MANUFACTURING
Uttar Pradesh
Creating a New Growth Story
Manufacturing in Uttar Pradesh: Creating a New Growth Story

- 12th Plan envisages industrial growth rate of 11.2% p.a. and an estimated investment of INR 3,17,754 crore in manufacturing sector
- Industrial investment in Uttar Pradesh grew at a CAGR of 134.53% between FY2008 and FY 2012
- Capital investment in heavy industries rose from INR 5054 crore in 2010-11 to INR 19,307 crore in 2011-12
- Uttar Pradesh ranks 3rd in terms of number of MSME enterprises in India
- 175,000 MSME units set up during the 11th Five Year Plan with a total investment of INR 22,000 Cr
- In Fy2012, 33532 SSIs have been established with an investment of INR 3452 crore
- 80,000 handlooms with workforce of 250,000 handloom weavers in the state
- Availability of surplus skilled/semi-skilled and traditionally skilled manpower – net exporter to other states in India
- 2nd in terms of highest number of ITIs/ITCs in India
- 3rd in terms of highest number of Business Schools in India
- 4th in terms of highest number of engineering colleges in India
- 3rd in terms of highest number of polytechnics in India
- Large consumer base of 200 million with improving per capita income
- Rapidly improving physical connectivity - new expressways, power projects and international airports
- Highly attractive Infrastructure and Industrial Investment Policy 2012 - slew of fiscal incentives; IIIP implemented in letter and spirit by issuing all Government Orders
- Proactive investor facilitation through Udyog Bandhu and Nivesh Mitra
## Key Growth Segments in Uttar Pradesh

<table>
<thead>
<tr>
<th>Segment</th>
<th>Key Strengths of Uttar Pradesh</th>
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</table>
| Engineering Goods        | - Several OEMs and Auto component suppliers are located at Noida and Ghaziabad  
- A centre for providing complete homolocation service to agri-tractors, off-road vehicles, diesel generation sets as per Indian and global standards. Driver training centre is coming up at Rae Bareilly  
- Centre of National Automotive Testing and R&D Infrastructure Project (NATRIP) is being set up  
- Around 320 Engineering Colleges, 333 Polytechnics and 1500 ITIs/ITC offering a large supply of skilled personnel  |
| Leather                  | - Second largest producer after Tamil Nadu  
- Contributes a share of about 28% in total exports of leather and leather products from India  
- Exports of leather and leather products from U.P. were to the tune of Rs 5678 crore during 2010-11, which increased to Rs 6685 crore in 2011-12  
- Over 900 acres of land sanctioned for setting up two Leather Parks in Sandila (District Hardoi) and at Ramaipur (District Kanpur) estimated to attract an investment of Rs 2,000 crore  
- Major items of export are finished leather, leather footwear, saddlery and harness items  
- Kanpur and Agra have been notified as “Town of Export Excellence” for leather products  
- Multi level skill development centre at a total project cost of Rs 924.31 lacs and testing laboratory in Kanpur at a project cost of Rs 976.23 lacs is planned by Council for Leather Exports at Kanpur  
- Footwear Design and Development Institute at Noida – a one stop solution provider for footwear, leather products and allied industries |
| Sugar                    | - Second largest sugar producer of India next to Maharashtra, accounting for about 28% of total output  
- Easy access to raw material and huge potential of establishing new units in Eastern Uttar Pradesh  
- Huge demand for byproducts  
- Conducive policy of State Government keeping in view the high potential of this sector  |
| Cement                   | - Uttar Pradesh ranks 9th in production of cement with production of 7.05 million tonnes p.a  
- Abundant availability of raw material in Bundelkhand area ideal for setting up cement manufacturing plants  
- Major investments by leading groups for establishing new cement plants and expansion of existing plants |
| Textiles                 | - State having distinction of being able to offer complete range of handloom products like home furnishing, floor coverings, bed covers, bed sheets, dress material etc and a vast range of woven and printed saris made of cotton and silk  
- Approx 5.6% share of total weaving units in handloom sector of India  
- Mirzapur and Bhadohi are major centres for the production of carpet floor coverings & account for approx. INR 2000 crores of export  |
| Chemicals and Fertilizers| - Approx 6% of India’s total production of Chemicals  
- Presence of major chemical manufacturers like Tata Chemicals, Kanoria Chemicals, Jubilant Life Sciences  
- Abundant availability of raw material for production of fertilizers in Bundelkhand area  
- Rock phosphate found in Lalitpur is sold as a direct fertilizer and used as raw material for phosphorus plants  |
Attractive Financial Incentives offered in the Infrastructure and Industrial Investment Policy 2012

**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 commercial banks, 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 from 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 units 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, toolrooms, 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.
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.

Key industrial clusters and investment zones in the state

Noida
Gautam Buddh Nagar-Bulandshahr
Muzaffarnagar-Meerut-Ghaziabad
Kanpur-Unnao-Lucknow
Mathura-Firozabad
Bhadohi-Varanasi
Raebareli-Sultanpur
Faizabad
Gorakhpur
Allahabad-Naini
Shahjahanpur

Traditional Product Clusters of Uttar Pradesh

<table>
<thead>
<tr>
<th>District</th>
<th>Products</th>
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<tbody>
<tr>
<td>Agra</td>
<td>Metal Locks and Keys</td>
<td>Varanasi</td>
<td>Silk Sarees</td>
</tr>
<tr>
<td>Moradabad</td>
<td>Brass Items</td>
<td>Saharanpur</td>
<td>Wooden Toys</td>
</tr>
<tr>
<td>Agra</td>
<td>Leather Shoes</td>
<td>Meerut</td>
<td>Sports Goods</td>
</tr>
<tr>
<td>Bareilly</td>
<td>Zari Items for Textiles</td>
<td>Lucknow</td>
<td>Chikan Textile</td>
</tr>
<tr>
<td>Bhadohi</td>
<td>Carpet</td>
<td>Firozabad</td>
<td>Glass Products</td>
</tr>
<tr>
<td>Kanpur</td>
<td>Leather Items</td>
<td></td>
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</table>
Industrial infrastructure on offer to investors

<table>
<thead>
<tr>
<th>Special Economic Zones</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tronica City</strong></td>
<td>Integrated Industrial Township has been developed over 1600 acre land in Ghaziabad, where land is available for industrial, residential, institutional and commercial sectors.</td>
</tr>
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<table>
<thead>
<tr>
<th>Growth Centres</th>
<th>Status</th>
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<tbody>
<tr>
<td>Growth Centres at Shahjhanpur, Jhansi, Dibiyapur (Auraiya) have been completed. These centres have industrial, residential and commercial sectors. Different sizes of plots have been developed to accommodate micro, small, medium and large scale industrial units at attractive rates.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Integrated Industrial Development Centres</th>
<th>Status</th>
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<tbody>
<tr>
<td>Integrated Industrial Development Centres have been developed at Kosi Kotwan (Mathura), Etah, Banthar (Unnao), Baghpat, Masuri Gula Bari (Ghaziabad), Kosi Road (Barahanki) and Chandauli in an area of approx. 50 acres each, under the Central Govt. Scheme. These centres are equipped with infrastructure facilities like roads, drains, power distribution network, water supply etc.</td>
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<tr>
<th>Cluster Development Scheme</th>
<th>Status</th>
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<tbody>
<tr>
<td>The State Government has introduced the Central Government’s Cluster Development Scheme under which Industrial Clusters are developed by upgrading infrastructure and removal of bottlenecks for Industry. The State Government has sanctioned 5 Industry Clusters for Hard Intervention and 15 other industry clusters for Soft Intervention.</td>
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<tr>
<th>Leather Technology Park</th>
<th>Status</th>
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<tbody>
<tr>
<td>Leather Technology Park has been developed at Banthar, Unnao on 232 acres located on NH-25 on Kanpur – Lucknow road to accommodate leather tanneries and leather goods units.</td>
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</table>

<table>
<thead>
<tr>
<th>Agro Parks</th>
<th>Status</th>
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<tbody>
<tr>
<td>Two Agro Parks (over 180 acres of land) have been developed for food processing industry at Lucknow &amp; Varanasi. These parks have been designed to meet the specific needs of the agro and food processing industry. These specialized facilities include Multi Chamber Cold Store with Controlled Atmosphere facility and Washing-sorting-grading line</td>
<td></td>
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<thead>
<tr>
<th>Moradabad Special Economic Zone</th>
<th>Status</th>
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<tbody>
<tr>
<td>This sector specific SEZ for handicrafts has been developed in Moradabad over 467 acres close to New Delhi International Airport (160 km). Moradabad is the biggest brass &amp; silver handicrafts manufacturing &amp; export centre of India. Excellent infrastructure facilities have been provided with 24 hours security etc.</td>
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<tr>
<th>Apparel Parks</th>
<th>Status</th>
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<tbody>
<tr>
<td>In order to promote Apparel Industry, UPSIDC has setup Apparel Parks at Tronica City, Ghaziabad and Textile &amp; Hosiery Park at Rooma, Dist. Kanpur,</td>
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### Proposed industrial infrastructure

<table>
<thead>
<tr>
<th>Project</th>
<th>Focus Sector</th>
<th>Location</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastic City</td>
<td>Plastics</td>
<td>Auraiya</td>
<td>Land earmarked and concept plan under finalisation</td>
</tr>
<tr>
<td>Leather Mega Cluster</td>
<td>Leather</td>
<td>Kanpur, Agra, Hardoi</td>
<td>Concept report under finalisation</td>
</tr>
<tr>
<td>Integrated Dairy Park</td>
<td>Dairy</td>
<td>Lucknow</td>
<td>Concept report under finalisation</td>
</tr>
<tr>
<td>Mega Food Park</td>
<td>Food Processing</td>
<td>Jagdishpur</td>
<td>Concept report under finalisation</td>
</tr>
<tr>
<td>National Manufacturing Investment Zone (NIMZ)</td>
<td>Multi-sector</td>
<td>Dadri-Noida-Ghaziabad, Auraiya,Jhansi</td>
<td>Auraiya and Jhansi proposal submitted to Govt of India</td>
</tr>
<tr>
<td>Textile Park</td>
<td>Textile</td>
<td>Fatehpur</td>
<td>Proposal submitted to Government of India</td>
</tr>
</tbody>
</table>
Proposed industrial infrastructure

Industrial infrastructure on offer to investors

- Industrial Growth Centres
- Apparel Parks
- Multi-sector Special Economic Zones
- Special Centres
- Textile Parks
- Agro Parks
- Integrated Industrial Development Centres
- Integrated Township

Moradabad is the biggest brass & silver handicrafts manufacturing & export centre with infrastructure facilities like roads, drains, power distribution network, water supply etc.

In order to promote Apparel Industry, UPSIDC has setup Apparel Parks at Tronica City, Ghaziabad and Textile & Hosiery

sanctioned 5 Industry Clusters for Hard Intervention and 15 other industry clusters for Soft Intervention.

Clusters are developed by upgrading infrastructure and removal of bottlenecks for Industry. The State Government has

introduced the Central Government's Cluster Development Scheme under which Industrial Growth Centres at Shahjhanpur, Jainpur (Kanpur Dehat), Jhansi, Dibiyapur (Auraiya) have been completed. These

8 SEZs are functional out of which six have been developed under private sector.

21 SEZs have been notified.

So far 56 SEZs proposals have been recommended by U.P. Government to Government of India. Out of these proposals,

This sector specific SEZ for handicrafts has been developed in Moradabad

road to accommodate and Chandauli in an area of approx. 50 acres each, under the Central Govt. Scheme. These centres are

at Kosi Kotwan [Mathura], Etah, Banthar (Unnao), Baghpat, Masuri Gulawati (Ghaziabad), Kursi Road (Barabanki)

To encourage development of micro & small industries Integrated Industrial Development Centres have been developed

and facilities include Multi Chamber Cold Store with Controlled Atmosphere facility and Washing-sorting-grading line

These parks have been designed to meet the specific needs of the agro and food processing industry. These specialized

industrial, residential and commercial sectors. Different sizes of plots have been developed to accommodate micro, small, medium and large scale industrial units at attractive rates.

Industrial, residential, institutional and commercial sectors.

To ensure effective and timely resolution of issues of entrepreneurs, 'Udyog Bandhu' organises Tripartite Meetings involving entrepreneurs and government departments concerned. It works at three tiers of district, division and State to redress the grievances of industries.

State level Udyog Bandhu is headed by Hon'ble Chief Minister and an Empowered Committee has been constituted under the Chairmanship of Chief Secretary to decide on policy matters and coordination of interdepartmental issues for facilitating the investment in the State.

'Udyog Bandhu' has implemented 'Nivesh Mitra' - a web-based seamless interface to facilitate investment in Uttar Pradesh. 'Nivesh Mitra' is an online single window clearance facility available 24x7 to investors willing to apply for setting up industry or enterprise in the State.

Application through 'Nivesh Mitra' is mandatory for establishing all kinds of enterprises except for micro enterprises. Facility of online payment of relevant fee is also available through this web portal. 'Nivesh Mitra' is currently providing services of 12 departments concerned with industries, it works as a single point mechanism for timely issuance of approvals and clearances required for setting up enterprise anywhere in the State.

'Success Stories'

About Udyog Bandhu

'Udyog Bandhu' is an IS/ISO 9001:2008 certified agency of Government of Uttar Pradesh to facilitate industrial and infrastructure investment in the State.

It works as a bridge between the entrepreneurs and government by providing advisory services to entrepreneurs desirous of investing in Uttar Pradesh. 'Udyog Bandhu' is a proactive contributor in policy formulation for creating congenial business environment leading to industrial growth. It helps different industry related departments to simplify and deregulate their processes of clearance.

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