

Key Fiscal Incentives under Uttar Pradesh Infrastructure & Industrial Investment Policy (IIIP) 2012

Uttar Pradesh has embarked on a journey of policy reforms

The Government of Uttar Pradesh has approved and announced the new Infrastructure and Industrial Investment Policy-2012 with an objective of attaining an industrial growth rate of 11.2 per cent per annum.

The policy envisions establishing Uttar Pradesh as the most preferred destination for investment by accelerating industrial development, creation of a conducive business environment and development of high-end infrastructure facilities in order to create new employment opportunities.

Significantly, to make policy execution transparent and effective, all supporting Government Orders, Notifications, etc. have been issued along with policy document. Implementation of the policy will be regularly monitored by a High-Level Committee constituted for this purpose.

Key Fiscal Incentives

Stamp duty concessions

- 100% stamp duty concessions to be given to:
 - New IT, Bio-tech, BPO, Food processing, Food park, Alternative energy resources units.
 - Private sector infrastructure development projects excluding PPP projects.
 - Industrial units in all sectors on purchase, lease or acquisition of land by industrial units in Eastern U.P., Central U.P. and Bundelkhand region.
- 75% stamp duty concession to new units on purchase of land from government agencies and 50% stamp duty concession on purchase of land from private sources in Western U.P.
- In case of attachment of assets of a closed unit by UPFC, PICUP or bank, stamp duty shall be payable on sale price fixed by competent authority instead of circle rate.
- Reimbursement of 25% of stamp duty, if a private developer completes development of industrial estate or area within 3 years after purchase of land and a minimum of 50% land is sold.
- Reimbursement of stamp duty on land transfer by a parent /holding company to a subsidiary company which starts production within 3 years of the said land transfer.

Exemption in Entry Tax & other taxes

- Entry tax on iron & steel to be used as raw material will be rationalized.
- Facility of input tax refund or set-off will be allowed to manufacturers who export outside India through export houses in the course of export under sub-sec. (3) of Sec. 5 of Central Sales Tax Act 1956.
- List of schedule II part C (tax liability of only 4 per cent) will be expanded to include more items of raw material, processing material and packaging materials.

Exemption from Mandi Fee

- For 5 years on purchase of raw material to all new food processing units with investment of INR 5 crore or above in plant, machinery and spare parts.

Energy sector related incentives

- Exemption from Electricity Duty for 10 years to new industrial units and to captive power generating unit for own consumption.



Investment Promotion Scheme

- Interest-free loan equivalent to VAT and Central Sales Tax paid by industrial units or 10 percent of the annual turnover whichever is less will be provided for a period of 10 years repayable after 7 years from the date of first disbursement.
- Who is eligible:
 - In Eastern U.P, Central U.P and Bundelkhand, new industrial units with total capital investment of INR 5 crore or more.
 - In Western U.P, new industrial units with total capital investment of INR 12.5 crore or more.
 - Industrial units undertaking expansion by minimum 25% of existing production capacity.

Capital interest subsidy scheme

- Interest on loan taken for plant and machinery by new industrial units set up in Eastern U.P., Central U.P and Bundelkhand, will be reimbursed @ 5 percentage points with a ceiling of INR 50 lac/annum for a maximum period of 5 years.
- For new textile units, interest on loan taken for plant and machinery will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum in Eastern U.P., Central U.P. and Bundelkhand and up to INR 50 lac per annum in Western U.P. for a maximum period of 5 years.

Infrastructure interest subsidy scheme

- Interest on loan taken by industrial units for developing infrastructure facilities for self-use, such as road, sewer, water drainage, power line etc. will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum for a maximum period of 5 years.

Industrial quality development subsidy scheme

- Interest on loan taken by industrial association, group of industrial units for establishing testing labs, quality certification lab, tool-rooms, etc. will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum for a maximum period of 5 years.

EPF reimbursement scheme

- Any new industrial unit employing more than 100 unskilled workers will be reimbursed 50% of the EPF contribution for 3 years after 3 years of setting up unit.

Special facilities for Mega Projects

- Mega projects with an investment of more than INR 200 crore and less than INR 500 crore will be provided with special concessions within schemes covered under this policy on case-to-case basis on recommendation of Empowered Committee and approval of the State Cabinet.
- Mega projects with an investment of more than INR 500 crore will be provided with additional incentives over and above those provided in this policy on case-to-case basis on recommendation of Empowered Committee and approval of the State Cabinet.

