

**Industrial  
Investment and Employment  
Promotion Policy of Uttar Pradesh  
2017**

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## 1. Background

### 1.1. India: A rising global economy

India is one of the key Asian economies driving the global growth. It has been one of the world's fastest growing large economies on the verge of having its largest and youngest ever workforce; and, in a decade's time, set to become the world's most populous country. This presents plethora of new opportunities as well as poses challenges that the country must face up to.

From an industrialisation point of view, India's huge domestic market, increasing GDP growth and the ability to withstand global recessionary trends make it an attractive destination for investments from world over. Catalysing them are the recent initiatives of the Government of India towards creating a nationwide thrust to domestic manufacturing through 'Make in India', fostering innovation, enabling a pro-business regulatory environment, developing skills, protecting Intellectual Property (IP) and building best-in-class manufacturing infrastructure. To respond to these opportunities, country has to undertake concrete steps in the form of providing training to its workforce; generating employment opportunities for its workforce; ensuring inclusive economic development and economic upliftment of its citizens; ending regional disparities; protecting environment and ensuring its carbon emission targets and at the same time ensuring that it continues its growth momentum sustainably.

### 1.2. Uttar Pradesh: A potential economic growth engine

Uttar Pradesh, often described as the heartland of India, is spread across 2, 40, 928 square kilometres and has 18 divisions, 75 districts and 821 community development blocks<sup>1</sup>. It is the fourth largest state in India in terms of land area covering 7.3 percent of the country's geographical area. The state has a population of 19.98 crores (as per 2011 census) which is around 16.5% of India's population and is the highest amongst all Indian states. With a GSDP of Rs.11, 45, 234 crores in 2015-16<sup>2</sup>, Uttar Pradesh is the third largest economy of India contributing 8.4% to the country's economy.

The economy of Uttar Pradesh is primarily dominated by the tertiary sector, followed by primary and secondary sector. The state is known as the food basket of India as it

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<sup>1</sup> UP State Annual Plan 2016-17

<sup>2</sup> UP State Annual Plan 2016-17

is the leading producer of sugarcane, pointed gourd, peas, potato, muskmelon, watermelon, pumpkin, milk and milk products in the country. The state has the highest number of Micro, Medium and Small enterprises (MSMEs) in India<sup>3</sup>. The state has a number of locally specialised business clusters such as sports items in Meerut, brassware in Moradabad, perfumes in Kannauj, leather in Kanpur, shoes in Agra, embroidered sarees in Varanasi, carpet in Bhadohi, chikan work in Lucknow etc. Uttar Pradesh is also amongst the top manufacturing destinations in India contributing more than 8% of national manufacturing output. The state is a leading electronic hardware exporter in the country and has also emerged as a key hub for IT/ ITeS and service sector including software, captive business process outsourcing (BPO) and R&D services. The tertiary sector has been driven by trade, hotels, real estate, finance, insurance, transport, communications and other services.

### **1.3. Industrial Investment & Employment Promotion Policy of Uttar Pradesh 2017: Core Intentions**

The Industrial Investment & Employment Promotion Policy of Uttar Pradesh 2017 will strive to leverage the inherent strengths of the state while developing new ones and tackling its underlying weaknesses considering the economic dynamics at play at the Indian, Asian and the Global level. The policy will aim to create a framework to stabilize and make existing industries more competitive as well as attract and realize new international and national investments in the industrial sector. The core intentions of the policy are –

- 1.3.1** Create a framework for industrial growth that empowers people and create jobs, thus leading to a ripple effect in the economy
- 1.3.2** Create a roadmap in the State for improving its ability to attract and facilitate business.
- 1.3.3** Provide a reference point for intra-governmental and public-private coordination of policies, laws and principles of economic development.
- 1.3.4** Stimulate institutional learning that comprises state-industry interactions.

## **2. Vision of the policy and implementation**

The vision of the Industrial Investment & Employment Promotion Policy of Uttar Pradesh 2017 is to establish Uttar Pradesh as a nationally and internationally competitive investment

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<sup>3</sup> Department of MSME, Government of Uttar Pradesh

destination thereby generating employment and igniting sustainable, inclusive and balanced economic growth of the state

### **2.1. Mission**

- Increase capital investments in the state
- Provide quality infrastructure for industries to flourish
- Promote ease of doing business to create business friendly environment
- Generate maximum direct and indirect employment and self-employment opportunities for both skilled and unskilled workforce
- Skill the workforce of the state to ensure employability and empowerment
- Provide pro-active support to micro, small and medium enterprises
- Promote the spirit of innovation and incentivize entrepreneurship among youth
- Ensure balanced, sustainable and inclusive economic development
- Ensure effective implementation of the policy

### **2.2. Strategies to achieve the vision**

The GoUP will strive to achieve the vision through the following strategies

- Enabling infrastructure – Developing new infrastructure and upgrading existing ones
- Employment generation – Creating opportunities
- Fiscal incentives – Attracting investments
- Ease of doing business - Creating a conducive industrial environment
- Make in UP – Leveraging the success of Make in India
- Skilled Manpower – Reaping the benefits of demographic dividend
- Innovation – Promoting Start-Ups
- Micro, Small & Medium Enterprises – Ensuring all round industrial growth
- Sectoral approach – Benefitting from sectors of strength
- Sustainable & Inclusive growth – Ensuring clean & balanced distribution of economic growth
- Investment Promotion and marketing ‘Brand Uttar Pradesh’.
- Domestic & Global Environment – Gaining from external factors and being responsive to them

### **2.3. Implementation of the policy**

- 2.3.1 This policy will come into effect on the date of its notification and will remain in force for the period of 5 years.
- 2.3.2 If at any stage a situation arises which necessitates any amendment or supersession of the policy, only the cabinet will be authorised to approve such amendments/ supersession.
- 2.3.3 In case of any amendment in this policy, if any package of incentives is already committed by the state government to any unit, will not be withdrawn and the unit will continue to remain entitled to the benefits.
- 2.3.4 Units for which any package of incentives has already been committed by GoUP under IIP 2012 will continue to remain entitled to the benefits.

### **3. Enabling infrastructure – Developing new infrastructure and upgrading existing ones**

Availability of an enabling and resilient infrastructure is one of the crucial backbones of industrial growth. It not only reduces operation costs of businesses, but also rebalances the economy and leads to higher growth and living standards.

However, such resilient infrastructures which are aligned to the growth objectives of the state and can prove to be transformative in the long run, often cannot be provided by the private sector. The GoUP is committed to create and make available such facilities. The Government realises the importance of private investments in achieving this objective. Hence it will also strive to create a regulatory environment which can unlock private investment in new & existing infrastructure of the state and support long term growth. The Government through this policy also intends to align the planning of infrastructure more effectively with the local growth requirements.

As a key pillar of its industrial growth strategy, the GoUP will focus on the following economic infrastructures –

#### **3.1. Land**

Availability of land is a primary requisite for sustainable industrial development. The State has substantial availability of both government and private land parcels for industrial development.

In order to further enhance the rate of industrialization, the State Government will identify vacant land that can be used for the purpose of Land Banks for industry in industrial areas/ zones. This policy will endeavour to subsequently make available these land parcels at competitive price to the investors.

The Government will plan infrastructure in existing and new areas in line with industry requirements. The existing industrial areas will be expanded as needed and new industrial areas will be developed with necessary industrial infrastructure. Such industrial infrastructures will be developed at all regions for balanced and equitable growth based on the geographical strength and after assessing the demand. Rules relating to allotment and management of land will also be rationalized and made investor friendly including land use change.

### **3.2. Promoting Industrial Parks/ Estates**

#### **3.2.1. Developing new industrial parks and upgrading existing ones**

Industrial Parks/ Estates provide integrated facilities to industries and its robustness contributes towards the increase in industrial efficiency. This policy seeks to develop new industrial parks and upgrade the existing ones with an aim to attract new industries and provide quality facilities to the existing industries. Quality infrastructure facilities will also be planned in industrial lands near notified industrial estates and clusters. The state will focus on developing Food Park, IT Park, Textile Park and Pharma Park. Industrial parks around major expressways, national highways and state highways will be established. The GoUP will also promote country specific industrial parks to attract FDI.

Establishment of logistics facilities including Truck terminals and accommodation facilities for employees in all the major industrial parks will be promoted. Provision of assistance for upgrading existing infrastructure in industrial estates/ parks developed by the state industrial development authorities and corporation will also be made.

#### **3.2.2. Promoting Private Industrial Parks/ Estates**

The policy intends to encourage private sector for setting up of industrial estates and specialized Industrial Parks to promote sector-specific economic activity and generate employment. The policy will emphasise providing financial assistance to the developers of such estates/ parks and assist in identification of suitable land to accelerate investments in a planned manner by providing plug & play facilities to industries. The Developers will be encouraged to provide adequate logistics facility to the industries including Truck Parking Bays and accommodation facilities for the employees. The GoUP will provide special focus on promoting private industrial parks around Lucknow-Kanpur, Kanpur-Allahabad and Varanasi-Allahabad zones.

### **3.2.3. Incentives for private sector industrial parks/ estates**

The Government will provide following incentives to industrial parks/ estates of more than 100 acres in Bundelkhand & Poorvanchal; 150 acres in Madhyanchal; and more than 50 acres in case of Agro Parks in Bundelkhand, Poorvanchal and Madhyanchal developed by private sector –

**3.2.3.1** Interest subsidy in the form of reimbursement of interest of up to 50% of annual interest on the loan taken to buy land, calculated on the basis of prevalent circle rate, for 7 years subject to a maximum ceiling of Rs. 50 lacs per annum per industrial estate/agro park.

**3.2.3.2** Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building infrastructure in the industrial parks/ estates subject to Rs. 10 crore per year with an overall ceiling of Rs. 50 crore per industrial estate/agro park.

**3.2.3.3** Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building Hostel/Dormitory Housing for workers in the industrial parks/ estates subject Rs. 5 crore per year with an overall ceiling of Rs. 30 crore per industrial estate/agro park.

**3.2.3.4** 100% exemption/ reimbursement on stamp duty on the purchase of land by the developer and 50% exemption on stamp duty to individual buyers (first) will be provided on purchase of plot in the industrial parks/ estates.

### **3.3. National Investment & Manufacturing Zones**

In order to maximize the contribution of manufacturing sector in state's economy, the GoUP intends to ensure speedy implementation of two National Investment & Manufacturing Zones (NIMZ) in Jhansi and Auraiya under the provision of National Manufacturing Policy.

Manufacturing industries set up in these NIMZs will be provided the facilities mentioned in National Manufacturing Policy of Government of India such as simplified business regulations; incentives for technology acquisition and production/adoption of pollution controlling equipment/machines/devices; incentives for skill development initiatives by the private sector; access to finance for small and medium enterprises.

### **3.4. Special Economic Zones**

Special Economic Zones (SEZs) contributes to the state's economy by generating additional economic activity, promoting exports of goods and services, promoting

investment from domestic and foreign sources and creating employment opportunities. In addition to Noida Special Economic Zone (SEZ) set up by the Central Government and Moradabad SEZ set up by the State Government, a total of 19 SEZs have been notified in the state. In these SEZs, GoUP aims to provide simplified clearances, world class infrastructure and a stable fiscal regime to attract investments.

### **3.5. Industrial & Investment regions and Integrated Manufacturing Clusters**

Industrial & investment regions with speedy access to key markets, adequate supply of water and electricity, excellent waste management system and recycling facilities provide investors and manufacturers the perfect breeding ground. The GoUP intends to create such regions with the most advanced infrastructure and outstanding facilities tailored to suit the requirements of modern industries along major expressways such as Lucknow Agra Expressway and major road networks of the state. GoUP intends to develop Lucknow-Kanpur, Kanpur-Allahabad and Varanasi-Allahabad zones on the lines of Noida & Greater Noida and promote industrial & investment regions and private industrial parks in these zones.

Three Integrated Manufacturing Clusters (IMC) including Auraiya – Etawah - Kanpur Cluster, Allahabad-Varanasi Cluster and Agra-Aligarh Cluster have been identified along EDFC for giving boost to the manufacturing sector in the State. Dadri – Noida - Ghaziabad investment region, strategically positioned close to WDFC & EDFC link, will be developed with an aim to provide seamless connectivity and world class facility to the Industrial units.

### **3.6. Connectivity**

Connectivity is an absolute necessity for ensuring access to markets and achieving greater economies of scale leading to higher growth and living standards. The long term strategy of the GoUP is to create a connectivity web of air, water, road and rail network that will help the state's industries and manufacturing units switch seamlessly between different modes of transport as they send their goods to markets in India and abroad. In addition to this, the GoUP also recognises the importance of creating a world class digital connectivity framework in the state.

#### **3.6.1. Roadways**

The existing Lucknow Agra Expressway connects Agra and Lucknow and the upcoming Poorvanchal Expressway will further connect Lucknow to Ghazipur. The GoUP intends to further construct a road corridor connecting Mathura, Kashi, Jhansi and Gorakhpur thereby connecting the entire UP. The state also has

a dense network of 4 lane and 6 lane highways. The GoUP will work towards further developing quality 4-lane and 6-lane highways criss-crossing the entire state. The policy thereby will enable the industrial products including that of weavers and other traditional artisans of the state to easily reach the market.

### **3.6.2. Airways**

UP has major national and international airports at Lucknow, Varanasi, Allahabad and Gorakhpur. For further improving the air connectivity in the state, GoUP intends to develop new airports to connect all the regions of the state with the rest of the country. Private sector participation will be encouraged for the same. Along with facility of dry cargo, aircraft maintenance hubs will also be encouraged.

### **3.6.3. Railways**

To improve rail connectivity in the state, the GoUP will pursue with Government of India to increase the reach & density of railway network in the state. GoUP will strive to increase the frequency of trains in the state to meet the traffic needs of the state.

### **3.6.4. Waterways**

The GoUP also intends to take all necessary action for developing the Ganga Waterways connecting Allahabad, Varanasi and Haldia Sea Port at Kolkata. This will enable the state to derive benefit out of the reliable and cheaper movement of freight through Ganga Waterways.

### **3.6.5. Digital**

Digital Connectivity will be one of the prime focus of the GoUP. In line with the Digital India Program of Government of India, the policy intends to transform India into digital empowered society and knowledge economy. Towards this, the GoUP intends to provide necessary administrative assistance to agencies related to the development of broadband highways and other infrastructure ensuring universal access to mobile connectivity.

## **3.7. Transportation and logistics**

Excellent transport infrastructure does not just reduce delays; it can raise productivity by enabling villages and cities to achieve agglomeration effects, and thus support the rebalancing of the state economy. Equally important is the role of logistical infrastructure which enables delivery of products and services as and when they are

needed and desired thereby serving as a major enabler of growth of industrialisation, trade and commerce in an economy.

### **3.7.1. Transportation**

GoUP intends to expand the existing metro services in Lucknow and NOIDA and commence development of new metros at Kanpur, Meerut, Agra, Varanasi, Allahabad, Gorakhpur, Jhansi and Ghaziabad. The GoUP will also strive towards reducing traffic by widening and strengthening of core state highways. The government also intends to introduce advanced traffic management through latest technologies.

### **3.7.2. Logistics**

GoUP intends to develop multi-modal logistics hub at strategic locations of the state and across the vicinity of WDFC and EDFC. GoUP will also develop dry ports to promote exports. The policy intends to promote private sector investments in the development of Logistics Park across the state. Establishment of truck terminals in all the major existing and upcoming industrial parks will also be promoted.

## **3.8. Dedicated Freight Corridors**

Considerable share of the first two of India's dedicated freight corridors – the Western Corridor running between Delhi & Mumbai and Eastern Corridor running between Ludhiana and Kolkata lies in Uttar Pradesh. The policy intends to leverage these freight corridors and their influence areas for the industrial and economic growth of the state.

### **3.8.1. Western Dedicated Freight Corridor (WDFC)**

The upcoming WDFC stretches from Dadri in Ghaziabad to Jawaharlal Nehru Port at Mumbai via Vadodara – Ahmedabad – Palanpur – Phulera – Rewari and covers an overall length of 1504 Km. The freight corridor will be a double line electric track with world class and state-of-the-art technology.

The WDFC is of immense significance to the economy of Uttar Pradesh as it has a potential of reducing the travel time of goods from the state to around 14 hours. GoUP intends to reap its benefit through increased economic activity and safe & quick transportation of the state's industrial goods as well as its agro-products benefitting the farmers of this agrarian state.

### **3.8.2. Eastern dedicated Freight Corridor (EDFC)**

The Eastern Dedicated Freight Corridor with a route length of 1856 km consists of two distinct segments: an electrified double-track segment of 1409 km between Dankuni in West Bengal & Khurja in Uttar Pradesh & an electrified single-track segment of 447 km between Ludhiana - Khurja – Dadri. Out of the 1856 km total length of rail track in the EDFC project, 1049 km (57 per cent) passes through 18 districts of Uttar Pradesh.

The government intends to benefit from the existing freight traffic being diverted to the corridor and thereby enable faster transportation of goods to nearby ports. GoUP will also strive for achieving integration, transformation and inclusion through the project by improving transport connectivity and market integration for freight consigning industries in the state.

**3.8.3.** The Government is committed to extend all necessary support to the Government of India for successful and timely development of these corridors. The state will create a framework to capture value out these dedicated freight corridors and ensure timely completion of projects around these corridors thereby unleashing further economic activities and job growth.

## **3.9. Industrial Corridors**

With strategic focus on inclusive development to provide an impetus to industrialization and planned urbanization, five major industrial corridors are being developed across India. Uttar Pradesh has a considerable share of two of these corridors – Delhi Mumbai Industrial Corridor (DMIC) and Amritsar Kolkata Industrial Corridor (AKIC). GoUP intends to capitalise on these corridors for raising the share of manufacturing in the state's Gross Domestic Product (GDP).

### **3.9.1. Delhi Mumbai Industrial Corridor (DMIC)**

Leveraging the high speed, high capacity connectivity backbone provided by the WDFC, the Delhi-Mumbai Industrial Corridor (DMIC) is being developed alongside this freight corridor. The DMIC project incorporates mega Industrial zones, three ports and six airports and a six-lane intersection-free expressway connecting Mumbai & Delhi and power plants.

Uttar Pradesh has a vast area of 36,000 sq. km, extended across 12 districts along Delhi Mumbai Industrial Corridor. Greater Noida is the first node of DMIC as well as the Gateway of the project. The GoUP intends to derive maximum

value out of DMIC towards which implementation of early bird projects like Integrated Industrial Township at Greater Noida, Multi-Modal Logistics hub at Dadri and Multi-Modal Transport Hub at Boraki are already underway. Meerut Muzaffarnagar Industrial Area and other new industrial regions will also be established to benefit from the corridor.

### **3.9.2. Amritsar Kolkata Industrial Corridor (AKIC)**

Amritsar Kolkata Industrial Corridor (AKIC) project is structured around the Eastern Dedicated Freight Corridor (EDFC) and the highway systems that exist on this route. GoUP intends to maximize value from this corridor by developing Integrated Industrial Townships, Integrated Manufacturing Clusters and logistics hubs along the corridor. The Government has identified green field railway stations along which new industrial zones will be developed.

### **3.10. Power**

Availability of quality uninterrupted power is one of the crucial factors of production for industries. The State Government is committed to strengthen the power sector and eliminate the demand supply deficit. To meet the growing demand in the state, Government would encourage private participation in energy generation, transmission and capacity augmentation. Measures will be taken to reduce AT&C losses by administrative measures, curbing theft & pilferage of electricity and setting up police stations.

The policy also intends to identify and provide industrial clusters having minimum specified load with independent feeders and exempt these from power cuts. The procedure for enhancement, reduction and surrender of power load will be simplified. GoUP will ensure that dedicated feeders constructed by industries at their own cost are, in no case, tapped for other purposes other than industrial load.

The state will also allow open access for all industry sectors in the state and single point open access to private industrial parks in accordance with Electricity Act 2003.

### **3.11. Water & Drainage**

Water is another critical input for industries. To ensure supply of water according to the demand of industries and to strengthen the drainage system for water and waste, efforts will be made to ensure private participation. Water would be made available to the industries on priority basis. For this purpose, recycling of used water by industries and laying of separate pipeline for industrial water use will be accorded due importance as

per ground-water policy. The government will encourage rain water harvesting. The policy also intends to provide necessary water connection and drainage facilities in the industrial areas/ estates of all industrial development authorities.

### **3.12. Private Sector Infrastructure Investments**

The Government recognises the immense potential of private sector in the development of economic infrastructure. The increased access of private fund, improved management and higher efficiency in infrastructure projects through private sector participation can usher in the policy's vision of creating a resilient infrastructure yielding long term benefits.

Hence, the Government is committed to support private sector infrastructure investment, by creating the right business environment through more consistent policies. The Government will also welcome and itself explore new and innovative means of collaboration with the private sector including various models of Public Private Partnerships (PPP).

## **4. Employment generation – Creating opportunities**

Accelerating employment growth is crucial for uplifting the socio-economic status of the citizens of the state and offer them higher standards of living. Given the state is witnessing a significant demographic growth with an expanding working age population, the GoUP intends to lay emphasis on creation of opportunities that would directly augment employment in the State. Towards this, the policy intends to offer a right environment ensuring these employment opportunities are inclusive in nature and reaches all sections of the society & regions of the state.

With special benefits for creating job opportunities in Bundelkhand, Poorvanchal and Madhyanchal regions of the state, the policy will also incentivise industrial units creating employment opportunities for both skilled and unskilled workers in these regions of the state.

## **5. Fiscal incentives – Attracting investments**

To attract maximum investment and maintain competitiveness of the industries in the State, the policy will provide following fiscal incentives, subsidies and concessions on certain terms and conditions -

- 5.1** Stamp duty exemption of 100% in Bundelkhand & Poorvanchal, 75% in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) region of the state and 50% in Gautambuddhnagar & Ghaziabad districts.

- 5.2** EPF reimbursement facility to the extent of 50% of employer's contribution to all such new Industrial units providing direct employment to 100 or more unskilled workers.
- 5.3** Reimbursement of net VAT and CST or the net amount deposited in State's account vis-a-vis share of the state under GST as follows which will not be more than the amount deposited annually -
- a. 90% for Small Industries for 5 years. This would be subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddhnagar & Ghaziabad districts.
  - b. 60% for Medium Industries for 5 years. This would be subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddhnagar & Ghaziabad districts.
  - c. 60% for large Industries (capital investment of above Rs. 10 cr and below the capital investment required for consideration under various categories of mega investment) for 5 years. This would be subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddh Nagar & Ghaziabad districts.
  - d. 70% for Mega/ Mega Plus/ Super Mega category Industries for 10 years. This would be subject to annual ceiling of 20% of capital investment reimbursed or actual tax deposited, whichever is lower, with an overall ceiling of 300% of fixed capital investment in Bundelkhand & Poorvanchal, 200% of fixed capital investment in Madhyanchal, 100% in Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddh Nagar & Ghaziabad districts.
- 5.4** Capital Interest Subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for procurement of plant & machinery, subject to an annual ceiling of Rs. 50 lacs.

- 5.5** Infrastructure Interest Subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for development of infrastructural amenities for self-use like roads, sewer, water drainage, erection of power line, transformer and power feeder, subject to an overall ceiling of Rs. 1 Crore.
- 5.6** Interest subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for industrial research, quality improvement and development of products by incurring expenditure on procurement of plant, machinery & equipment for setting up testing labs, quality certification labs and tool rooms, subject to an overall ceiling of Rs. 1 Crore.
- 5.7** Exemption from electricity duty to all new industrial units set up in the state for 10 years.
- 5.8** Exemption from electricity duty for 10 years to all new industrial units producing electricity from captive power plants for self-use.
- 5.9** Exemption from Mandi fee for all new food processing units on purchase of raw material for 5 years.
- 5.10** The industries which are disallowed for input tax credit under the GST regime, will be provided reimbursement of that amount of VAT/CST/GST paid on purchase of plant and machinery, building material and other capital goods during construction and commissioning period and raw materials and other inputs in respect of which input tax credit has not been allowed.

In addition to the above, the facility of interest free loan equivalent to the sum of VAT and CST/state share of GST deposited by industrial units admissible to eligible industrial units under the previous policy will be continued.

**5.11** Incentivising employment generation

Units generating minimum employment of 200 direct workers including skilled and unskilled will be provided 10% additional EPF reimbursement facility on employer's contribution.

- 5.12** All incentives in the form of reimbursement, subsidies, exemptions etc., will be subject to a maximum of 100% of fixed capital investment made in Poorvanchal and Bundelkhand, 90% of fixed capital investment made in Madhyanchal & Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment made in Gautambuddh Nagar & Ghaziabad districts.

**5.13** Promoting Mega Investments

Mega projects have multiplier effect and are essential for creation of jobs and inclusive growth. Development of large industries in the state also attracts ancillaries in the SME sector leading to a positive domino effect.

Recognising the multiple benefits that mega projects provide, the policy intends to offer customised package of incentives to attract such investments. The GoUP will also make a concerted effort to ensure that there is balanced regional dispersal of such investments across the State.

**5.13.1** The facilitation of mega, mega plus & super mega investments in the state would be applicable under the following framework:

Category	Minimum eligibility requirements		
	Gautambuddh Nagar & Ghaziabad districts	Madhyanchal & Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts)	Bundelkhand, & Poorvanchal
Mega	Capital investment of more than Rs.200 crore but less than Rs.500 crore or Providing employment to more than 1000 workers	Capital investment of more than Rs.150 crore but less than Rs.300 crore or Providing employment to more than 750 workers	Capital investment of more than Rs.100 crores but less than Rs.250 crores or Providing employment to more than 500 workers
Mega Plus	Capital investment of more than Rs.500 Crores but less than Rs.1,000 crore or Providing employment to more than 2000 workers	Capital investment of more than Rs.300 Crores but less than Rs.750 crore or Providing employment to more than 1500 workers	Capital investment of more than Rs.250 crore but less than Rs.500 crore or Providing employment to more than 1000 workers
Super Mega	Capital investment of more than Rs.1,000 Crore or Providing employment to more than 4000 workers	Capital investment of more than Rs.750 Crore or Providing employment to more than 3000 workers	Capital investment of more than Rs.500 crore or Providing employment to more than 2000 workers

**5.13.2** The incentives will be applicable for new units as well as projects under expansion/diversification.

**5.13.3** Projects in the mega categories (mega, mega plus and super mega) will be processed on a case to case basis for finalising the incentive structure.

**5.13.4** All incentives for mega investments in the form of reimbursement, subsidies, exemptions etc., will be subject to a maximum of 300% of fixed capital

investment made in Poorvanchal and Bundelkhand area of UP, 200% of fixed capital investment made in Madhyanchal, 100% in Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment made in Gautambuddhnagar & Ghaziabad districts.

**Note:**

1. Units availing incentives from any other policy or those sanctioned by the departments of the State government, will also be entitled to avail incentives/benefits mentioned in this policy provided the same kind of benefits/incentives are not being availed from any other policy. If a unit avails any incentive under industry specific policies like Agro & Food Processing Policy, IT Policy etc., it will not be provided incentive of similar nature under this policy.
2. A negative list of industries will be identified which will be ineligible for any incentives mentioned in this policy. However if any package of incentives has already been committed by the state government to any such unit before the industry was declared negative, the committed incentives will not be withdrawn and the unit will continue to remain entitled to the benefits.

## **6. Ease of doing business - Creating a conducive industrial environment**

This policy is aimed at creating conducive business friendly environment in the State by ensuring simplification of procedures, timely clearances benchmarked with the best and responsive facilitation services.

### **6.1 Simplification of procedures**

The GoUP intends to regularly review its acts, rules, application forms and procedures related to industrial services/ clearances/ approvals/ permissions/ licenses and wherever possible -

- 6.1.1** Rationalise or abolish or amend as per existing regulatory regime.
- 6.1.2** Introduce provisions related to self-certification, deemed approval and third party certification.

### **6.2 Time bound clearances**

Providing speedy and time bound clearances is one of the prime intention of this policy. Towards this goal, the GoUP will regularly review all its existing acts, rules and procedures related to industrial services/ clearances/ approvals/ permissions/ licenses and wherever possible -

- 6.2.1 Benchmark the existing timelines against the best
- 6.2.2 Delegate necessary powers to district level officers to ensure timely disposal.
- 6.2.3 Timely delivery of each service will be ensured through an Act.

### **6.3 Single Window Clearance**

The GoUP realises the need for an effective implementation of a mechanism to provide all industrial services/ clearances/ approvals/ permissions/ licenses online and under one roof. Hence the policy intends to achieve the following –

- 6.3.1 A dedicated Single Window Clearance Department directly under the Chief Minister's Office will be created which will be the sole interface of the Government for providing all industrial services/ clearances/ approvals/ permissions/ licenses.
- 6.3.2 A Single Window Technology Portal of international standards will be developed through which applications will be received and all industrial services/ clearances/ approvals/ permissions/ licenses will be delivered online.
- 6.3.3 For effective functioning of the Single Window Clearance mechanism a State Level Committee chaired by the Chief Secretary, GoUP will be constituted.

### **6.4 Ease for Commercial activities in the state**

- 6.4.1 A Trade Welfare Board will be established to protect the interest of traders.
- 6.4.2 A special arbitration authority will be established in each district to resolve issues of traders.
- 6.4.3 The administrative structure for commercial activities in the state will be simplified to provide conducive environment to the traders.

### **6.5 Industrial Security**

The GoUP intends to provide a safe and secure industrial environment in the state. Towards this dedicated police force headed by specialised officer will be deputed at industrial clusters/ areas in regions like Noida, Kanpur, Gorakhpur, Bundelkhand, Poorvanchal. Integrated police cum fire station will also be established in major industrial clusters/ areas.

### **6.6 Other regulatory simplification enablers**

The policy also intends to implement the following measures to enable business regulatory simplifications in the state -

- 6.6.1 The existing industrial helpline service will be strengthened
- 6.6.2 Dedicated nodal officers will be provided for facilitation to mega projects.
- 6.6.3 Specialised soft skill trainings will be introduced to promote customer oriented mind set in all departments providing service to industries.

#### **6.7 State Investment Promotion Board (SIPB)**

- 6.7.1 For creating an enabling structure to expedite decision making pertaining to industrial projects, SIPB will be constituted under the Chairmanship of Chief Minister and the Chief Secretary to the Government as Member Convener.
- 6.7.2 The board will carry out investment promotion activities such as conducting national and international roadshows, sign MoUs with industries & provide implementation support.
- 6.7.3 The board will recommend on policy issues relating to investment facilitation.
- 6.7.4 The board will recommend incentives and facilities for mega projects.
- 6.7.5 The board will also take up issues governing industrial environment in the state.

### **7 Make in UP – Leveraging the success of Make in India**

The 'Make in India' program of the Government of India has been able to draw the global attention by driving investments, fostering innovation, developing skills, protecting Intellectual Property (IP) and building best-in-class manufacturing infrastructure. As a strategy to usher industrial growth in Uttar Pradesh and capitalise on the positive global sentiments generated by the progress of Make in India campaign, the GoUP will embrace this landmark initiative and strive to implement it in letter and spirit by launching a comprehensive program of 'Make in UP'.

In lines with the 'Make in India' program, the 'Make in UP' program will adopt a strategy that inspires, empowers and enables in equal measure in making UP a manufacturing hub of India. Towards achieving this goal, GoUP will implement the following –

- 7.1 Creation of a dedicated Make in Uttar Pradesh Department
- 7.2 The Make in UP Department will identify and create industry and sector specific State Investment and Manufacturing Zones (SIMZ) with an aim to spur manufacturing, generate employment, raise living standards and meet national & international trends of sustained growth.

- 7.3 To boost the entire manufacturing value chain in the identified zones, the Government will ensure necessary timely interventions in consultation with all stakeholders in addition to the fiscal and non-fiscal measures mentioned in this policy.

## **8 Skilled Manpower – Reaping the benefits of demographic dividend**

Accelerated economic growth requires skilled and trained manpower. Around one-fifth of India's population resides in Uttar Pradesh of which 60% are in the working age group. The Government intends to reap the benefit of this huge demographic dividend for the industrial growth of the state by aligning the skills of this age group as per current and future industry needs.

This policy aims to create provisions for ensuring sector-specific high-quality manpower based on the principle of 5Es – Education, Employability, Employment, Economy and Environment towards which –

- 8.1. GoUP will periodically map Industry specific skill gaps & requirements and introduce industry-responsive short term, long term & modular courses in existing ITIs, Polytechnic and Engineering colleges with active user-industry participation and involvement in formulating the course material and training.
- 8.2. The policy will promote existing & new investments enhancing sector-specific skilled manpower base and employers willing to recruit manpower from Uttar Pradesh. A strategy will be formulated to attract such industries and industrial establishments to join hands with skill development training programmes of the state.
- 8.3. Skill Development Centres will be established in major industrial areas/ clusters/ parks with special focus on harnessing the social capital in rural areas.
- 8.4. Special attention will also be given to skill development of SC/ ST/ Backward class and Women entrepreneurs on handicrafts and household business
- 8.5. Special efforts will be put by Skill Development Department to train youth enabling employment in industrial units as apprentice.

## **9 Innovation – Promoting Start-Ups**

Reiterating Government of India's commitment to making India the hub of innovation, design and Start-ups, GoUP will aim at accelerating Start-up movement in the State. State will focus on building a strong eco-system for nurturing innovation and Start-ups that will drive sustainable economic growth and generate large scale employment opportunities. In order to meet the objective of the initiative, state will emphasise on the following-

- 9.1 Regulatory Simplification and Handholding

The policy intends to reduce the regulatory burden on Start Ups and allow them to do what they are best in – innovate. Towards this, the policy will make compliance under various taxation, labour and environmental laws friendly, flexible and low cost for start-ups.

## **9.2 Funding Support and Incentives**

The policy intends to incentivise development and growth of innovation driven enterprises for which the state will create a venture capital fund

## **9.3 Incubation Support**

To catalyse the cultivation of successful start-up enterprises in the state, GoUP intends to establish a best in class incubation centre. It will provide start-ups with resources for running their businesses and connect them to network of experts. Incubation centres in Government and Private engineering colleges, management institutes and other technical organisations of the state will also be promoted.

# **10 Micro, Small & Medium Enterprises (MSMEs) – Ensuring all round industrial growth**

MSMEs constitute an important segment of the economy of Uttar Pradesh in terms of employment generation and as a source of foreign exchange earnings through exports. The sector is also strategically important for attracting capital investment, increasing industrial output and enhancing the GDP of the state. With the highest number of MSME units in the country, Uttar Pradesh today is a leading exporter of MSME products in categories like handicrafts, engineering goods, carpets, readymade garments, leather products etc.

The policy intends to provide the following facilities and incentives for the holistic development of MSMEs in the state –

### **10.1. Improving flow of capital and credit for MSMEs**

Given the capacity challenges faced by MSMEs and the volatile market, smooth flow of capital and credit is a sine-qua-non for successful establishment of such units supplemented by government assistance for risk mitigation of the enterprises. Towards this the policy intend to provide the following fiscal incentives to MSMEs

**10.1.1.** A corpus fund will be created to implement ‘Vishwakarma Shram Samman Yojana’ to provide assistance in terms of margin money subsidy and interest subsidy to artisans and entrepreneurs of local traditional industries of the state through bankable projects. The scheme will comprise of two components. In the first component, traditional artisan such as carpenters,

cobblers, tailors, basket weavers, barbers, goldsmiths, ironsmiths, potters, sweet makers etc. will be provided margin money subsidy and the project will be dovetailed with Pradhan Mantri Mudra Yojna. In the second component, entrepreneurs of traditional industries will be assisted by providing margin money subsidy on a lower scale together with interest subsidy and the beneficiaries who belong to SC, ST and women categories will have their projects dovetailed with Stand-up India Yojna.

**10.1.2.** Mukhya Mantri Yuva Swarojgar Yojana will be launched to encourage the educated unemployed youth of the state to set up enterprises including both industries and service enterprises. Under the scheme Margin money subsidy and interest subsidy will be provided to beneficiaries and the project will be dovetailed with Pradhan Mantri Mudra Yojana or Stand-up Yojna depending on the scale of the project and the categories of the beneficiary.

**10.1.3.** GoUP with assistance from financial institutions will create an SME Venture Capital Fund for promoting Start-ups and emerging Small & Medium Enterprises (SMEs).

**10.1.4.** The existing interest subsidy scheme for Small & Medium industries in Poorvanchal, Madhyanchal and Bundelkhand areas of the State will be rationalised to make the interest subsidy available to beneficiaries at par with similar schemes in other departments of the State government

**10.1.5.** Existing micro & small industries carrying out expansion or diversification subject to criteria laid down by GoUP will be provided interest subsidy

**10.1.6.** The annual service fees payable to Banks and financial institutions for availing collateral free loan up to Rs.2 crore under Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) will be reimbursed by GoUP.

## **10.2. Capacity building**

In order to capitalise the demographic dividend of the state, it is imperative that youth should be skilled and trained in entrepreneurship and business. Various skill development initiatives will be undertaken which will include inter alia-

**10.2.1.** Entrepreneurship development programs will be organised across all districts of the state. Institute of Entrepreneurship Development, Lucknow will act as a nodal agency for the purpose

**10.2.2.** Six handicrafts Centre will be established to impart training to artisans and young entrepreneurs on modern techniques in designing, manufacturing and marketing. UP Institute of Design, Lucknow will act as a nodal agency for the purpose

**10.2.3.** Departmental Training Centres will be reviewed and operationalised as per field requirement.

**10.2.4.** Focus will also be laid on skill development of entrepreneurs belonging to SC, ST and OBC through specially designed training programs.

### **10.3. Quality and Standards**

With rapid advancement in technology and increasingly stringent environmental and technical standards across the globe, investment in technology up gradation and testing infrastructure is vital for ensuring the competitiveness of MSMEs. Industries will be encouraged to invest in waste disposal system, pollution control facilities and certifications.

### **10.4. Industrial Infrastructure and Common Facility Centres**

Availability of adequate developed industrial infrastructure is fundamental to buoyancy of the industries. Towards this the Government will take the following measures -

**10.4.1.** Private sector investment in Greenfield mini industrial parks of 20-100 acres for MSMEs will be encouraged. The government will provide fiscal incentives to the developer in the form of interest subsidy along with reimbursement of stamp duty towards purchase of land. The State will also share the cost of construction of electrical sub-stations in the park for which land will be provided free of cost by the developer. Uttar Pradesh Small Industries Corporation (UPSIC) will be the nodal agency for the purpose to facilitate for the setting up of such parks.

**10.4.2.** The policy intends to promote cluster based development in the state by encouraging formation of Special Purpose Vehicles (SPVs) and dedicated agencies like societies of entrepreneurs or artisans and providing them with common infrastructure facilities including Common Facility Centres and Raw Material Depots, etc.

### **10.5. Marketing**

Market access and market development of products manufactured in UP will be ensured in both domestic and international markets. The State government will take appropriate measures to address the gaps in this sphere.

- 10.5.1.** Development of an e-commerce portal with government supported logistics providing national and international market access to the traditional artisans of the state.
- 10.5.2.** The existing UP Business Mart Portal will be strengthened & publicised.
- 10.5.3.** A permanent exhibition and exposition centre will be developed in Lucknow and expo-marts will be established in select cities of the state
- 10.5.4.** The UP Export Promotion Council will be strengthened and will play a key role in participation at international trade fairs as well as organising international Buyer-Seller Meets (BSMs).
- 10.5.5.** Marketing assistance will be provided to handicraft and MSME units. UP Trade Promotion Authority will be strengthened to promote participation of artisans and entrepreneurs, primarily in national and regional level exhibitions and buyer seller meets.

## **10.6. Good Governance**

Robust administrative machineries and institutions play an important role in the successful implementation of government policies, schemes & programs and towards this end, the organisational structure of the department will be strengthened and technical capability of the employees will be augmented.

- 10.6.1.** Self-certification facility will be extended to the new micro and small industries established in the State on the pattern of that provided in the Start-up scheme of GoI so as to eliminate any hassle from inspections in the nascent stage of industries.
- 10.6.2.** GoUP will modernise 25 District Industries and Enterprise Promotion centres over the next 5 years through setting up of help desk for consultancy along with development of Project Formulation Cell and Online Single Window Clearance Cell.

## **10.7. Miscellaneous**

- 10.7.1.** Special promotional provisions for weaker section and woman

10.7.1.1. Under the Mukhya Mantri Yuva Swarojgar Yojna, certain proportion of beneficiaries will be earmarked for persons belonging to SC & ST categories and women.

10.7.1.2. Under the Interest Subsidy scheme for Small & Medium industries in Poorvanchal, Bundelkhand and Madhyanchal areas of the State, certain proportion of the beneficiaries will be earmarked for women.

#### **10.7.2. Sick Industries**

Owing to competitiveness issues as well as management and technical factors, MSMEs often suffer from sickness. Towards this, the scheme of Department of MSME, GoI relating to rehabilitation of sick units will be effectively implemented in the State in coordination with private and public sector banks.

## **11 Sectoral approach – Benefitting from sectors of strength**

### **11.1 IT/ITeS industry and IT Start Ups**

Considering the changing business scenario, GoUP aims to reinforce the position of Uttar Pradesh as an attractive destination for the IT/ITeS industry and give a special focus on flourishing start-ups & budding entrepreneurs in IT/ITeS sector. The strategy of the GoUP in the IT/ ITES sector is to facilitate all stages of IT/ITeS industry encompassing Start-ups /entrepreneurs, MSMEs (Micro, Small, and Medium Enterprises) and large IT/ITeS industry by providing best of the incentives with conducive policy framework.

Towards this, the policy intends to provide various fiscal and non-fiscal benefits to IT/ITeS units. Fiscal incentives including interest subsidy on loan, exemption of stamp duty on purchase/lease of land, exemption on Electricity duty, reimbursement of the cost incurred on quality certification, and reimbursement of EPF will be provided to IT/ITeS units. Additional incentives in the form of reimbursement of lease /rental charges and subsidy on power bills will be available to MSME IT/ITeS units and incubators.

Special incentives will be provided to IT/ITeS mega units on case to case basis. Incentives on case to case basis will also be provided to private infrastructure developers establishing IT Park in Tier-II & Tier-III cities in the state.

IT/ITeS industry will be exempted from the purview of the UP Pollution Control Act and will also be exempted from inspections under various labour related acts. Permission for

24x7 operations and employment of women in all three shifts will be allowed and Industrial Power tariff will be applicable to all IT/ITeS units.

The state Government will also promote start-up culture in IT/ITeS sector. Towards this, GoUP will provide various incentives to incubators and Start-ups as well as create a seed fund for their promotion.

### **11.2 Electronics Manufacturing**

With rapid growth in mobile and telecom industry, IT and software industry, Health care industry, automobile industry etc. combined with the growth of middle class population, rising disposable incomes and increase in adoption of advanced technology, the demand of electronics devices is expected to create an electronics market of US\$400 billion by 2020 in India. The policy intends to reflect the determination of the state government to cater to this huge domestic demand while aiming to become a global electronics manufacturing hub by encouraging electronics manufacturing.

The Policy intends to incentivize the establishment of ESDM units in Electronic manufacturing Clusters (EMCs)/ESDM parks. Fiscal incentives including Capital Subsidy, interest subsidy, exemption of stamp duty, partial reimbursement of patent filing cost and reimbursement of VAT/CST will be provided to entire area of Greater Noida and Yamuna Expressway region by declaring this region as 'Electronics Manufacturing Zone' in addition to the Greenfield EMCs.

Considering the cluster/Park based approach of ESDM sector especially by foreign investors, establishment of ESDM parks in Electronic Manufacturing Zone will be promoted. Mega investments in ESDM sector will be provided incentives on case to case basis based on their investment size. Fab units will be provided customised package on case-to-case basis. The package will include various fiscal and non-fiscal incentives including rebate on land rates, electricity, water, infrastructure, equity sharing etc.

### **11.3 Agro & Food Processing**

The Horticulture & Food Processing sector in the state has immense potential for capital investments, employment generation and increase in rural income of the state. UP holds a prominent position in the agricultural sector in terms of total production of food grains, horticultural produce, milk and meat in India. This ample availability of raw produce in addition to the huge market, low cost of production and human resource poses tremendous scope for establishing horticulture and food processing industry in the state. Therefore, developing the state into a food park state is a resolve of the GoUP.

The GoUP intends to provide various facilities and incentives to promote this sector under “Mukhya Mantri Khadya Prasansakaran Mission Yojana”. The GoUP intends to provide interest free loan to small scale food processing units for their establishment/ expansion/ modernization; development of cold chain, value addition and processing infrastructure; establishment of primary processing sector and collection centres in rural areas; reefer vehicles/ mobile pre-cooling vans; uninterrupted power supply and reimbursement of VAT/ CST/ GST to food processing units, creation of infrastructure facilities for degree/ diploma/ certificates courses, food processing skill development programs, etc.

GoUP also intends to provide assistance in preparation of bankable projects; research and quality development; market development and brand promotion; and promotion of standardization. GoUP intends to promote establishment of mega food parks in state as well as establish Food processing park in all the regions of the state with packaging, exports and research facilities.

#### **11.4 Dairy**

Uttar Pradesh is amongst the highest milk producing states in the country. This inherent advantage of the state offers immense potential to achieve sectoral depth in the dairy sector and thus promote capital investments and employment generation. Towards this, the GoUP intends to create awareness of quality milk and dairy products in the state; reduce perishability of milk and dairy products; promote market centric activities in dairy sector and spread awareness on modern functionalities in this sector.

The policy aims to promote export of processed milk and dairy products; promote value addition in the state; protect seasonality of the dairy sector units; exempt mandi fees on dairy processors not utilising mandi facilities; and promote private investment in infrastructure & industrial park development. GoUP also intends to bring about a milk revolution in the state towards which a Dairy development fund will be created. With the help of National Dairy Development Board (NDDB), integrated milk processing dairies will be established in each groups of four districts.

The GoUP also intends to simplify various processes resolving issues related to quality of dairy products and create an IT enabled database with an aim to provide relevant market information to the industries in the state.

#### **11.5 New & Renewable Energy**

In view of the increasing energy demand in the state and the detrimental effect of generating power from conventional energy sources on the environment, the GoUP

intends to lay special emphasis on power generation from new & renewable sources of energy; and achieving power efficiency & savings.

Towards this, micro hydro-electric power generation through non-conventional energy other power generation sectors like biogas, biomass and garbage will be promoted.

The state has immense potential in the solar power sector. The GoUP will adopt a community and beneficiary centric approach to promote solar energy in the state. GoUP will promote Grid Based Power Projects in the state.

## **11.6 Handloom & Textile Industry**

### **11.6.1 Handloom Industry**

The Handloom industry is one of the top employment generating sectors in the state. To promote the state's traditional handloom and handicraft industry and lead it to its next phase of growth, the GoUP intends to operate various scholarship/ incentive schemes for the marginal weavers to enhance and sustain their art in handloom and power loom weaving.

The state government will assist in developing infrastructural facilities in the textile parks proposed under Scheme of Integrated Textile Parks (SITP) of Ministry of Textiles, Government of India. For increasing the production of silk in the State, GoUP will develop clusters for farming of sahtoot. Establishment of cocoon threading units will also be supported in the state.

### **11.6.2 Textile Industry**

Textile industry plays a significant role in the economy of Uttar Pradesh. Generating the second highest employment in the state, after agriculture, the sector is labour intensive and offers unlimited potential towards development of the state. Currently, approximately two third of the raw materials related to textile industry and textile produce consumed in Uttar Pradesh are procured from other states. The GoUP is committed to promote the traditional handloom & textile industry of the state and continuously strive towards reviving them.

Handloom, textile and silk related units involved in reeling, spinning, weaving, knitting, dyeing, processing, garment production & packaging and other activities related to technical textiles like industrial textile, furniture lining, firefighting equipment, bullet proof jackets, parachutes, etc. will be provided incentives like stamp duty exemption, rebate on commercial taxes, etc. Development of clusters and industrial estates will also

be promoted in this sector. Textile units in Bundelkhand, Poorvanchal and Madhyanchal will be provided special incentives. Mega units in textile sector will be provided incentives on case to case basis.

To enhance the productivity and employability of the workforce in the textile industry, new technical & entrepreneurship training centres will be established and training capabilities of existing ITIs, polytechnic and degree colleges will be augmented. Towards this, practical and industry relevant courses will be formulated in consultation with local industries and intellectuals. GoUP will organise as well assist handloom weavers for participating in fairs at various metro cities outside the state and the country, to promote their produce, nationally and internationally, through a marketing promotion scheme. Pradhan Mantri Mudra Yojana will be optimally utilised to fulfil the capital investment required for marketing of textile produce. GoUP will also work towards linking Pradhan Mantri Mudra Yojana for assisting farmers producing silk cocoon with working capital.

### **11.7 Export oriented units**

Exports play an important role in the state's economy influencing the level of economic growth, employment and the balance of payments. This policy aims to promote exports from the state in line with the vision of 'Make in India' program of the Government of India.

Towards making Uttar Pradesh an export hub, GoUP intends to create facilitating infrastructures across the state like multi-modal logistic hubs, specialised industrial zones like SEZs and SIMZs. The GoUP will incentivise export oriented units by providing marketing assistances, subsidy on export cargo sent by air and subsidy on freight charges on gateway port. GoUP will ensure optimal utilisation of Government of India schemes to encourage export and related activities in the state.

The policy also intends to facilitate exporters with market and regulatory requirement information.

### **11.8 Tourism**

Generating employment for diverse range of citizens in the state, tourism in Uttar Pradesh is a major source of foreign exchange earnings and enabler of infrastructure development and cultural exchange. With a mission to be the apex tourism state in the country, inculcate entrepreneurship at the grassroots and be the leader in promoting sustainable & inclusive development through tourism, the GoUP intends to lay a comprehensive tourism development framework of the state for the long term. Through the framework, GoUP will

identify, develop and market new and niche tourism products; upscale and expand existing tourism and civic infrastructure; preserve and enhance the State's artistic and cultural heritage; and promote private sector participation in tourism sector.

Towards development of tourism sector in the state, GoUP intends to strengthen tourism transport systems and address hotel room shortage at tourist destinations. The government will promote religious tourism and conserve the heritage sites in the state. Various fiscal and non-fiscal incentives will be provided to investments in the tourism & hotel sector. Special emphasis will also be laid on development of 'Pro Poor Tourism' in the state leading to livelihood transformation of its citizens and on skill upgradation of women, youth, under privileged, disadvantaged sections of the society & the workforce engaged in the sector. To ensure effective implementation of the strategies, GoUP will strengthen its institutions; adopt optimal usage of technology; and take initiatives for establishing Brand Uttar Pradesh as a tourist destination while reinforcing its image as a safe tourist friendly destination.

### **11.9 Film**

To develop Uttar Pradesh as an important centre for film production, GoUP intends to create an amicable atmosphere to facilitate film shooting in the State and ensure all round development of activities related to film production.

Infrastructure for shooting and film production like studios and processing labs will be developed in the State. The State government will help in setting up of the film cities and contribute in creation of ancillary infrastructure. The government intends to promote ultra-modern technologies in cinema halls of the state. GoUP will promote multiplexes by providing various fiscal incentives. Closed or loss incurring cinema halls will be revived on priority. The government will promote installation of captive power plant generator by the cinema hall owners. The electricity generated by these plants will be exempted from electricity duty.

For development of film industry, it is pertinent to impart suitable training to talented artists and trained technicians. For this purpose, the State government will coordinate with GoI for establishing a Film and Television Institute in Uttar Pradesh. Private sector will also be encouraged to open training institutes in the state.

The government intends to create a Film Fund which will be utilized on development of infrastructure facilities for production of films/video films/documentary films and regional films. Other Financial incentives for Film industry including exemption from

trade tax, concession on entertainment tax and subsidy on amount paid as wages to the artists will be provided. Various other administrative support like single window clearance, security arrangements for production units etc. will also be provided. Film Bandhu will ensure availability of all the film production related facilities under a single roof.

## **12 Sustainable & Inclusive growth - Ensuring clean & balanced distribution of economic growth**

The GoUP realises that expanding the state economy cannot be its sole aim. It has to ensure a responsible & sustainable growth reaches the most vulnerable people of the society and occurs in the areas where they live. To achieve this objective of participation in growth by all, the policy intends to adopt the following strategies -

### **12.1 Sustainable growth**

GoUP is in full agreement with the principle of sustainable growth and is conscious about its responsibility of ensuring a clean and green environment. The Government will ensure to both minimize the detrimental impact of industrialisation and enhance the positive contribution to the environment. In light of this, the policy intends to incentivise installation of Effluent Treatment Plants and Rain Water Harvesting. The industrial development authorities will strive to install Common Effluent Treatment plants in its industrial estates/ parks/ areas. The Government will also encourage greater compliance of the industries with the environmental standards and facilitate them in adoption of technologies reducing air and water pollution.

Towards this, the policy intends to provide the following incentives -

**12.1.1** Effluent Treatment Plant (ETP) and Rain water harvesting will be encouraged

**12.1.2** Need based financial assistance to be provided for development of Green Industrial Estate

**12.1.3** Need based financial assistance to be provided for shifting chemical based units from residential zone to industrial zone

### **12.2 Balanced Regional growth**

Various factors including lack of enabling infrastructure, growth centres and regional factors which cannot be altered has led to an imbalanced growth in the state especially in Bundelkhand and Poorvanchal regions. The policy emphasizes a need to ensure balanced regional development in Uttar Pradesh by means of facilitating linkages, fiscal incentives and leveraging regional advantages in Bundelkhand, Madhyanchal,

Paschimanchal and Poorvanchal. The Government will strive to improve quality and access to education and skill development programs in these areas, develop road infrastructure & power connectivity and leverage information technology at different levels in these areas. New industrial parks and areas will also be created in these areas.

The Government also realises that there are areas in the state at the district level which lack any major industrial activity. To promote and initiate industrialisation in these areas, the policy intends to incentivise investments in districts with no major industries.

### **12.3 Promoting SC/ ST/ Women and Differently Abled entrepreneurs**

GoUP intends to promote industrial units with minimum 75% ownership of SC/ ST/ Women/ Differently abled entrepreneurs by providing additional benefits on the following incentives provided under the policy –

**12.3.1** 20% exemption from stamp duty with the maximum limit of 100%

**12.3.2** 2.5% reimbursement in Capital interest with the maximum limit of 7.5%

**12.3.3** 2.5% reimbursement on Infrastructure interest subsidy with the maximum limit of 7.5%

**12.3.4** 10% EPF reimbursement with the maximum limit of 70%

### **12.4 Promoting employment for SC/ ST/ Women/ Differently Abled and BPL families**

**12.4.1** Units with more than 400 workers in Paschimanchal UP or more than 200 workers in Bundelkhand, Poorvanchal and Madhyanchal will be provided additional incentives in the form of 10% reimbursement of net VAT/CST/ amount deposited in State's account vis-a-vis share of the state under GST in each of the following cases-

- a. Industrial units employing minimum 25% workers from BPL families
- b. Industrial units employing minimum 40% female workers
- c. Industrial units employing minimum 25% workers belonging to SC/ST category

**12.4.2** Industrial units providing employment to differently abled workers will be provided payroll assistance of Rs. 500 per month for each such worker.

## **13 Investment Promotion and marketing 'Brand Uttar Pradesh'**

For the Industrial Investment & Employment Promotion Policy of Uttar Pradesh 2017 to be successful, the GoUP believes a complementary framework of investment promotion is essential with an overarching strategy of building a 'safe, secure, corruption free, industry friendly – most preferred investment destination' image of Uttar Pradesh.

Towards this, the State Investment Promotion Board (SIPB) will institutionalise investment promotion activities in the state. A targeted approach to reach prospective investors and communicate investment opportunities in the state through various channels will be undertaken. GoUP will participate in and host various national and international trade fairs, events and conferences which will act as an ideal platform for B2G interactions and showcasing sectoral strengths & conducive policy framework of Uttar Pradesh. Global Investors Summit (GIS) will be organised with an objective to project Uttar Pradesh as a Global Investment hub.

GoUP will also lay adequate emphasis on promotion of locally specialized businesses at the level of each district of the state like china clay utensils of Bulandsahar, sports items of Meerut, glass work of Firozabad, locks of Aligarh, knives of Rampur, brass work of Moradabad, mint of Sambhal, furniture of Bareilly, perfume of Kannauj, shoes and petha of Agra, leather work of Kanpur, carpet of Bhadohi, sarees of Varanasi, sugar of Balrampur, jaggery of Muzaffarnagar and chikan work of Lucknow etc.

## **14 Domestic & Global Environment – Gaining from external factors and being responsive to them**

The world today is highly unpredictable and dynamic. Various disruptions, competitions and changing preferences poses both positive and negative impact on the state. The policy intends to place a framework to gain from both these crosswinds as well be responsive towards them.

### **14.1 Gaining from external factors**

The Government will align its priorities and focus areas with the national and international trends. The Government will strive towards maximising benefits from the various bilateral and multi-lateral trade agreements made by the Government of India. It will also ensure maximum utilisation of Government of India funds to develop and upgrade the industrial and economic infrastructure of the state.

### **14.2 Responsive to changing environment**

The State Government will ensure that the implementation of the industrial policy meets its stipulated objectives. Recognizing the increasingly dynamic nature of the world economy with constant need for frequent and appropriate response, a course correction mechanism would be put in place. The policy envisages building a response system wherein continuous feedback from industries, industrial bodies & other stakeholder are considered for a quick response.

**Note:** The MSME and the sectoral policies mentioned in this policy are summary of the intentions of the government. The detailed policies will be made available separately by the concerned departments of the government.