participate in capital investment, but the thrust / effort will be to develop Infrastructure facilities in the private sector. The State Government shall provide the necessary subsidy, capital investment apart from other facilities as and when required. The State Government may develop those necessary / essential infrastructure facilities which are not being coming up in the private sector.

3.2 **Establishment of Industrial Infrastructure Development Fund**

3.2.1 The prime objective of the State Government is to select the experts who will identify the infrastructure facilities like – electricity supply, water supply, water drainage, telecommunication facilities like internet connectivity, transportation facilities, improvement in distribution system, container depot facilities, to bear the expenses incurred on the surveys, project reports prepared by the experts and to finance the identified developmental projects. In view of the above, it has been decided to establish an Industrial Infrastructure Development Fund for which a budget provision of Rs.50 crore shall be made in the first year, 2004-05. Such provision shall be made for the next four years also. The projects to be financed by the fund are as follows:

- The expenditure incurred on the selection and the project reports prepared by the experts/ consultants, for the selection of Infrastructure facilities to be set up with private sector participation.
- To establish necessary infra-structure facilities in such Industrial Areas/Estates and Industrial Cluster identified by Central Govt./State Govt. where no funds are allocated in regular annual budget.
- To provide 25% or Rs.100 lakh, whichever is less for the development of infrastructure for industrial units situated outside industrial areas/ estates.
- To provide the residue finance on behalf of the industries department in those infrastructure projects of the Central Government or other departments where a definite percentage is contributed by the Central Government or the respective department.
- To provide the residue finance for the completion of incomplete infrastructure projects.
- To finance those infrastructure projects identified by expert/ consultancy organisations.
- To provide finance for the completion of the incomplete projects related to electricity, water supply, drainage in mini industrial estates.
- To establish essential infrastructure facilities for the development of transshipment centre, integrated transport and commercial centres, whole sale markets, container depots and other industrial & commercial developments.
- To incur the expenditure on the development of essential infrastructure facilities for conducting specialised training programmes to suit the

needs of the local industry in both governmental and private educational institutions.

- To incur the expenditure on the establishment of specialized design & packaging centres and training institutes as per the needs of the industry.
- To provide subsidy/ capital investment by a transparent selection process on a case to case basis through the Empowered Committee constituted under the chairpersonship of the Chief Secretary, for the development of infrastructure facilities such as industrial areas, trade centres / wholesale markets, conference halls / exhibition centres, warehouses, overbridges, bypasses, roads etc.

3.3 Establishment of Industrial Infrastructure Development Authority

3.3.1 A State Infrastructure Development Authority shall be constituted for the management of the Fund set up under para 3.2. Such Authority shall be under the control of a whole-time Managing Director.

3.3.2 The Authority shall have the right to raise capital from the market and collect user charges for the infrastructure facilities provided.

7.1.2 The Authority shall have the power to delegate the right to develop an infrastructure facility through a Special Purpose Vehicle/ undertaking in the joint sector.

3.3.4 The work of development of Roads of the State and to attract Private Investment for this project shall be done by U.P. State Highway Authority. The Authority will assist U.P. State Highway Authority.

3.4 Infrastructural Facilities

3.4.1 Travel & Transport

3.4.1.1 Private sector participation shall be encouraged in the development of Travel and Transport.

3.4.1.2 State Highways of industrial importance shall be identified & thereafter strengthened and broadened. All the industrial cities and towns of the State shall be interconnected by such highways.

3.4.1.3 Way-side amenities shall be developed along selected important / major highways of the State.

3.4.1.4 Transport Towns 'Nagar', transshipment centres, integrated transport and trading / commercial centres and container depots shall be developed.

3.4.1.5 Railway facilities and integrated road railway transport and trading centres shall be developed.

3.4.1.6 Infrastructure facilities relating to Airways shall be developed. Airports in cities like Varanasi, Lucknow, Agra will be provided additional facilities.

3.4.2 Electric Energy

3.4.2.1 Colossal investment is called for to meet the requirements of electricity supply in all the 3 spheres of generation, transmission & distribution to meet this end. Private sector participation shall be encouraged in all the 3 spheres.

- 3.4.2.2 To encourage investment in the sphere of electricity supply, the State Government will provide the following :-
- 3.4.2.2.1 The Government shall provide interest free loan similar to the due entry tax and sales tax of all eligible units. This loan will be made available as per the following norms:-
- For capital outlay of Rs.100 – 1500 crore, upto 7 years, which shall be payable after 7 years in 7 annual installments.
 - For capital outlay of more than Rs.1500 crore; upto 12 years, which shall be payable after 12 years in 12 annual installments.
- 3.4.2.2.2 The State Government shall acquire the necessary land and make it available to the units at the acquisition cost and such acquisition shall be made free from stamp duty.
- 3.4.2.2.3 The State Government shall lease its land for 99 years at Rs.100/- per acre to the units and no market rate or premium will be charged.
- 3.4.2.2.4 Where private units sell electricity to state utilities, the transmission lines and substations shall be set up by the State utility.
- 3.4.2.2.5 The State Government shall ensure all infrastructure facilities such as roads, bridges, water supply, law and order for any State Government projects.
- 3.4.2.3. The State Government shall promote the following projects :-
- Nuclear energy
 - Small / Mini – Hydel energy
- 3.4.2.4. Captive power generation & distribution through cooperative societies shall be encouraged for supply to industry and such captive power generation shall be exempted from electricity duty and other related taxes.
- 3.4.2.5 Uninterrupted power supply in industrial areas
- 3.4.2.5.1 The State Government shall ensure 24 hrs. uninterrupted power supply to the units situated in all industrial areas and estates. Industrial areas which are supplied from 132 KVA shall be kept free from power cut unless it is absolutely necessary for the security of the grid. For this purpose, all establishments relating to transmission & distribution shall be upgraded. Industrial units of over Rs.50 crore situated outside industrial areas shall be given uninterrupted power supply through dedicated feeders. Units with more than Rs.10 crore investment based on food processing and agriculture, biotechnology and information technology shall also be assured uninterrupted power supply through dedicated feeders. All 100% export oriented units which subscribe to dedicated feeders will also receive 24 hrs electric supply.
- 3.4.2.6 Industrial feeders to be exempted from power cuts:
- 3.4.2.6.1 Feeders on which industrial supply amounts to more than 75%, shall be regarded as industrial feeders and will be exempted from power cuts. If there are consumers of other categories on such feeders, they shall be separated by the State Electricity Board. The dedicated feeders set up by the industries at their own cost shall not be tapped for any other purpose. Exemption shall be granted only in those cases where under the prevalent rules the concerned

industry enters into contract with another industrial unit permitting “tapping”.

3.4.2.7 A simplified procedure for giving permission to industrial units for the surrender and increase of electricity load shall be adopted.

3.4.2.8 Encouragement for cogeneration & internal production, industrial units shall be permitted to set up internal power generating plants. In case where power generated by the industrial unit is in excess of its internal requirements, it will be permitted to sell the residue power to the UP Electricity Corporation Ltd., any other Electricity Distribution Company in the area, other industrial units, or any other consumers.

3.4.2.9 All new units shall be exempted from electricity duty for the first 10 years. Units declared as pioneer units under para 4.5 shall be given this exemption for 15 years.

3.4.3 Telecommunication

3.4.3.1 Land will be made available free of cost on a case to case basis for setting up telephone exchanges, telecom centres in industrial areas/Special Economic Zones/Industrial Clusters and the State Government shall consider giving the necessary facilities in the exchanges set up by BSNL. A plan shall also be drawn for bukl booking of telephone connections.

3.4.4 Water Supply

3.4.4.1 Water supply to industries has been accorded last preference in the State Water Policy. This policy shall be amended and water supply to industries shall be at par with irrigation at second priority after provision of drinking water to the public.

3.4.5 Water drainage & Industrial Waste disposal

3.4.5.1 Arrangement shall be made for drainage of water and disposal of industrial waste in industrial estates/areas. Utmost priorities shall be accorded to providing water-drainage facilities in industrial areas situated in low-line plots/areas.

3.4.5.2 Policy improvements shall be made in the State Drainage Policy to make it more industry friendly, so as to provide facilities and opportunities to industrial units for increased production, and new opportunities for inviting private capital investment on all these activities shall also be given.

3.4.6 Commercial Resources

3.4.6.1 Priority shall be given to the establishment of container depots, transport towns, and transshipment centres in different cities. Attempt shall be made to link these infrastructure facilities with State Highways and railway routes.

- 3.4.6.2 While giving final shape to the State Trade Policy, attempt will be made to upgrade distribution facilities such as whole sale markets, transport towns and integrated transport-cum-trade centres.
- 3.4.6.3 Encouragement shall be given for the establishment of conveniences stores in the private sector in which common building plan shall be approved by the Housing Department. This shall be the basis for sanctioning the construction of convenience stores in different places within one district. Such convenience stores shall be exempted from the weekly closure and the closure after a fixed time under the Shops and Commercial Establishments Act.
- 3.4.6.4 A big trade centre shall be established in the private/joint sector in the State Capital along the lines of the international trade fair where apart from display of industrial products, facility for sale shall also be provided. The State Government shall provide for facilities in the trade centre such as City Bus Services, Telephone, Post office, Police Station, Metal Link Road, Drainage facility, Electric Lighting etc whose expenditure shall be borne by the trade centre authority. These infrastructure facilities shall be financed by the Infrastructure Development Fund of the industries department. Such trade centres can also be established in other cities later.
- 3.4.6.5 Display-cum-Sales Centres will be established in industrial areas of Industrial Development Authority in Private/Joint sector. Industrial units of the area can display their products in these centres on payment of a prescribed fee. For establishment of these centres necessary grant will be given from the Infrastructure Development Fund.
- 3.4.6.6 State's Purchase Policy shall be given statutory status and it shall be duty of every department to indicate in the notice calling for tenders, exemptions in deposit of earnest money and price and purchase priority given to the units of the State, so that entrepreneurs can take benefit by depositing their tenders accordingly.
- 3.4.6.7 Markets in the nature of "Urban Haat" will be developed in KAVAL towns, first stage, to provide industrial units of the State, specially small scale and tiny units, facilities of display and sale. These Haats will be developed under the management of the private sector and necessary grant will be given from the Infrastructure Development Fund.
- 3.4.6.8 The condition of spending 2 per cent of State Government's Department's budget on computerization will be amended to raise this limit to 5 per cent, and 50 per cent of this will compulsorily be spent on training and software development. Training and software development will be given to the units of the State.
- 3.4.6.9 Training & Software development will be through Institutions situated in the State.

3.4.6.10 Banking and financial institutions, insurance, postage and courier services and legal (including income-tax and trade tax) and management consultancy facilities will be developed near the industrial areas. Land shall be earmarked and allotted for such commercial services in the industrial areas/estates. If required, building may be constructed for providing these facilities at one place.

3.4.6.11 National and international trade fairs will be identified in the beginning of the year and selection of entrepreneurs to be finalized at least six months before by a transparent system. The State Government will bear the 50 per cent of transportation cost and rent for exhibition space, rest 50 per cent is to be borne by the entrepreneur where the contribution available any scheme of the Central Government or some other scheme is more than 50 per cent, the entrepreneurs may take benefit under that scheme. If the contribution available under such scheme is less than 50 per cent, the State Government will bear the shortfall.

3.4.7 Industrial Security

3.4.7.1 A fast track grievance redressal mechanism will be installed by nominating an IG Police in the office of DG Police on whole time basis, to investigate offences against industrialists and traders registered with trade-tax department. Industrialists and traders can directly approach him for their grievances.

3.4.7.2 Such IG Police will determine the security needs of different industrial areas, industries, entrepreneurs and traders and will make police arrangements accordingly.

3.4.7.3 Special care will be taken by the State Government to establish police stations / police posts various industrial areas, special attention will also be given to increase staff, provide vehicles and other equipments and computerization of such police stations/ police posts. Financial assistance may be provided from the IIDF for this purpose.

3.4.7.4 If need is felt by any entrepreneur / trader for his security, police / home guards may be provided on payment basis.

3.4.8 **Industrial Estates/ Areas**

3.4.8.1. Maintenance of industrial areas of UPSIDC through cooperative formed by industrialists shall be promoted. In addition to providing 60 per cent of taxes/ fees / charges collected by the local body/ development authority from such industrial area, if need is felt, necessary amount for maintenance will be provided by the State Government. They will also be sanctioned financial assistance for development of infrastructure facilities from IIDF on a case to case basis. They may also be given permission to recover cess/ user charges/ tax at a later stage.

- 3.4.8.2. Special State Industrial development Zones will be developed to boost new industrial investment, which will have same facilities as provided by the State Government to SEZs. At first, it will be developed near Greater NOIDA, and based on success, experience and progress of this Industrial area, such Special State Industrial Development Zones may be developed in other areas.
- 3.4.8.3. Allotment of land for setting up of entertainment club in the industrial areas / estates will be permitted.
- 3.4.8.4. Industrial associations will be given representation on the board of Industrial Development Authorities so that they can put their opinion on matters related with land allotment and development of industries.
- 3.4.8.5. The prices of plot and rates of mutation charges, penalty for delay in construction etc. will be rationalized and made industry friendly, so that the long standing grievance of the industries that the rates of charges of UPSIDC are determined for its economic benefit is resolved.
- 3.4.8.6. Land provided for green belts can also be leased out (keeping it green) for uses like play ground, parks, park for functions etc. Plots allotted in industrial area/ estates may be allotted to be used for other commercial purposes, such as godowns, after payment of appropriate land use charges;
- 3.4.8.7. The conditions contained in the lease deed executed on the date of allotment of plots in industrial areas/ estates can not be changed to the prejudice of industrial undertaking.
- 3.4.8.8. The Industrial Estates developed by the Directorate of Industries will be made free-hold and an "Industrial Estate Infrastructure Development Fund" will be established with the help of money received towards free-hold premium and one time maintenance premium from the entrepreneurs, and will be kept at the disposal of a committee of entrepreneurs formed for this purpose.

5.3.4.1 Mini Industrial Estates

- 5.3.4.1.1 Residential facility will be provided as a policy matter in mini industrial estates/ clusters. This facility will also be provided in the existing mini industrial estates.
- 5.3.4.1.2 Land in mini industrial estates may be allotted or auctioned after ensuring that no highly polluting industry is situated in such estate and nor such industry is proposed for development of education institutions/ hospitals/ nursing homes/ health club and for other industrial / commercial purpose. One such sale / allotment is made no polluting industry will be allowed in such industrial estate.

5.3.4.2 Special Economic Zones

- 5.3.4.2.1 Construction of four Special Economic Zones is proposed in the State. These SEZs will be constructed at Greater Noida, Kanpur, Bhadohi and Moradabad.
- 5.3.4.2.2 State Government has passed Uttar Pradesh Special Economic Zone Authority Act 2002 to provide special facilities to these Special Economic Zones. Uttar Pradesh is the first state to pass such an Act.

5.3.4.2.3 These SEZs will be completed and operationalized expeditiously.

5.3.4.3 Biotechnology Research Park, Lucknow.

5.3.4.3.1 The first BioTechnology Research Park of the State has been established at Kursi Road, Lucknow. This park is a unique achievement of the State in the field of Biotechnology. It is a collection of industrial undertakings, bio-trading centre and training laboratories, so that requisite infrastructure and common facilities are created for development of biotechnology industry.

3.4.8.11.2 Similar biotechnology parks in larger areas will be promoted. State Government may provide centralized common facilities in the parks established in private sector.

3.4.9 Gas Pipe Lines

5.6.7.1 Efforts will be made to construct Gas pipe lines for NOIDA and Greater Noida on Priority basis.

5.6.7.2 An endeavour will be made to extend piped gas facility to the largest possible areas in the State. Specially to the industries and transport services.

5.4 Subsidy to Private Sector

1.1.1. Following subsidy will be given from the IIDF for development of infrastructure in private sectors:

- a) 50 percent of the capital investment subject to a maximum of Rs.2.5 crore for establishment of industrial area related with IT & BT.
- b) 20 per cent of the capital investment subject to a maximum of Rs.2.5 crore for establishment of other industrial areas;
- c) 50 per cent of the capital investment subject to a maximum of Rs.50 lac for establishment of Call Centre Zones.
- d) For convention halls, multimedia centres, exhibition grounds, and modern trade centres with entertainment facilities, as follows:-

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|-----|---|--|
| i. | for an area of more than
5000 sq. meters. | 50 per cent subject to a
maximum of Rs.50 lac. |
| ii. | for an area of more than
10,000 Sq. meters | 50 per cent subject to a
maximum of Rs.100 lac. |

1.1.2. A subsidy of 50 per cent of cost of common facilities approved by the industrial associations, subject to a maximum of Rs.2 crore per cluster will be provided.

1.1.3. Establishment of laboratories, standardization and Research & Training institutes by the Industrial association for ensuring quality and reliability of products of small scale units will be promoted. A subsidy of 50 per cent subject to a maximum of Rs.100 lac will be given form the IIDF for establishment of such laboratories.

1.1.4. If subsidy is also available for above schemes from the Government of India, then such subsidy will be included for calculation of above mentioned limits.

- 1.1.5. If a need is felt, subsidy may be granted on a case to case basis, by an empowered committee constituted under the chairmanship of the Chief Secretary through a transparent procedure, for development of infrastructure facilities like industrial areas, trade centres, wholesale markets, conference halls, exhibition centres, ware houses, over bridges, bridges, bye-passes, roads etc. in private sector.
- 1.1.6. The State Govt. shall issue necessary G.O.s detailing various terms & conditions for all the above subsidies and for development infrastructure facilities. The above grants will be given to only those units fulfilling the desired standards & terms & conditions.
- 1.1.7. An autonomous body "Institute of Design" will be set up with the help of Development Commissioner, Handicraft and N.I.D. Private sector will be invited to participate in Design Course, Training for Handicrafts, Packaging & to execute works of Produce Development

Chapter 4—Financial Grants and Rebates

- 4.1 The State Government will take adequate steps to insulate industries in the State from the adverse impact of special incentives given by the Central Government to certain States like Uttaranchal.
- 4.2 **Rationalization of Stamp Duty, Registration Fee, Land-Use Change Charges and Land Transfer Charges.**
- 4.2.1 The State Government will provide 100 per cent exemption from stamp duty on the purchase or lease of land for the following projects :-
- a. small scale and tiny industrial units in 29 districts of Poorvanchal and 7 districts of Bundelkhand;
 - b. projects pertaining to the development of infrastructure facilities like industrial estates, roads, bridges, over bridges, flyovers, wholesale markets, transshipment centres, integrated transport and trade centres, container depots, electric installations, water works, drainage works, exhibition centres, ware houses etc.
 - c. projects pertaining to establishment of information technology, bio-technology, business process outsourcing, call centres and food processing units.
- 4.2.2 All other industrial projects will be entitled for a 50 per cent exemption from stamp duty on purchase or lease of land.
- 4.2.3 Registration of sale /lease deed for land required for all industrial and service sector projects will be made at the rate of Rs. 2 per thousand, subject to a maximum of Rs. 5,000.
- 4.2.4 Stamp duty on agreement relating to deposit of title deeds for pawn or pledge shall be reduced from the existing Rs. 5 to Rs. 2 per thousand.
- 4.2.5 Stamp duty on bank guarantee shall be reduced from existing Rs. 5 to Rs. 2 per thousand, subject to a maximum of Rs. 10,000.
- 4.2.6 Stamp duty on conveyance of movable property belonging to the industry shall be reduced from existing Rs. 20 to Rs. 2 per thousand.
- 4.2.7 Stamp duty on mortgage deed, in which possession is not transferred, shall be reduced to Rs. 2 per thousand. In case the possession is transferred at a later date then stamp duty will be charged accordingly
- 5.6.18 Stamp duty on collateral security shall be reduced from existing Rs. 10 to Rs. 2 per thousand.
- 5.6.19 All other stamp duties and registration charges applicable to industry, mineral and trade shall be considered and rationalized.
- 4.2.10 To relieve entrepreneurs from disputes at the time of and after registration of sale/lease deeds, it shall be duty of the Additional District Magistrate (Finance/Revenue) to certify, according to the rules, the authenticity and adequacy of stamp used within 7 days of applying along with prescribed fees. If registration is done after a certificate is obtained then no liability will be imposed on the entrepreneur if the stamps used are found to be fake or inadequate.

- 4.2.11 In order to give impetus to industrial development, mutation charges and land-use change charges shall be rationalized.
- 4.3 **Rationalization of Trade-tax Rates and Simplification of Procedures.**
- 4.3.1 Medium and large scale industries will be exempted from payment of entry tax on as follows :-
- a. in 29 districts of Poorvanchal and 7 districts of Uttranchal, for fifteen years;
 - b. in other districts, for ten years.
- 100 per cent Export Oriented Units will continue to be exempt from the entry tax.
- 4.3.2 The rate of interest on the arrears of trade tax will be reduced from existing 24 per cent to 14 per cent on declared tax and 12 per cent on the assessed tax. The system of settlement commissioner will be introduced. A provision for giving advance rulings will also be introduced in place of the existing section 35.
- 6.6.4 The rate of CST will be reduced to 2 per cent from existing 4 percent for new units in the State for ten years from the date of commencement of production.
- 6.6.5 Power bill subsidy equal to trade tax paid by the unit on purchase of raw materials will be given for ten years to all new units in the State.
- 4.3.5 To counter the shortage of power availability, use of Form 3-B on purchase of diesel for generation sets installed by the industrial units will be allowed by the trade tax department.
- 4.3.6 Check posts of all the departments shall be integrated, modernized and computerized within two years. Necessary facilities for the entrepreneurs and traders will be provided at these check posts.
- 4.3.7 Security printed forms of the trade tax department will be made downloadable from the computer by simplifying the process.
- 4.3.8 All functions of the trade tax department will be computerized. In cases, where consessional forms are not available due to closure or sickness of any industrial unit, the assessment will be made on the basis of some alternate proof, like- challans, gate-pass etc., and requirement of the forms will not be overstretched.
- 7.1.2 Industries and traders having turnover of less than Rs. 3 lacs shall be exempt from the compulsory registration with the trade tax department.
- 7.1.3 The provisions of summary tax assessment of the businessmen shall be replaced by provisions of deemed tax assessment.
- 4.3.11 The slabs of rates of tax assessment shall be reduced so as to facilitate the entrepreneurs in upkeep of the records.
- 4.3.12 All goods on which tax is payable will be classified, as there is always a dispute about taxability of unclassified goods which leads to unnecessary litigation. To remove this difficulty majority of goods shall be classified so that there remains no dispute regarding rates of tax applicable to them. As

soon as any unclassified goods comes in the notice of Trade Tax Department, its endeavour will be to classify it as early as possible so that it is taxed accordingly.

4.5 **Special Incentives on establishment of Pioneer Units**

4.5.1 The first industrial units established in every district and having an investment of –

a. Rs. 10 crores, for information technology, bio-technology or food processing units;

b. Rs. 25 crores, for any other unit

shall be declared pioneer units. Such units will be given interest free loan for a period of 15 years instead of 10 years under Industrial Investment Promotion Scheme.

4.6 A cell will be constituted to provide required guidance and legal consultancy to the research institutes and industries for getting their patents and other intellectual property rights registered. A grant of 50 per cent, subject to a maximum of Rs. 5 lacs will be given for obtaining guidance/legal advice from the private firms.

4.7 All new large industrial undertakings employing more than 50 per cent of women employees or employing 500 women on permanent basis will be allowed, within the maximum limit of 10 percent or paid CST and trade tax, an additional 20 percent interest free loan under the Industrial Investment Promotion Scheme.

4.8 All new large industrial undertakings employing more than 25 per cent employees belonging to scheduled castes and scheduled tribes will be allowed, within the maximum limit of 10 percent or paid CST and trade tax, an additional 20 percent interest free loan under the Industrial Investment Promotion Scheme.

4.9 Special incentives on projects involving capital investment exceeding Rs. 500 crores will be sanctioned on a case to case basis by the Cabinet.

4.10 **Rationalization of Interest Rates on Financial Assistance**

4.10.1 Interest rates on PICUP and UPFC loans will be brought at par with the bank/market rates.

Chapter 5—Deregulation

5.1 General Policy

- 5.1.1 Arrangements for self certification and third party inspection will be introduced.
- 5.1.2 Excepting inspection issued on complaints, the industrial units in the State can be inspected only once in a year, in a joint inspection. The rights of the various departments will be delegated to certain officers for their purpose.
- 5.1.3 Inspections on the basis of complaint can be done only after prior approval of the District Magistrate.
- 5.1.4 Various records and returns required to be kept or filed under the different Acts shall be rationalized and brought to the minimum number by integrating them.
- 5.1.5 Surprise inspections of the industries can be done only at the level of DM/HOD, who will ensure inspection under his supervision.
- 5.1.6 The attitude of the administration shall be guiding and helpful. Entrepreneurs' Development Institute will arrange for training in this regard.

5.2 Single Window System

- 5.2.1 The opinion of the DM/ Divisional Commissioner/ Chairman of Industrial Development Authority shall be compulsorily included in the annual confidential record of the departments related to industries.
- 5.2.2 An Act will be passed on the lines of Andhra Pradesh and Karnataka to make Single Window System effective. The Act will provide for an Appellate Board against the departmental decision of refusal for approval/ no objection licence.

5.3 Simplification of Labour Laws

- 7.1.8 Endeavour shall be made to identify necessary amendments in the Industrial Disputes Act, Contract Labour (Regulation & Abolition) Act, Factories Act and other Labour Laws and accordingly the matter will be taken up with the Government of India for their implementation
- 5.3.2 For the economic development of the State, important industrial sectors like agro-based industry, Information technology, Bio-technology, export oriented units, call centers etc. will be declared public utilities under chapter V of the Industrial disputes Act 1947.
- 5.3.3 Similarly, these sectors will be exempted from the application of Chapter VI (Working hours of Adults) of the Factories Act, 1948.
- 7.4.10 System of self-certification will be established under the Minimum Wages Act 1948, Payment of Wages Act, 1936, Contract Labour (Regulation & Abolition) Act, 1970, Industrial Employment (Standing Orders) Act, 1946, Payment of Bonus Act, 1965, Payment of Gratuity Act, 1972, Maternity Benefit Act, 1961, Child Labour (Prohibition) Act, 1986, Factories Act, 1948, Employees Provident Fund Act, 1952, Employees Insurance Act, 1948 Uttar Pradesh Shops & Commercial Establishments Act, 1962. A Committee under the chairmanship of the District Magistrate will identify five percent units randomly and get them inspected.

- 7.4.11 Classes and procedure for determining the minimum wage will be reconsidered based on needs of the industries and the changing industrial environment.
- 5.3.6 Provisions related to working hours, overtime and contract labour will be made industry – friendly.
- 5.3.7 Small scale and Tiny units employing 25 or less workers will be exempted from the provisions of all labour laws (except) Payment of wages and Minimum wages).
- 5.3.8 Contract labour laws will be reconsidered based on the needs of changing industrial and economical environment.
- 5.3.9 Amendmens will be done in UP Shops & Commercial Act based on the needs of call centres, Multiplexes, Shopping Complexes and other round the clock service activities.

5.4 **Simplification of Industrial Laws**

- 8.8.1 Chartered engineers will be appointed under the provisions of section 5(1) of the Indian Boilers Act, 1923, and Chartered engineers will be allowed to :-
 - g) conduct annual inspections of the industrial units;
 - h) grant registration to the industrial undertakings; and
 - i) renew the certificates issued to the industrial undertakings.

Five percent of the units that have taken services of the Chartered engineers will be inspected on random basis and if fault is found action under the appropriate Act will be taken against the Chartered engineers and industrial undertaking.

- 5.4.2 Similarly chartered engineers will be appointed under Standards of Weight & Majors (Inforcement) Act, 1985, Indian Electricity Rules, 1956, Water (Prevention & Control of Pllution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981.

5.5 **Simplification of Pollution Laws**

- 5.5.1 To facilitate industry to identify suitable locations, a State Atlas indicating pollution zones will be prepared.
- 5.5.2 Implementation of the laws relating to the pollution control will be analyzed and rationalized.
- 5.5.3 Non-polluting industries will be identified and will be allowed to start operation without obtaining no-objection from the Pollution Board, while formalities of obtaining no-objection can be completed simultaneously. If Pollution Board has any objections the actions may be taken through State Government.

5.6 **Other Deregulation Proposals**

- 8.9.7 Till now small non-polluting industries were allowed the facility of automatic approval of building maps of an area upto 500 Sq. meters made by authorized

- architects at the stage of submission. Henceforth this arrangement will apply to all types of building maps, excepting hazardous industries.
- 8.9.8 Building maps of Industrial units barring polluting units, in Industrial Area/ Estates will be deemed approved at the time of application in the concerning Development Authority.
- 5.6.3 Entrepreneurs shall be insulated from the land disputes in the Industrial Areas/ Estate. If any dispute arises on the land sold/ leased out by the UPSIDC or any other Industrial Development Authority, then the case shall be against the Corporation/ Authority as the case may be, and the entrepreneur shall not be required to fight the case.
- 5.6.4 It will be made compulsory to inquire from PICUP/ UPFC about the existence of any charge before allotment of any plot is cancelled.
- 5.6.5 In case, allotment of a plot is cancelled, the money deposited by the entrepreneur shall be refunded with interest.
- 5.6.6 Acquisition of land settled for future extension of industries hampers further extension of industries and time and money of the entrepreneur is wasted in getting land released. Henceforth, no such land will be acquired.
- 3.3.3 The process of land acquisition will be made time bound so that industrial projects can be timely established and investment is booted.
- 5.6.8 The Government Order concerning acquisition of land was issued in 1984, when establishment of public sector undertaking had the highest priority. After 20 years, in the wake of liberalization the policy has seen a paradigm shift in favour of private sector investment, and the policy of establishing public sector units has been done away with. In view of this, the requisite changes in the said GO will be made, and acquisition of land for the industries shall be given priority and the land will be made available to the industry at a single price. Cases involving exchange with Gaon Sabha land will be approved by the DM on priority basis. Land use charge will be simplified and it shall be deemed to have been approved after 30 days from application, if the application has not been disposed of.
- 5.6.9 The compulsory condition of employing the land owner or any member from their family and rehabilitating them in case of acquisition of land shall be dropped.
- 5.6.10 An advance ruling cell will be created by every department from which the entrepreneurs can obtain advice on payment of a prescribed fee. The entrepreneurs shall not be responsible for any penalty or retrospective tax/ interest/ or other dues for any act done in accordance of such advice.
- 5.6.11 Chief Industrial Development Officers will be posted in selected Industrial Districts, who will be given powers corresponding with the Commissioner of SEZ.
- 5.6.12 It shall be compulsory to give a 30 days notice to District Udyog Bandhu before any recovery certificate is issued or action under section 29 is initiated by any financial institution, so that the entrepreneur gets an opportunity to represent his case before an independent forum.
- 5.6.13 Rates of Stamp Duty and recovery charges for recoveries made by the financial institutions shall be rationalized. In case of recoveries made by the district administration against recovery certificates issued under these provisions, recovery charges will be levied only on the actual amount recovered or the OTS amount determined after issue of recovery certificate. Similarly stamp duty and registration charges will be levied only the sale price

- of the property auctioned by the Financial Institutions for recovery of the loans and interest due and no cognizance of district's circle rate will be taken for the purpose.
- 1.8.2 Truck unions shall have no right to determine minimum freight rates. Any attempt by truck unions to impede the use of trucks other than the local trucks will be viewed seriously, and severe action will be taken against them.
- 1.8.3 Investments by UPFC & PICUP in various undertakings will be transferred to private sector through a transparent procedure. The policy will continue in future that as soon as the private sector undertakings become self-sufficient, investment in such undertakings by government/semi-government institutions will be transferred to private sector through a transparent procedure.
- 5.6.16 Disinvestment in Public Sector Undertakings will be expedited.
- 5.6.17 A meeting of product specific industrial associations will be called every week at the level of Industrial Development Department/ Udyog Bandhu. Points raised at these meetings will be sorted out expeditiously.
- 2.2.8 A special task force consisting of IAS, PCS officers and Senior officers from Industries and Tax and Registration Deptt. will be constituted under the Chairmanship of the Industrial Development Commissioner. This task force will investigate the cases of harassment of entrepreneurs and traders and propose action against the delinquent officers.
- 2.2.9 Computer centres situated at the Directorate of Industries and DICs will be strengthened to facilitate exchange of information through internet and availability of entire knowledge base at one place for industrialists.
- 2.2.10 Udyog Bandhu meetings will be held quarterly at Hon'ble Chief Minister's Level.
- 2.2.11 The State Govt. gives assurance to all Industrialist for a respectful behaviour. All the industrialist will be looked at as special person and will be provided help and respect at all levels. VIP cards will be issued to special industrialist so that they may enter any government. office and will be given priority. Provision for awarding industrialists for giving very special contribution.

Chapter 6—Export Promotion

6.1 Exporters' Charter

6.1.1 State Government will make an Exporters' Charter, clearly indicating therein its duties towards exporters and the steps proposed for the growth of exports. Exporters classified on the basis of quality, capital investment and annual turnover will be allowed certain prescribed exemptions and duty drawbacks.

6.2 Master Plan for Export Oriented Cities

6.2.1 A master plan will be developed for every export oriented city/town and infrastructure requirements will be identified. After these infrastructure shortages are identified, an effort will be made to create them on priority basis.

6.3 Strengthening of the Office of Export Commissioner

6.3.1 The Export Promotion Bureau will be developed into an important central point for assistance and information to the exporters through an MOU with PHD Chamber of Commerce & Industries, DGFT and different Export Promotion Councils.

6.3.2 Office of Additional/Deputy Export Commissioner will be created at Agra, Varanasi, Moradabad and Lucknow. Young professionals, like-MBA or MA (Economics) will be posted in these offices to sort out, through the office of Export Commissioner, problems faced by the exporters.

7.1 Freight Subsidy

Freight Subsidy will be applicable on the import of raw material used in export products.

7.2 Marketing Assistance

The marketing assistance being provided to exporters will also be applicable to export houses.

6.6 Other Proposals

6.6.1 Every exporter having a turnover of Rs. 10 crores and above will be motivated to adopt and maintain one public service. Such public service will be named after the exporter/exporter's firm.

6.6.2 Any custom sealed consignment for export can not be checked by any department during transportation. If such a need is felt, a checking after informing the customs officers can be made at the destination. If any officer violates this provision he shall be compulsorily punished. Charge sheet filed by the concerned department in other cases shall be disposed off within a maximum of 30 days, thereby facilitating the entrepreneur to concentrate on productive work.

- 6.6.3 Exporters' association's will be given due representation in the meetings organised at the local and State level.
- 6.4.1 Exporters will be given a "Green Card", which will enable them to have a preferential treatment at the trade-tax and other check posts.
- 6.4.2 **Setting up of Advisory Council**

An advisory Council of exporters will be set up.

Chapter 7—Industry Specific Policies

7.1 Small Scale and Tiny Units

(Policy has been issued separately, important points of which are)

Objectives

- To make U.P. attractive to industrialist for investment
- To encourage private and Govt. participation in industrial and social development
- To create industrial friendly atmosphere for industry from providing information to implementation of the industry.
- Developing necessary infrastructure
- To provide for Technical upgradation, design and marketing assistant.
- Integrated development of the whole cluster in case of cluster based industries.
- Rehabilitation of sick small scale industries
- Establishment of design, marketing and technical institutions for encouragement of small industries and handicraft development.

7.1.1 New small scale and tiny units in 29 districts of Eastern Region and 7 districts of Bundelkhand will be given capital subsidy equal to 10% of this capital investment subject to a maximum of Rs. 5 lacs. A Capital Subsidy Fund of Rs. 250 lacs will be created for this purpose and budget provisions will be made in the coming years according to the felt needs. SC/ST/ women entrepreneurs shall be given additional 5% capital subsidy (total 15% subject to a of Rs. 7.5 lacs).

4.3.9 New small scale and tiny units will be given interest subsidy of 5% (subject to a maximum of Rs 2.5 lacs annually) for 5 years on loan from banks/financial institutions.

4.3.10 Following facilities will be given under the scheme of U.P. Small Industries Technical Upgradation Scheme:-

(a) 50% subsidy (Subject to maximum of Rs. 2.5 lac) shall be admissible to Small Scale units on purchase/import of technic know-how from recognised Government institutions, for improving their production capacity.

(b) Capital subsidy of 50% (subject to maximum of Rs. 2.00 lac) shall be payable to the industrial units of the cost of additional machinery for increasing their production capacity.

(c) In case of loan availed for purchase of machines and equipments, (as mentioned in above clause) from Finance Corporation or Banks, on interest subsidy at the rate of 5% per annum (upto a maximum of Rs. 50,000/-) for five years, shall be provided.

(d) 50% subsidy (subject to maximum of Rs. 2.00 lac) will be provided for obtaining ISI or ISO standardisation.

(e) 90% subsidy (upto maximum of Rs. 50,000/- will be provided to units for obtaining consultancy for production skills/market & technical study from recognised institutions.

4.3.11 Industrial Estates under the Director of Industries will be made free hold and free-hold premium/one time maintenance premium may be recovered from the entrepreneurs to create an Industrial Estate Infrastructure Development fund which will be at the disposal of a committee comprises of entrepreneurs.

7.1.5 Purchase of technology and provision of common facility centres will be amanged through ASIDE Scheme

7.1.6 District level Shram Bandhu will be set up under the chairmanship of D.M. having members of industries associations and DIC. Complaints will be heard and resolved by Shram Bandhu and inspections can be done only when anthorised by Shram Bandhu. Whenever any inspection is found necessary by Shram Bandhu, inspections will be conducted jointly including members of industry associations and DIC.

7.1.7 Publicity of Uttar Pradesh will be made through an interactive website by the greater use of information technology. Availability of land & skilled manpower, Industrial Market and potential, project profile, loand and technology-institutions, information about law and government orders database of tenders in Govt. purchases will be made available on this website. Success stories of Industry Sector will also be compiled and publicise through this website.

7.1.2 Monthly teleconferencing/ video conferencing will be organised enabling entrepreneurs through out the state to interact with senior officers and professionals.

7.1.9 **Change in Land use**

Small scale and tiny units shall be exempted from land use change charge for change of agricultural land to industrial purpose.

7.1.10 Stamp duty will be admissible to Industrial Estates of UPSIDC as applicable to the plots of Industrial Estates of Directorate of Industries.

7.1.11 While Fixing the circle rates, circle rates for the Industrial purposes will be declared separately.

7.1.12 The help will be provided in line with the policy to ensure cluster based Industrial development, including common facilities, quality improvement, technology upgradation brand establishment, market expansion capacity extension. 25% participant from the Private Sector will be must for such schemes.

7.1.13 A system of providing testing and certification facilities to small scale and tiny units, specially those which want to contribute in the field of exports, will be established by the State Government. Special incentives will be given to the private sector for development of these facilities. ISO/ ISI certified goods produced by SSI/ tiny units will be given preference in government purchase.

7.2 **Handloom Industry**

(Policy has been issued separately, important points of which are)

7.2.1 Objectives :-

- (a) to fulfil the requirement of cloth for both domestic and export markets;
- (b) to provide job opportunities to the poor of our society belonging mainly to the minorities and scheduled castes;
- (c) to sustain and strengthen the traditional knowledge, skills and capabilities of weavers, to revitalize the institutional structure to enrich human resource skills and capabilities;
- (d) to modernize the sector and upgrade the technology.

7.2.2 The Tenth Five Year Plan has proposed a focus on cluster development of industries as a structural change. In Uttar Pradesh 31 weaver clusters have been identified as per this policy. Inputs in the nature of not only looms, but technical skills, design, common facilities centre and other infrastructure specific to each cluster will be provided for overall development of the handlooms in the area. Support through schemes by Government of India will be an essential component in this development.

7.2.3 The strategy of strengthening of the handloom sector only through co-operatives, which forms only 20 per cent of weavers, was followed during the Ninth Five Year Plan. Henceforth private sector and non-co-operative weavers/handlooms will be primarily promoted.

7.2.4 There is almost a total vacuum in the field of reliable data in the handloom sector making it imperative to establish an effective MIS for the sector. Giving priority this work a detailed database will be collected containing following information :-

- a) weavers and weaver families;
- b) handloom clusters;
- c) product varieties and regional traditions;
- d) details of suppliers of raw-materials
- e) designs, patterns and other intellectual properties;
- f) list of exporters;
- g) list of buyers; and
- h) information about marketing events.

7.2.5 The rates of trade tax on raw material for handloom industry will be rationalized after studying rates prevailing in other states.

7.2.6 Dyes and chemicals are supplied through National Handloom Development Corporation. AZO free dyes and eco-friendly colours and chemicals will be encouraged through direct purchase.

7.2.7 A textile centre is under implementation in Gorakhpur under the Textile Centre Infrastructure Development Scheme of the State Government, for which Gorakhpur Industrial Development Authority has been identified as

- nodal agency. The main objective of this centre is to provide future entrepreneurs with training and all other facilities in improved looms and design-development and processing technique.
- 7.2.8 Jan shree Insurance Scheme has been started for weavers along with LIC and Govt. of India, which provides assistance in case of death and incapacity.
- 7.2.9 Uttar Pradesh Handloom Corporation will be revitalized by capital infusion, reduction in manpower and renovation of showrooms under Deen Dayal Handloom Promotion Scheme. For fulfilling market requirements, design development will be taken up as the main activity with the help of NIFT. UPICA will also be revitalized on similar lines.
- 7.3 **Khadi & Village Industry**
(Policy has been issued separately, important points of which are)
- 7.3.1 Areas / Districts will be identified for Herbal plants, pottery, leather, food processing and handicraft units and they will be provided integrated facilities of product development, new designs, marketing, raw material and technology.
- 7.3.2 It will be ensured that the products of those units are compulsorily included in national and international exhibitions, fairs organized at block or district level and special incentives will be given for display and marketing of the products.
- 7.3.3 An Export Processing Loan Fund will be created to export products of hand made paper industry. Special arrangements will be made for display and marketing of Khadi & Village industry products for foreign tourists, specially on Buddhist Tourism Circuit.
- 7.3.4 Special facility will be provided for establishment of Khadi & Village industry units for SC, ST, BC, Women and ex-servicemen
- 7.3.5 Loan will be provided to Khadi & Village industries in rural areas, specially in the programmes of development of new infrastructure facilities, from the banks without any security/ collateral security.
- 7.4 **Information Technology Industry**
(Policy has been issued separately, important points of which are)
- 7.1.2 Objectives
- 7.4.1.1 The State Govt. is committed for achievement of the following targets in the field of information technology.
- g. Bringing IT to masses
 - h. Accelerate the use of information technology in schools, colleges and educational institutions
 - i. Spurring the Domestic demand for software, hardware and services
 - j. Making Software, Electronics/IT Hardware and ITS/ITES Sectors globally competitive and thereby increasing export earnings
- 7.4.2 Electronic cities at NOIDA and Agra and a Cyber City at Kanpur by NOIDA/UPSIDC, IT/WEBCITY at Greater NOIDA, are proposed to be built.

- 7.4.3 Software Technology Parks at NOIDA, Moradabad, Agra, Lucknow, Kanpur, Allahabad and Varanasi will have provision for internet gateways
- 7.4.4 The State shall aim to become a piracy free state and will actively support Central Government initiative in this direction.
- 7.4.5 Providing necessary manpower to the IT sector to improve the employability of the residents in IT.
- 7.4.6 Preferential allotment of land will made for IT industry by NOIDA/Greater NOIDA, UPSIDC/Development Authorities in the state.
- 7.4.7 Encouragement to captive power generation in IT locations. Units with 5 KVA power requirement can be set up anywhere irrespective of master plan or land use classifications.
- 7.4.8 I.T. units in Information Technology Parks and STPs will be charged the same power tariff as the SSI.
- 7.4.9 Complete exemption to software industry from the provisions of Pollution Control Act both for air and water pollution.
- 7.1.2 IT units in the State who fulfil the price and quality requirements wwill give priority in government purchase.

1.8 **Bio-technology**

(Policy has been issued separately, important points of which are)

- 1.8.1 A high powered Bio-technology Development Board under the chairpersonship of the Chief Secretary to promote the biotechnology industry, Secretary, Science & Technology will be its Member/ Secretary.
- 1.8.2 Bio-technology Development Cell will be created for effective co-ordination with Government of India. This Cell will also work as Secretariat for the Board.
- 1.8.3 Bio-technology Areas/ Cities will be developed in Lucknow and NOIDA. These areas/ cites will provide necessary infrastructure and opportunities to scientists, engineers and consultants interested in setting up an industry.
- 1.8.4 The State Government will specially promote such bio-technology industries which have a high export potential and which promote the development of entire bio-technology world.
- 1.8.5 Bio-Technology Development Board will meet at least once in a year and will monitor the effective implementation of the policy.
- 1.8.6 Following exemptions/ incentives will be provided to the units working in the field of bio-technology:-
 - 1.8.6.1 Entry Tax exemption will be provided on the necessary inputs for construction of the units. This exemption will also be available on capital goods and captive generation sets. This exemption will be for 15 years.
 - 1.8.6.2 Exemption from electricity duty for seven years will be allowed to the units who have installed captive generation plants.
 - 1.8.6.3 Bio-Technology units have specific requirements in pollution control measures. The state Pollution Board will work as a facilitator for these units.
 - 1.8.6.4 Registered bio-technology units situated in a declared bio-technology park or industrial area shall be allowed an exemption of 50 per cent is FAR as compaired to current rules: This facility may also be provided upto 25 per cent at other places on a case to case basis after considering population density. Infrastructure and pollution concerns.

- 1.8.6.5 All bio-technology units will be fully exempted from payment of stamp duty and will be provided the facility of paying registration fee at Rs.2 per thousand.
- 1.8.7 The State Government will promote development of cluster development facilities and bio-technology parks in private sector. The State Government will provide necessary aid/ subsidy/ capital participation from the IIDF.
- 1.8.8 The State Financial Institutions will provide finance to bio-technology units on a priority basis. Specially, financial and managerial assistance will be provided in the initial stage of the unit as incubation facilities.
- 1.0 **Mines and Mineral**
Policy is being proposed seperately
- 7.7 **Food Processing Industry**
Policy is being proposed separately
- 7.8 **Tourism Policy**
(Policy has been declared separately)

Chapter 8—Special Policy for Service Sector

- 8.1 State Government will promote private sector enterprises in the services sector, like- hospitals, medical and dental colleges, educational institutions, call centres, multiplexes, cinema halls, shopping malls, entertainment centres etc. No-objection certificates/ licences required from the State Government shall be issued on a priority basis.
- 8.2 Like infrastructure facilities, the enterprises of following categories in Service Sector too shall get 100% exemption in stamp duty in purchase of immovable property or taking property on lease and registration facility @ Rs.2/- per thousand (maximum limit Rs.5000/-) shall be provided to them:-
- (a) Multi Facility Hospitals established in any part of the State having capacity of minimum 100 beds having the prescribed area for medical facilities.
 - (b) Hospitals set up in the state having super-speciality facilities as per prescribed norms.
 - (c) Hospitals at Block Development Headquarter (other than District & Tehsil Headquarter) having established capacity of minimum 50 bed and having prescribed facilities.
 - (d) Hospitals set up in Rural areas other than Block Development Headquarter having minimum capacity of 30 beds.
 - (e) Information Technology/ Technical Training Institutes established at Block Development head quarter (Not being a district headquarters) having minimum 75 students / apprentices where courses approved by State Govt. are being taught.
 - (f) Such Medical & Dental Colleges other educational institutes, Multiplex Cinema halls, Shopping Malls and Entertainment Centres having investment in building and Machinery not less than Rs.10.0 crores, and having prescribed facilities and fulfilling prescribed conditions.

In case the land is acquired by the State Government for the above purpose, acquisition charges shall be exempted.

- 8.3 No entry tax shall be payable on plant & machinery used in investment of above kind.
- 8.4 To promote such investments, exemption in Development Fee, Malba Fee, House tax, Water & Sewage Tax and for all other taxes / fees chargeable by Development Authority/ Local Authority, for 5 years will be allowed.

8.5 An exemption from electricity duty shall be allowed for all the above investments for 10 years from the date of establishment.

8.6 Cinema halls and entertainment centres will be allowed to sell eatables within their premises.

7.1 Participation by Private Sector in following will be encouraged

- Solid Waste Management
- Collection & disposal of garbage sullage
- Disposal of waste
- Energy production by organic waste
- Supply of water & electricity
- Provision of street lighting
- City roads and drainage

To make it successful the State Government will provide necessary schemes and policy in the form of a Memorandum of Understanding and such format shall be made available to local authorities.

7.1 Incentives to Cinema halls and Multiplexes

(Detailed policy is attached separately). Important points are as follows :-

8.8.1 A subsidy of 50% of amount invested in air conditioning, air cooling, purchase of generator sets, modernization of sound system, changing of entire furniture and false ceiling by the cinema halls will be given on the condition that such cinema hall can keep the amount of entertainment tax collected above the last years collection, till such amount equals the amount of 50 per cent given as subsidy;

8.8.2 Taking population data of 1991 census, an exemption of 100 per cent of entertainment tax for five years will be given to new permanent cinema halls in areas having a population of not more 1 lac. Similarly new cinema halls in areas having a population of more than 1 lac will be allowed an exemption of 100 per cent for first 3 years and then of 50 per cent for next 2 years. This exemption will be granted to only those new cinema halls whose construction does not make number of cinema halls in the area exceed the limit given below:-

1.	Population upto 25,000	1 Permanent Cinema hall
2.	Population of more than 25000 upto 50,000	2 Permanent Cinema halls
3.	Population of more than 50,000 upto 75,000	3 Permanent Cinema halls
4.	Population of more than 75000 upto 1,00,000	4 Permanent Cinema halls
5.	Population of more than 1 lac upto 3 lacs	5 Permanent Cinema halls
6.	Population of more than 3 lacs.	6 Permanent Cinema halls

8.8.3 Multiplex cinema halls developed with new technique of film presentation and making capital investment of more than the prescribed amount will be allowed on exemption of 100% of entertainment tax for five years.

8.8.4 State Government will make efforts to eliminate piracy and Uttar Pradesh will be made a piracy free State.

7.2 Development of High-tech Townships

(Detailed policy has been declared separately), the important points are as follows :-

- 8.9.1 It is proposed that for promoting development of such townships in the private sector, involving a minimum investment of Rs.750 crores (during the five year time frame) and a land area of about 1500 acres for each project, there should be special investment package which should include the following:-
- 8.9.2 Reputed and experienced developer companies (as defined under section 3 of the Companies Act, 1956) shall be invited to avail this package. The Developer Company shall be selected on the basis of its financial capacity, technical capability, experience and concept with Pre-feasibility Report in accordance with predetermined criterion and laid down procedure. To avail this package the Developer Company must have a minimum annual turnover of Rs. 100 crore for the last three years.
- 8.9.3 The total cost of land would be borne by the developer company; however, 10% acquisition charges levied by the Collector shall be waived in this package.
- 8.9.4 The developer shall be exempted from stamp duty for initial purchase or transfer of land, which will be on a lease hold title for ninety years. Stamp duty charges on the properties sold after the development and freehold conversion charges at the rate of 12 percent of the lease premium of the land shall be payable by the developer to the concerned acquiring body at the time of subsequent sale/freehold conversion.
- 8.9.5 The township shall be developed according to the norms and standards prescribed in the Urban Development Plan Formulation and Implementation Guidelines of Ministry of Urban Development, Govt. of India, Master Plan Guidelines and the Building Bye-laws for the time being in force. The proposed township shall be environmentally sustainable.
- 8.9.6 Land for community facilities such as police stations, fire station, post office, telephone exchange, etc. shall be provided free of cost. by the developer company. Police station in the township on earmarked land will be established free of cost by the State Government.
- 7.1.2 The developer shall maintain the services till they are transferred to the local body and shall have right to collect maintenance charges. The local body shall not collect house tax, water tax, and sewerage tax from the township till it takes over the operation and maintenance of the services.
- 7.1.3 Traditional Treatment Centres will be established at places like Allahabad, Chitrakoot, Bahraich, Lucknow, Agra and Mathura.

Chapter 9—Training

9.1 Training of Entrepreneur and Human Resource Development

- 9.1.1 A scheme will be implemented in which the benefit of specialization of the State's technical training institute's, like; IIT, GIT etc. will be made available to the industry. For this purpose, the employees of industries will be given a 10 per cent reservation, so that they can get admission in the institutes without appearing in the admission tests. The scheme of Learn and Earn will be effectively introduced so that these institutions do not suffer from shortage of resources.
- 9.1.2 Export Promotion Bureau will provide financial assistance for training of exporters and persons nominated by them in famous institutes of the Country, like; Footwear Design and Drawings Institute, NOIDA.
- 9.1.3 To facilitate larger participation by the Private Sector in programmes of Human Resource Development, the State Government will create a Human Resource Development Fund. Manufacturing companies will contribute to this Fund in the following ways :-

Companies employing 50 or more persons	1 percent of their monthly wage bill
Companies employing more than 10 but less than 50 persons.	½ percent of their monthly wage bill

The State Government will contribute an amount equal to double of that contributed by the company. Every participating company will be permitted to receive three times of the contributed amount from the Fund for training and development of its employees. The companies will be encouraged to participate in the scheme voluntarily.

- 9.1.4 The State Government will promote special training institutes with Public/Private cooperation which will fulfil the requirements of the small and tiny sector units. Infrastructure facilities in these institutes will be created by the State Government while the management will be given to the industrial associations.

Chapter 10—Non-Resident Indian’s Investment

- 10.1 There is immense potential for attracting investment in the State from the Non-resident Indians. Entrepreneurial skills and capabilities of NRIs belonging to Uttar Pradesh have earned worldwide recognition. To attract these NRIs to invest in the State attractive environment for NRI investment shall be created. To make the procedure of investment by NRIs simpler, adequate changes in rules and procedures will be introduced.
- 10.2 Development of infrastructure facilities; like- Power, Roads, Bridges etc., needs large scale foreign investments. The State Government will attract foreign investment in large quantum and will create an environment making Uttar Pradesh the best investment destination in India.
- 10.3 NRIs belonging to Uttar Pradesh will be encouraged and persuaded to invest at large in the State. This investment will be attracted in the field of land development, infrastructure, mining and services sector. Proposals of NRIs shall be processed on highest priority. The work of approving these proposals will be executed by the State level Udyog Bandhu.
- 10.4 **NRI Commissioner for providing Information and Escort Facilities.**
- 10.4.1 Under the first phase, the work of co-ordination with and providing escort facilities to NRIs was done by the Uttar Pradesh Investment Centre, New Delhi. Under the new scheme, the head of this Office has been nominated as the NRI Commissioner.
- 10.4.2 To effectively implement this work, a dedicated survey of NRIs will be conducted and they will be invited to invest in Uttar Pradesh by pro-active contact with them. Considering the patriotic feelings of NRIs, they will be motivated to upgrade local infrastructure or to help in the social sector in their village/town/city.
- 10.5 **Foreign Direct Investment (FDI)**
- 10.5.1 Uttar Pradesh shall be made an important destination for FDI in India. In addition to existing facilities, large companies and international agencies will be allotted large plots of land to facilitate establishment of their industrial units and development of infrastructure facilities of international standards.

Chapter 11—Rehabilitation of Sick Units

11.1 Policy for Rehabilitation of Sick Units

- 11.1.1 Industries, which are basically viable but have become sick due to certain reasons, shall be rehabilitated and revived. A special package will be prepared and implemented after creating a detailed database of such units.
- 11.1.2 Small Industries Revival Scheme started under the previous policy will be implemented with more vigour.

- 11.2 Creation of Small Industrial Units Rehabilitation Board
 - 11.2.1 Uttar Pradesh Small Industrial Units Rehabilitation Board will be created for effective resolution of the increasing problem of sickness in the small sector and tiny units.
 - 11.2.2 An approved panel of consultants shall be enlisted under the jurisdiction of the Board. These consultants will prepare rehabilitation package according to the expectations of the Board, which shall be binding on all concerned departments. 50 percent of the consultancy charges will be contributed by the Board while the rest 50 per cent is to be borne by the industrial unit.
 - 11.2.3 In the first phase, a “Rehabilitation Fund” for Rs. 50 lacs will be created. For successful implementation of the Scheme and creation of the Board, Small Industries Rehabilitation Act will be passed. Units to which rehabilitation package is sanctioned shall be eligible for all benefits available to the new units.

Chapter 12—Monitoring

12.1 State Level Monitoring Committee

12.1.1 A State Level Committee (SLMC) will be constituted for monitoring the implementation of the Policy.

12.1.2 State Level Monitoring Committee shall have the following members :-

1.	Chief Secretary	Chairperson
2.	Industrial Development Commissioner and Principal Secretary, Industrial Development	Member
3.	Principal Secretary, Power	Member
4.	Principal Secretary, Public Works	Member
5.	Principal Secretary, Finance	Member
6.	Principal Secretary, Planning	Member
7.	Principal Secretary, Revenue	Member
8.	Principal Secretary, Tax & Registration	Member
9.	Commissioner & Director of Industries	Member
10.	Executive Director, Udyog Bandhu	Member/Coordinator

The Chairman and other officers shall be invited as special Invitee on need basis.

12.1.3 the SLMC will meet on second Thursday of every month. In this meeting the SLMC will evaluate the up-to-date status of implementation of the Policy and accordingly chalk out any further action required. The SLMC will identify the factors impeding the effective implementation of the Policy and remedy them. In addition, the SLMC will also propose action against the officials responsible for ineffective implementation.

12.2 Udyog Bandhu

12.2.1 The Udyog Bandhu will perform the role of advisor to the SLMC. It will collect information from the DLMCs and present the same before the SLMC with its analytical comments.

12.3 Division Level Monitoring Committees

12.3.1 In every Division, a Division Level Monitoring Committee (DLMC) will be created under the Chairpersonship of the Divisional Commissioner for evaluation and monitoring Policy's implementation. The Joint/Additional Director (Industries) will be its member/secretary and it shall have three other officers as members who shall be nominated by the Divisional Commissioner.

12.3.2 the DLMC will resolve the problems faced in the effective implementation of the Policy by keeping in touch with the industrialists, traders and other service providers operating in the Division and if action is required at higher level the information will be provided to Udyog Bandhu, so that, the matter can be put before the SLMC.