

New Infrastructure & Industrial Investment Policy 2012 (Uttar Pradesh)

Eight years have passed since State's (Uttar Pradesh) Industrial and Service Sector Investment Policy was formulated and promulgated in 2004. Meanwhile, in view of major transformation of industrial environment in the country and neighbouring states, present State government has announced new Infrastructure and Industrial Investment Policy-2012.

In one of the most rigorous exercises, the process of framing the new Infrastructure and Industrial Investment Policy-2012 involved detailed consultations with all stakeholders, viz. industrial associations, entrepreneurs, all government departments concerned. Most of the suggestions made by these stakeholders have been incorporated in the policy.

Industrial policies of neighbouring states of Uttar Pradesh like - Uttara Khand, Haryana, Rajasthan, Madhya Pradesh, Bihar and a few other industrial progressive states like Maharashtra, Gujarat, Karnataka, etc. have been thoroughly studied and main features of these policies have been included in the new policy. Moreover, attractive incentives provided for Bundelkhand and Eastern part of State more than match the policy provisions of neighbouring Bihar, Madhya Pradesh, Rajasthan, etc.

In order to remove regional imbalance in industrial development, special facilities have been provided to Eastern U.P. (Poorvanchal), Bundelkhand and Madhyanchal. Special incentives for Madhyanchal have been included to achieve of the objective of present state government to boost industrial development in Lucknow, Kanpur and nearby areas.

This policy has been framed with a view to provide a holistic guiding policy for all departments related to industrialisation, such as- Food Processing, Information Technology, Sugar, Micro & Small Industries, etc. These departments will derive the benefits enumerated in the new policy.

New policy has been formulated with an objective of attaining the target of 11.2 per cent industrial growth in Uttar Pradesh. To achieve this goal, along with financial subsidies and exemptions, strategy for improving industrial environment and infrastructure, capacity and skill development provisions have been included in the policy.

100 per cent exemption in Stamp duty will be available to the industrial units in Poorvanchal, Madhyanchal and Bundelkhand. 100 per cent exemption will also be given to infrastructure facilities, like- roads, power, wholesale, transshipment centres, warehousing, cold storage, etc. as well as Information technology, Biotech, Agro-processing units. Industrial estates being developed by private sector will also get reimbursement of 25 per cent in stamp duty.

Iron and steel will be exempted from entry tax. Maximum kinds of raw and packaging materials will be enlisted and expanded for a tax liability of only 4 per cent. Eligibility criteria for new industrial units to avail incentives under ongoing **Investment Promotion Scheme** has been brought down from Rs10 crore to Rs 5 crore for Poorvanchal, Madhyanchal and Bundelkhand, while, it has been reduced to Rs 12.5 crore from Rs 25 crore for the rest of State. Under this scheme, interest-free loan equivalent to VAT and Central Sales Tax paid by industrial units will be provided for a period of 10 years.

Policy will launch a new **Capital interest subsidy scheme**, under which new industrial units to be set up in Poorvanchal, Madhyanchal and Bundelkhand shall get reimbursement at the rate of 5 per cent on interest rate of loan taken for plant and machinery, maximum upto Rs 50 lakhs for a period of 5 years. If units take loan for developing infrastructure facilities for self-use, such as- road, sewer, water drainage, power line etc., then they will get reimbursement at the rate of 5 per cent on interest rate of loan taken for this purpose, maximum upto Rs 1 crore for a period of 5 years under **Infrastructure interest subsidy scheme**.

To improve the quality of products, **Industrial quality development subsidy scheme** has been started. Under this scheme, reimbursement will be provided at the rate of 5 per cent on interest rate of loan taken for establishing testing labs, quality certification lab, tool-rooms, etc. maximum upto Rs 1 crore for a period of 5 years.

Special '**EPF reimbursement scheme**' has been launched to generate new employment opportunities, this scheme includes provision of reimbursement of 50 per cent of EPF contribution by new units for their labourers for a period of 3 years, if the new units gives employment to 100 or more labourers.

Apart from implementing scheme of Government of India to promote Micro, Small and Medium units, other beneficial provisions have been made for MSME sector in the new policy.

Special emphasis has been laid on developing and strengthening infrastructure facilities, such as- road, rail and air transportation, expansion of gas pipeline network, major augmentation in power generation, uninterrupted and quality power supply to industries, development of National Investment & Manufacturing Zone, industrial clusters, encouragement to Public private partnership along with strengthening of land banks by Industrial development authorities and corporations.

To create a congenial environment for industrial development, procedures will be simplified by departments concerned, like- Labour, Power, Environment, Commercial Tax, Mandi, etc. Further, facilitation aspect has also been taken care of by provisions for strengthening e-governance, *Udyog Bandhu*, Investor facilitation system and police security.