

HIGHLIGHTS OF THE "INDUSTRIAL AND SERVICE SECTOR INVESTMENT POLICY - 2004"

The Industrial and Service Sector Investment Policy, 2004 has been approved by the Cabinet on February 19, 2004. The Highlights of new policy are as follows :-

Infrastructure

1. Creation of Industrial Infrastructure Development Fund (IIDF) with a Budgetary Provision of Rs. 50 crore. Rs. 50 crore budgetary provision will be made in the next four years also. Fund will finance and subsidize initiatives in infrastructure creation;
2. Establishment of Industrial Infrastructure Development Authority (IIDA) to manage IIDF. IIDA to work under a whole-time managing director, drawing professional personalities in its management. IIDA will have right to collect user-charges and raise capital and to will become self-sustaining through professional project planning and implementation;
3. Creation of world class infrastructure through private partnership. Facilities like transshipment centres, integrated transport and trade centres, exhibition halls, trade centres, container depots, way-side facilities, display centres etc.;
4. Maintenance of Industrial Estates by a Co-operative Society of the entrepreneurs. The Society will receive 60% of taxes collected by the local authority and may be granted necessary financial assistance as and when necessary;

Power & Energy

5. Uninterrupted power supplies for 24 hours to Industrial Areas. IT/ BT/Food Processing/ Agro-based industries involving investment of more than 10 crores and other industries involving investment of more than 50 crores will be supplied electricity through dedicated feeders;
6. Feeders having 75 per cent or more industrial load will be deemed as industrial feeders and will be exempted from power cuts;
7. Dedicated feeders built at the cost of industries shall not be tapped for any other purpose, except where such industry consents to tapping of such feeders for another industrial unit under mutual agreement;
8. Captive and Co-generation to be promoted;
9. Natural gas to be promoted as an alternative source of energy;

Fiscal Assistance-Infrastructure Projects

10. Financial Assistance for investment in infrastructure projects:-

- 10.1. Industrial Estates for IT/BT units are eligible for 50 per cent of investment or Rs. 250 lac, whichever is less;
- 10.2. Other industrial estates are eligible for 20 per cent of investment or Rs. 250 lac, whichever is less;
- 10.3. Call centre hubs having covered area of not less than 10,000 m² are eligible for 50 per cent of investment or Rs. 50 lac, whichever is less;
- 10.4. Convention halls, multimedia centres, exhibition grounds and business/trade centres having recreational facilities and having -
 - 10.4.1. covered area of not less than 5,000 m² but less than 10,000 m² are eligible for 50 per cent of investment or Rs. 50 lac, whichever is less;
 - 10.4.2. covered area of not less than 10,000 m² are eligible for 50 per cent of investment or Rs. 100 lac, whichever is less;
- 10.5. Common facilities in industrial clusters, which are recommended by industrial associations are eligible for 50 per cent of investment or Rs. 200 lac per cluster, whichever is less;
- 10.6. Laboratories for quality control and Research and Development for products of small scale industries are eligible for 50 per cent of investment or Rs. 100 lac, whichever is less;
- 10.7. Case to case approval by Cabinet on the recommendations of high powered committee under the chairmanship of Chief Secretary;

Stamp Duty & Registration Charges on Land

11. 100 per cent exemption from payment of stamp duty on -

- 11.1. new small scale units in 24 districts of Poorvanchal and 7 districts of Bundelkhand;
- 11.2. infrastructure projects;
- 11.3. IT/BT, and food processing units and call centres;
- 11.4. service sector projects as enumerated below-
 - 11.4.1. Multi-facility hospitals with specified facilities and having at least 100 beds;
 - 11.4.2. Super-specialty hospitals with specified facilities;
 - 11.4.3. hospitals at block headquarters with specified facilities and having at least 50 beds;
 - 11.4.4. Hospitals in rural areas other than a block head-quarter with specified facilities and having at least 30 beds;
 - 11.4.5. IT/Technical education institutes at block headquarters teaching syllabus approved by the State Government for this purpose and having at least 75 students/apprentices;
 - 11.4.6. Medical and dental colleges, other educational institutions, multiplexed cinema halls, shopping malls and entertainment centres investment in building and machinery in which is not less than Rs. 10 crore;

12. 50 percent rebate in stamp duty on all industrial projects not covered under para 11;
13. Facility of registration of all industrial projects at concessional rate of Rs. 2 per thousand, subject to a maximum of Rs. 5,000. This facility is available on service sector projects listed in para 11.4 also;

Fiscal Incentives- Service Sector

14. Service sector projects listed in para 11.4 will also be eligible for-
 - 14.1. exemption from acquisition charges if land for the project is acquired by the Government;
 - 14.2. exemption from entry tax on plant and machinery used for the establishment of project;
 - 14.3. exemption from electricity duty for 10 years from the date of establishment;
 - 14.4. exemption from development charges and malba charges levied by the development authority/local authority;
 - 14.5. exemption from house-tax, water and sewage tax and all other taxes/charges levied by the development authority/local authority for five years from the date of establishment;

15. Incentives for new investment in the State -

- 15.1. 10 per cent capital subsidy on investment in new small scale units in 24 districts of Poorvanchal and 7 districts of Bundelkhand, subject to a maximum of Rs. 5 lac;
- 15.2. units of women and SC/ST entrepreneurs in such areas to get 15 percent capital subsidy subject to a maximum of Rs. 7.5 lac;
- 15.3. 5 per cent interest subsidy to new small scale units for five years subject to a maximum of Rs. 2.5 lac per annum;
- 15.4. concessional rates of 2 per cent of CST instead of 4 per cent;
- 15.5. power bill subsidy equivalent to trade-tax paid on raw materials;
- 15.6. exemption from entry tax on plant and machinery used in establishment of new units;
- 15.7. first new units in every district with an investment of at least 10 crores in case of IT/BT/food processing units and 25 crore in case of other units to be reckoned as pioneer units. Pioneer units will get interest free loan under Industrial Investment Promotion Scheme (IIPS) for 15 years instead of 10 years;
- 15.8. new industrial units employing more than 50 percent or 500 women and 25 percent or more SC/ST employees will be entitled to addition 20 percent of interest free loan under IIPS;
- 15.9. All new industrial units will be exempted from payment of electricity duty for 10 years. Pioneer units will be exempted for 15 years;
- 15.10. projects having investment of more than Rs. 500 crore will be considered on a case to case basis for providing incentives;

16. Incentives to existing units-

- 16.1. stamp duties on business transactions to be rationalized to Rs. 2 per thousand for-
 - 16.1.1. agreement relating to deposit of title deeds for pawn or pledge, from existing Rs. 5 per thousand;
 - 16.1.2. bank guarantee, subject to a maximum of Rs. 10,000, from existing Rs. 5 per thousand subject to a maximum of Rs. 10,000;
 - 16.1.3. conveyance of movable property belonging to the industry, from existing Rs. 20 per thousand;
 - 16.1.4. mortgage deed in which possession is not transferred, from existing Rs. 70/- per thousand;
 - 16.1.5. collateral security, from existing Rs. 10 per thousand;
- 16.2. rates of interest on arrears of declared trade tax and assessed trade tax to be reduced to 14 per cent and 12 per cent respectively from existing 24 per cent and 18 per cent respectively;
- 16.3. Reimbursement of 50 per cent expenditure incurred on registration of patents and other intellectual property rights, subject to a maximum of Rs. 5.0 lac;
- 16.4. interest rates of state financial institutions to be brought at par with bank/market rates
- 16.5. reimbursement to small scale units of expenditure incurred on-
 - 16.5.1. obtaining quality certification, 50 per cent of expenditure subject to a maximum of Rs. 2.0 lac;
 - 16.5.2. market and technical studies and study of production skills, 90 per cent of expenditure subject to a maximum of Rs. 50,000;
- 16.6. Incentives to existing small scale units under U. P. Small Industries Technical Up-gradation Scheme-
 - 16.6.1. 50 per cent subsidy, subject to a maximum of Rs. 2.5 lac for purchase/import of technical know-how from government recognized institutions;
 - 16.6.2. 50 per cent capital subsidy, subject to a maximum of Rs. 2.00 lac for purchase of additional machinery for increasing production;
 - 16.6.3. 5 per cent interest subsidy for five years, subject to a maximum of Rs. 50,000 per annum, on loans from banks/financial institutions for purchase of machinery mentioned in para 16.6.2 above;
- 16.7. Purchase of diesel for captive power plants permitted against form 3-B;
- 16.8. Identification of trade fares and exhibitions will be made at the beginning of the year itself and participating industrialists shall be chosen through a transparent process at least 6 months before the event. State Government will bear 50 per cent of transportation and space rental expenditure;

17. Deregulation and Simplification

- 17.1. An Act to be passed for effective implementation of Single Window Clearance System;
- 17.2. System of self-certification and third-party certification will be introduced;

- 17.3. Only one combined inspection of industries in a year;
- 17.4. Small scale units having less than 25 employees exempted from labour laws;
- 17.5. Entrepreneurs and traders having turnover upto Rs. 3 lac exempted from trade-tax registration;
- 17.6. Automatic approval of industrial building maps on submission except for a restricted list of highly-polluting industries;
- 17.7. Compulsion of giving employment to land-holder in lieu of acquired land removed;
- 17.8. In case of recovery of dues-
 - 17.8.1. stamp duty to be charged on actual auction amount;
 - 17.8.2. recovery charges on actual amount recovered/amount of OTS only;
- 17.9. Breaking local truck cartels;
- 17.10. U.P. Shops and Establishments Act, 1962 will be amended considering the needs of Call Centres, Multiplexes, Shopping Complexes and other services facilities which keep open for 24 hours;

Other Matters

18. Appointment of Chief Industrial Development Officer in selected industrial districts;
19. Task force under the chairmanship of Industrial Development Commissioner for inquiry into complaints of harassment by officials;
20. Fast track grievance redressal system on security issues. An IG Police to be deputed on whole time basis in the office of DG Police to look into the security needs of the entrepreneurs;
21. Entrepreneurs / Trader Security Forum to be created at District level under the Chairpersonship of the District Magistrate;
22. Meeting of Udyog Bandhu at Hon'ble Chief Minister's level once in every three months;
23. Creation of Human Resource Development Fund for providing assistance to participating companies for training and development of employees. Participating companies to contribute 1/2 to 1 per cent of their wage bill according to number of employees. State Government will contribute twice such amount. Participating companies will be entitled to draw three times their contribution.
24. U.P. Small Industrial Units Rehabilitation board to be created. An Act to be passed for effective implementation of Rehabilitation Board;
25. Creation of Rehabilitation Fund of Rs. 50 lac for funding 50 per cent of consultancy charges for making rehabilitation packages;