



Discussion Paper on  
proposed  
**New Industrial Policy of UP 2022**

12<sup>th</sup> September 2022

# Framework

## *New Industrial Policy*

### Focus areas

**1**

#### Vertical

- Focus sectors
- Sunrise sectors
- Champion Services

**2**

#### Horizontal

- Land
- Finance
- Logistics
- Skilled Labour
- Power

**3**

#### Competitiveness

- Exports
- Global value chain integration
- R&D, innovation and IPR
- MSME & local
- Quality & design

**4**

#### Attractiveness

- EoDB
- Investment Promotion and FDI attraction
- Incentives

**5**

#### Sustainability

- Employment
- Regional & societal imbalance
- Circular economy

**Common implementation framework across various sectoral policies**

# **Proposed incentives to individual units**

# Attractiveness

## *Incentives*

---

- ▶ Major incentives –
  - ▶ Choice of any of the below options
    - Capital Subsidy with boosters
    - SGST reimbursement
    - PLI Top Up
- ▶ Stamp Duty exemption – 100% in Bundelkhand & Poorvanchal; 75% in Madhyanchal & Paschimanchal and 50% in GB Nagar & Ghaziabad
- ▶ R&D projects (standalone & inhouse) and IPR incentives
- ▶ Centre of Excellence (CoE)
- ▶ Incentives for Cleaner production

| Categories          | Large              | Mega                  | Super Mega             | Ultra Mega   |
|---------------------|--------------------|-----------------------|------------------------|--------------|
| Investment (in Cr.) | >₹ 50 Cr – <200 Cr | >= ₹ 200 Cr – <500 Cr | >=₹ 500 Cr – <5,000 Cr | >=₹ 5,000 Cr |

# Attractiveness

## *Incentives*

**Option 1: Fixed Capital Subsidy (as % of FCI) = Below %age x GSM**

| District       | Large          | Mega          | Super Mega    | Ultra mega    |
|----------------|----------------|---------------|---------------|---------------|
| GB Nagar & GZB | 10% for 10 yrs | 18% for 12yrs | 20% for 15yrs | 22% for 20yrs |
| M & P          | 12% for 10yrs  | 20% for 12yrs | 22% for 15yrs | 25% for 20yrs |
| B & P          | 15% for 10yrs  | 22% for 12yrs | 25% for 15yrs | 30% for 20yrs |
| Annual Cap     | INR 5 Cr       | INR 10 Cr     | INR 85 Cr     | INR 150 Cr    |

*\*Mega and above can additionally apply for boosters over and above the Fixed Capital Subsidy*

Gross Supply Value Multiple (GSM) = MIN (75%, AGS/PPYS)/75%

(Peak Previous Year Gross Supply –PPYS; Actual Gross Supply in the Reviewed Year- AGS)

- i. Maximum GSM value shall be '1'.
- ii. GSM for first year should be '1' provided utilization of installed capacity is at least 40%
- iii. To have a gross supply value multiple of 1, minimum GSP should be 75% of peak previous year annual Gross Supply (PPYS); this implies if the AGS is lesser than 75% of PPYS, there will be a proportionate decrease in GSM.
- iv. Below 10%, GSM will 0

# Attractiveness

## *Incentives*

Boosters (For mega & above) – The boosters (1% to 3% of the FCI) can be added to the Fixed Capital Subsidy

**Total Subsidy** = Fixed Capital Subsidy + *Boosters (Employment Booster + Exports Booster + Early bird Operational Commencement Booster + Ecosystem Booster)*

### Capping on Total Subsidy based on Boosters

| District                 | Large          | Mega          | Super Mega    | Ultra mega    |
|--------------------------|----------------|---------------|---------------|---------------|
| GB Nagar & GZB           | 10% for 10 yrs | 18% for 12yrs | 20% for 15yrs | 22% for 20yrs |
| M & P                    | 12% for 10yrs  | 20% for 12yrs | 22% for 15yrs | 25% for 20yrs |
| B & P                    | 15% for 10yrs  | 22% for 12yrs | 25% for 15yrs | 30% for 20yrs |
| Annual Cap               | INR 3 Cr       | INR 10 Cr     | INR 85 Cr     | INR 150 Cr    |
| Annual Cap with boosters | NA             | INR 12.5 Cr   | INR 120 Cr    | INR 210 Cr    |

**Hence, Ultra Mega Projects can reach Capital Subsidy up to 42% of FCI , Super Mega up to 35% of FCI and Mega up to 30% of FCI**

# Attractiveness

## Incentives

- Employment booster - *Average annual employment to be considered (covered under EPF)*
  - On minimum employment for the given project category – Booster of 1%
  - On employing more than twice the min. employment for the given project category – Booster of 2%
  - On employing more than thrice the min. employment for the given project category – Booster of 2%

|                        | Mega                  | Super Mega              | Ultra Mega    |
|------------------------|-----------------------|-------------------------|---------------|
| <b>Investment</b>      | >= ₹ 200 Cr – <500 Cr | >= ₹ 500 Cr – <5,000 Cr | >= ₹ 5,000 Cr |
| <b>Min. Employment</b> | 300                   | 600                     | 1500          |

- Exports Booster - *Ratio of revenue from exports to total revenue for the given year to be considered.*
  - More than 25% of its revenue through exports - Booster of 1%
  - More than 50% of its revenue through exports - Booster of 2%
  - More than 75% of its revenue through exports - Booster of 3%
- Earlybird Operational Commencement Booster - *The first five projects to commence operations in each category (amongst the fresh applicants under the New Policy) shall get an Operational Commencement Booster.*
  - Ultra Mega Category – Booster of 3%
  - Super Mega Category – Booster of 2%
  - Mega Category – Booster of 1%
- Ecosystem Booster - *If the Project brings in a new investment amongst its vendor ecosystem (manufacturing unit) within the same or nearby premises (within the same district) within its investment period, then it shall get an Ecosystem Booster on procurement of 60% of the vendor's output.*
  - Ultra Mega Category – Booster of 3%
  - Super Mega Category – Booster of 2%
  - Mega Category – Booster of 1%

# Attractiveness

## *Incentives*

---

### **Option 2: SGST Reimbursement for Final Products**

- 100% net deposited SGST payable on the first sale of final products manufactured, sold, and registered in the State shall be reimbursed for a period of 15 years from the date of commercial production or upon achieving the minimum eligible investment with upper limit of 100% of FCI

### **Option 3: PLI Top up**

- 25% of the PLI incentives (as and when disbursed by GOI) sanctioned under respective PLI Schemes of Government of India, disbursed over a period of 10 years
- Investor will have an option of choosing between Option 1, 2 & 3.
- Overall cap – The total amount of incentives from State and Centre cannot exceed 100% of FCI.



# Attractiveness

## *Other Incentives - CoE, R&D, Intellectual Property*

---

### ■ **CENTRE OF EXCELLENCE:**

- Government organizations / PSUs/ Pvt companies shall be encouraged to set up Centres of Excellence (CoE) to promote sectors for which there is no sectoral policy, resource efficiency, circular economy, quality improvement and industry 4.0. These CoEs shall facilitate R&D, testing, technology acquisition and other facilities to industry in the State.
- No. of CoEs, as decided by committee under CS, shall be incentivized with a 50% grant of project cost up to INR 10 crores each. This grant shall be released in 5 equal annual instalments.

### ■ **R&D Projects** – Stand-alone R&D projects shall be eligible for the following Incentives, subject to the following conditions –

- Must have a Minimum Investment of Rs. 50 cr. in Eligible Fixed Assets and creation of Employment for 50 persons
- Clearly demarcated facilities inside or outside the industrial unit.
- Must be Registered with the Department of Scientific and Industrial Research, Government of India (DSIR)

### **R&D and Intellectual Property Rights (IPR) incentives -**

- The Government will reimburse 50% of the expenditure incurred by the Project subject to a maximum of Rs. 1 cr. for the period of investment for in-house R&D for a patent, copyright, trademarks, and Geographical Indicators registration and up to Rs 5 cr. for standalone R&D assets.

# **Private Industrial Park**

# Private Industrial Park

## *Proposal under New Policy*

---

### **Fiscal incentive for Private Industrial Park Developers**

For 20 acres or more (in Poorvanchal & B'khand) and 30 acres in (M'chal and Pash'chal)

- ▶ Capital subsidy of 25% of eligible fixed capital investment(except land cost) maximum upto Rs. 40 crores and Rs. 45 Crs. in Bundelkhand or Poorvanchal.
- ▶ Capital subsidy @ 25% of the cost of Hostel/ Dormitory Housing for domicile workers maximum upto Rs.25 crores (except land cost), if prior approval of approving authority for setting up of Hostel / Dormitory Housing for domiciled workers of the Industrial Park is obtained.
- ▶ 100% stamp duty to developer after complete land acquisition and 10% infra development and 50% to individual units in the park

# Private Industrial Park Scheme

## *Other provisions – under new Policy*

---

- ▶ Minimum of 5 units, with minimum total area of 40%, with no single unit occupying more than 60% of the total allocable area for industrial use.
- ▶ A **Global FAR of 2** of which –
  - ▶ Up to **30% for Hostel/ Dormitories** (not to be sold)
  - ▶ **2.5% for Commercial spaces** (**Additional 1%** in case the private developer forms a SPV with farmers/Bhumidhars contributing more than 50% land for the park)
- ▶ Minimum net worth of the applicant should be 25% of the estimated project cost in Detailed Project Report (DPR) and minimum annual average turnover should be equivalent to estimated project cost.
- ▶ Minimum of **30% of total land area** for open area, green area and common infra
- ▶ Consortium allowed
- ▶ To be completed in 5 years
- ▶ Power purchase through **open access** and provision for power **distribution licence** allowed
- ▶ Govt to facilitate identification of land, peripheral external link infrastructure etc.

# Private Industrial Park

## *Proposal under New Policy*

---

- ▶ **Facilitating land acquisition & aggregation** – In case of land acquisition outside IDA/ DA notified areas,
  - ▶ License to be provided on acquisition (with registered sale deed) of 25% of total land area
  - ▶ DPR submission within 1 year for less than 50 acres and 18 months for more than 50 acre and 50% land acquisition (including land with Land Pooling Agreement/ Developer agreement with farmers)
  - ▶ Map approval within 18 months for less than 50 acre and 2 years for more than 50 acre and 60% land acquisition (including land with Land Pooling Agreement/ Developer agreement). Phased approval to be allowed with 60% land acquired in each phase (upto min size – 1 phase, upto 100 acres – 2 phase, 100 or more – 4 phases)
  - ▶ Post 80% acquisition, if any issues faced, Govt to acquire the remaining land on submission of BG of equivalent amount;



# Thank You

