

**BRIEF PARTICULARS OF THE SCHEME OF INCENTIVES/SUBSIDIES TO
INDUSTRIAL UNITS WITH FIXED CAPITAL INVESTMENT OF RS. 100
CRORES OR MORE IN THE STATE**

- 1.1 Keeping in view special incentives given to industries being set up in the State of Uttarakhand, the State Govt. of Uttar Pradesh has granted facilities to industries being set up in Uttar Pradesh with investment of above Rs. 100.00 crores. The incentives were originally granted vide G.O. No. 1502/77-6-2006-10 Tax/04 dated 1.6.2006 which have been elaborated in G.O. No. 2941/77-6-2006-10 Tax/04 dated 30.11.2006 and further amended from time to time. [The G.O.s issued towards the scheme are No. 1502/77-6-2006-10 TAX/04 DATED 01-06-06, G.O. No. 1656/58-2-2006-101/2006 DATED 15-09-2006, G.O. No. 2039/77-6-06-10 TAX/04 DATED 12-10-2006, G.O. No. 2660/77-6-2006-10 TAX/04 DATED 23-10-2006, G.O. No. 2753/77-6-06-10 TAX/04 DATED 27-11-2006, G.O. No. 2888/77-6-06-10 (TAX)/04 DATED 30-11-2006, G.O. No. 2941/77-6-2006-10 TAX/04 DATED 30-11-2006, G.O. No. 474/77-6-07-34M/06 DATED 15-02-2007, G.O. No. 1994/77-6-07-10 (TAX)/04 DATED 03-08-2007, G.O. No. 393/1-13-02-7-1(1)/07 Ra.-13 DATED 02-04-08].
- 1.2 The Corporation, as an agent of Govt. of U.P., has been appointed Nodal Agency vide G.O. No. 2039/77-6-2006-10 Tax/04 dated 12.10.2006 for implementation of incentives to industrial units of investment above Rs. 100.00 crores. The eligible units will be those where the initial investment activities, as defined, have been done after 31.5.2006 for establishment of new project/expansion/diversification/backward integration of the manufacturing unit in the State of U.P. except NOIDA/Greater NOIDA. It is also worth mentioning that to be eligible for availment of subsidies/ incentives, the industrial units having the minimum stipulated investment of Rs. 100 crores must come into commercial operation by 31.5.2009.
- 1.3 It may also be mentioned that the State Govt. has terminated the said incentives scheme vide G.O. No. 1994-77-6-07-10 (Tax)/04 dated 3.8.2007. However, the scheme shall be valid for those units, which have been issued 'Letters of Comfort', and to those units which have

completed the 'initial activities' as defined in G.O. (s), prior to the date of termination of the scheme (i.e. after 31.5.2006 and before 3.8.2007).

1.4 For implementation of the incentives scheme as per GOs., a High Power Committee and an Evaluation Committee have been constituted as follows :

High Power Committee:

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| 1. | Chief Secretary, Govt. of U.P. | Chairman |
| 2. | Industrial Development Commissioner | Member |
| 3. | Principal Secretary, Finance Department | Member |
| 4. | Principal Secretary, Law Department | Member |
| 5. | Principal Secretary, Planning Department | Member |
| 6. | Principal Secretary/Secretary, Indl. Dev. Deptt /CEO of Nodal Agency | Member Secretary |

The High Power Committee (HPC) shall examine and decide on the eligibility of applicant companies under the scheme and take appropriate decisions. Based on the decisions of the HPC, Nodal Agency shall issue 'Letter of Comfort'. HPC shall decide on the eligibility of applicant companies for incentives under the scheme.

In order to assist HPC, an Evaluation Committee (EC) has been constituted as follows :

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| 1. | CEO of Nodal Agency | Chairman and Convener |
| 2. | Representative of Principal Secretary, Finance | Member |
| 3. | Representative of Commissioner Trade Tax | Member |
| 4. | Representative of Commissioner
and Director Industries | Member |
| 5. | Representative of Transport Commissioner | Member |
| 6. | Executive Director, Udyog Bandhu | Member |

Application from industrial units for incentives under the scheme shall be examined by EC and its observations shall be put up for consideration/decision of HPC.

2.0 Types of Subsidies/Incentives

The incentives available under the scheme are capital subsidy, infrastructure subsidy, transport subsidy and interest free loan in lieu of trade tax.

2.1 Capital Subsidy:

Capital Investment Subsidy shall be available @ 10% of the fixed capital Investment on Projects with fixed capital investment of more than Rs. 100 crores but up to Rs. 200 crores and @ 20% of fixed capital Investment on the projects with fixed capital investment of more than Rs. 200 Crores. However, for Food Processing Units having fixed capital investment of more than Rs. 50 crores as defined in G.O. No. 1656/58-2-2006-16/2006 dated 15.9.2006, the same benefits that are applicable for units with more than Rs. 100 Crores, would be applicable. For Purvanchal and Bundelkhand regions, an additional 5% subsidy shall be available as per G.O. 474/77-6-6-07 34 M/06 dated 15.2.2007. Further fixed capital investment made (within same premises or any other location in the State) within 3 years from the specified date of 31.5.2009 would also be included in calculating the amount of subsidy.

2.2 Infrastructure Subsidy:

The Infrastructure Subsidy shall be available on actual expenditure incurred on creation of infrastructures as defined in the G.O. The entitlement for Infrastructure Subsidy shall be equivalent to the actual expenses on infrastructure subject to maximum 10% of the total fixed capital investment of the project.

2.3 Transport Subsidy

Transport subsidy shall be available to the units for a period of 15 years in respect of imports of raw material (as per the list of items mentioned in Annexure to G.O. dated 30.11.2006) from outside the state of U.P. upto the factory premises. The entitlement of transport subsidy shall be 100% of the actual transport expenses. The maximum amount of

Transport Subsidies is 150% of Rail Tariff for equal distance. The details of transport expenses towards availment of transport subsidy shall be submitted on quarterly basis to Nodal Agency, duly certified by Chartered Accountant, along with copies of money receipts, goods receipts etc. as may be applicable.

Total amount of capital subsidy and infrastructure subsidy shall not exceed Rs. 250 crores and that total of all the subsidies would not exceed 100% of fixed capital investment.

2.4 Interest Free Loan

Interest free loan shall be available of equivalent amount of tax liability for 15 years in case of fixed capital investment of Rs. 100 crores. The repayment of loan shall be after 7 years. However, in case of capital investment of Rs. 100 crores, the unit can exercise the option of repayment of interest free loan in lump sum (in single installment) immediately after 15 years. In such cases the interest free loan amount shall not be more than 100% of the fixed capital investment/additional fixed capital investment in the project. Further, in case of fixed capital investment of more than Rs. 200 crores will also have one of these options or can exercise options of repayment of interest free loan after 10 years (in single installment immediately after 17 years) subject to the condition that NPV of amount of interest free loan is not more than 100% of investment/additional investment in the project.

Role of PICUP Under the Scheme:

PICUP has been nominated as the Nodal Agency by the Govt. of U.P. to function as the secretariat to implement the scheme.