

# Investment Climate in Uttarakhand



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Published by



INDIA BRAND EQUITY FOUNDATION  
c/o Confederation of Indian Industry



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*An Ernst & Young report for IBEF*

## Uttarakhand – A snapshot

Uttarakhand was formed on November 9, 2000, as the 27th state of India. It was formed by carving out 14 hilly districts of Uttar Pradesh. Uttarakhand is strategically located and forms part of the northern boundary of the country sharing borders with Nepal and Tibet (China); it touches Tibet in the north, Himachal Pradesh in the west and north-west, the gangetic plains of Uttar Pradesh in the south and Nepal in the east.

The state has diverse geographical features ranging from snow-capped mountain peaks in the north to tropical forests in the south. Equally diverse are the climatic conditions and vegetation found across the state. Uttarakhand is one of the five states in India, which has been declared as UNESCO's World Heritage Biodiversity site.

Capital	Dehradun
Area	53,483 sq km
Population (Census 2001)	8.5 million
Density (2001)	158 per sq km
Sex Ratio (Census 2001)	962 females per 1000 males
Principal Languages	Hindi, Garhwali, Kumaoni
Literacy Rate (Census 2001)	71.6%
Major Minerals	Limestone, soapstone and magnesite
Major Industries	Hydropower, floriculture, horticulture, agro-based and food processing industries, information and communication technology, biotechnology
Major Crops	Rice, Wheat, Barley, Corn, Mandua, Hangora
GSDP at current prices in 2004-05	US\$ 5,365.6 million
NSDP at current prices in 2004-05	US\$ 5,060.2 million
Annual Per Capita Income at current prices in 2004-05	US\$ 595.26
Domestic Airports	Jolly Grant, Pant Nagar

Source: Uttarakhand State official website

Source: Official website of Ministry of External Affairs, GOI  
www.indiainbusiness.nic.in

Source: Indiastat

It occupies an area of 53,483 sq km and has a population of 8.5 million. Dehradun is the administrative and legislative capital of the state.

### Advantage Uttarakhand

Since its formation, the government of Uttarakhand has undertaken significant initiatives to bring about all-round development. The emphasis is on stimulating development in all three sectors of the economy – agriculture, industry and services – to their fullest potential in tandem with the geographic profile of the state. The state aims at achieving economic development, rural upliftment and employment generation in order to ensure that the benefits of development trickle down evenly to all sections of the population.

Uttarakhand is now home to several of the nation's leading industries, which have a strong foothold in the manufacturing and services sectors. From being an agro-based state, it is now attracting IT and biotech companies.

The major reasons for this change are the development of infrastructure facilities, favourable industrial policies, a talented pool of human resources and simplified administration processes and procedures.

### The advantages in investing in Uttarakhand are:

- Proactive state government and efficient administrative system
- State's New Industrial Policy offers wide range of fiscal and non – fiscal incentives apart from the offered concession package
- Well connected through good transportation infrastructure and has easy access to the National Capital Region (NCR)
- Agro – climatic zones in the state opens various possibilities in sectors like floriculture and horticulture
- Home to rare medicinal herbs, with over 175 species found in the state
- Rich mineral deposits of limestone, soapstone, magnesite
- Healthy climate and a pollution free environment
- Quality education infrastructure coupled with the presence of premier institutes like Indian Institute of Technology, Roorkee
- Immense potential for hydropower due to its vast water resources
- Offers unmatched potential in leisure, adventure, and religious tourism
- Peaceful and secure industrial environment
- Simplified and rational labour laws
- Industrial estates established at Pantnagar, Dehradun, Haridwar, Selaqui and Sitarganj with all necessary infrastructure facilities

**State Profile**

**Demographic profile**

Uttarakhand is spread over an area of 53,483 sq km and recorded a population of 8.48 million in the 2001 census. The forest cover spans an area of 34,651 sq km, accounting for around two-thirds of the state’s total geographic area.

The per capita income in Uttarakhand grew at a compound annual growth rate of 5.2 per cent per annum between fiscal years 1993 – 94 and 2004 – 05. In 2004 – 05, the per capita income of the state stood at \$595.

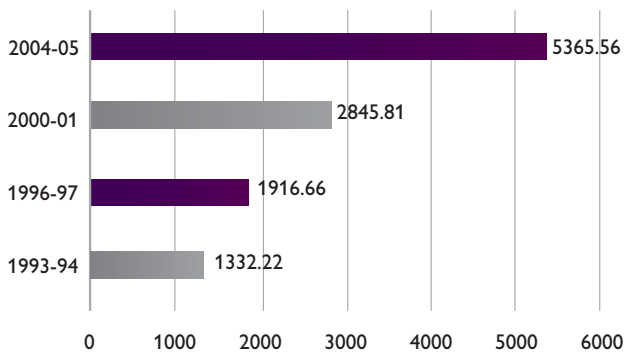
The state’s literacy rate has increased considerably from 57.75 per cent in 1991 to 71.6 per cent in 2001, higher than India’s average literacy rate of 65.38 per cent.

The Work Participation Rate (WPR), which is defined as the percentage of total workers to total population is 36.93 per cent for Uttarakhand, as compared to all-India average of 39.3 per cent as per 2001 Census.

**Economic profile**

Uttarakhand’s Gross State Domestic product (GSDP) at current prices in 2004 – 2005 was \$5,365.6 million, demonstrating a growth rate of 5.3 per cent from 2000 – 01 to 2004 – 05. The Net State Domestic Product (NSDP) in 2004 – 05, at current prices was \$5,060.2 million

GSDP (in million US\$)

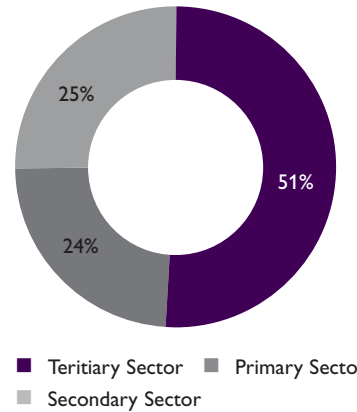


Source: Uttarakhand State Government

The services sector contributed to more than half of the state’s GDP in 2004-05 at 51 per cent, followed by the agricultural and mining sector at 24 per cent and the manufacturing at 25 per cent.

The state is essentially driven by the tertiary sector. Tourism is one of the key components with a major contribution to the

Sector Contribution to GSDP (2004-05)



Source: Uttarakhand State Government

economy primarily due to the state’s natural beauty and the potential to offer varied forms of activities ranging from religious to adventure tourism.

The primary sector includes conventional components like agriculture, cultivation, and mining activities.

The composition of the primary, secondary and tertiary sectors is as follows:

- Primary sector constituting Agriculture; Forestry & Logging; Fisheries; Mining and Quarrying
- Secondary sector constituting Manufacturing; Construction; Electricity, Gas & Water Supply
- Tertiary sector constituting Transport & Communication; Trade, Hotels & Restaurants; Banking & Insurance; Real Estate, Ownership of Dwellings and Business Services; Public Administration; and Other Services.

Employment distribution across sectors is outlined below:

**Employment distribution across Industrial Categories (2001 Census)**

Industrial Category	India	Uttarakhand
All workers	145,849,087	120,849,425
Agriculture, Hunting and Forestry; Fishing (A)	9,855,702	6,237,754
Mining & Quarrying (B)	1,907,882	1,644,954
Manufacturing & Repairs (C)	41,848,045	32,821,126
Electricity, Gas & Water Supply (D)	1,546,458	1,479,007
Construction (E)	11,582,751	10,518,401
Wholesale and Retail Trade (F)	26,973,450	25,115,784
Hotels and Restaurants (G)	2,359,082	2,143,895
Transport, Storage and Communications (H)	12,535,026	12,166,747
Financial Intermediation; Real Estate, Renting and Business Activities (I)	6,109,404	5,353,534
Public Administration and Defense, Compulsory Social Security; Education; Health and Social Work; Other Community, Social and Personal Service Activities; Private Households with Employed Persons; Extra-Territorial Organizations and Bodies (J)	31,131,287	23,368,223

Source: Census 2001

**Employment distribution across Industrial Sectors (2001 Census)**

Sector	India	Uttarakhand
Primary Sector	11,763,584	69,340
Secondary Sector	54,977,254	355,290
Tertiary Sector	79,108,249	688,410

Source: Census 2001

## Infrastructure

### Physical infrastructure

Uttarakhand has been using modern technology for infrastructure development and to design, manage and implement its plans. The state's revenues from the transport department have nearly doubled – with a 97.93 per cent increase – since its formation.

Apart from developing the existing transport infrastructure, the state also aims at exploring new possibilities to improve transportation facilities. The development has been planned in accordance with the needs of tourists as well as the industrial centres set-up in the state. The government has established a 24-hour control room in the Transport Commissioner's Office to redress the grievances of passengers and pilgrims.

The government has also proposed Public Private Partnerships for the establishment of additional driver-training institutes, passenger shelters, and Mass Rapid Transport System (MRTS) among others.

In 2005 – 06, the Uttarakhand Transport Corporation reported a profit of \$0.39 million, recovering from losses of \$2.16 million in 2004 – 05.

### Railways

The state deployed 345 km of rail routes by 2005 – 06. As on 31 March 2005, density of rail routes was 6.45 route km per thousand km of geographical area.

The state plans to increase the share of railways in cargo and passenger transportation and wants to strategically position railways as an alternative to reduce transportation cost for industrial and tourism development.

Efforts are being made in conjunction with the Urban Development Department to establish "Mono Rail System" in Dehradun, Haridwar and Rishikesh and their inter-city linkage routes. Apart from this, the Union Railway Ministry announced a direct rail line from Muzafarnagar to Haridwar via Roorkee to reduce the distance from Delhi to Dehradun; work on this line is expected to commence soon.

### Air

The state has two operating domestic airports at Dehradun and Uddham Singh Nagar, with connectivity to Delhi. Other major projects include expansion of Jolly Grant airport, upgradation of airstrips at Naini Saini and Gauchar, and the introduction of regular Delhi-Pantnagar flights in 2005-06. The upgradation work

at Pantnagar airport to facilitate international flights is under progress.

The state plans to provide better infrastructure facilities at airstrips and operate flights for chardhams (a popular pilgrimage routine covering four famous religious spots - Gangotri, Yamunotri, Badrinath and Kedarnath). The government also targets the construction of at least one helipad in each district headquarter, with \$0.23 million allocated for the same.

### Roadways

The total length of road network in 2005-06 – maintained by the Public Works Department (PWD), Border Roads Task Force (BRTF), local bodies and other departments – was 27,509.58 km. The national highway coverage stood at 1,327.6 km and state highways at 1,542.78 km in 2005-06.

Total Road Network	27,509.58 Km
National Highways	1,327.60 Km
State Highways	1,542.78 Km

The state's priority has been to develop roads to improve connectivity and ensure safety. The government has provided drainage and parapet facilities along hill roads, and widened, tarred and beautified major roads. This has improved travel conditions, and accelerated the development of tourism, and created an environment conducive to industrial growth. The PWD plans to initiate several projects under the Build Operate Transfer (BOT) model with emphasis on Public Private Partnerships.

Uttarakhand provides direct bus services from Dehradun and Nainital to various districts. There is also provision for regular bus services to the national capital Delhi and to the main cities and towns of neighbouring states.

The state's plans to improve roadways infrastructure includes:

- A 659 km-long Himalayan Highway across the state ensuring better connectivity with the Himalayan region is envisaged.
- For the up-gradation and improvement of nearly 5,500 km of roads, external assistance of \$300 million from the Asian Development Bank has been sought.
- 4 km motor road of 4-lane width at a cost of \$2.21 million has been sanctioned in the industrial area developed by SID-CUL at Haridwar.

**Ropeways:** The state plans to explore the potential of ropeways as an effective means of transportation and to promote tourism.

## Urban infrastructure

Urban infrastructure development is a priority for the state government for which it allocated \$20.33 million in 2005-06 and \$58.84 million in 2006 – 07.

Housing projects have been taken up on a priority basis, including a 275-acre project in Haridwar. Under the Nainital Lake Development Project, the focus is on conservation and rejuvenation of the Naini Lake and four other lakes in the surrounding areas with an aid of \$15.12 million from the Government of India. The treatment of water sources is being taken up as a major initiative through the Village Water and Sanitation Committees (VWSCs).

In 2005 – 06, the urban development department approved \$0.23 million for management and disposal of solid waste.

## Power

Uttarakhand is being developed as an 'energy state' to tap its huge potential of 20,000 MW. The government aims to develop 5,000 MW of hydro electric power by 2011-12.

The Power Transmission Corporation of Uttarakhand Ltd (PTCUL) is responsible for transmission of power. Uttarakhand Power Corporation Ltd (UPCL) is the sole distribution and supply licensee.

### Uttarakhand State Electricity Details (2005-06)

Installation Capacity (in MW)	1000.5
Electricity Generated (Gross) (in MU)	3543.86
Electricity Consumption (in MU Watt)	3437.52

**The number of consumers in the state rose by 30.41 per cent between 2001 and 2006.**

Input	2001	2006	Growth/ Achievement
Villages Electrified (Nos.)	12563	14377	1814
Hamlets Electrified (Nos.)	703	3368	2665
BPL Connections (Nos.)	-	82243	82243
PTW Connections (Nos.)	16667	19107	2440
Consumers (Nos.)	816949	10653	248407
Rural Electrification % (incl. UREDA )	79	95.48	95.48
AT&C Losses %	45.07	45.07	45.07
Annual Per Capita Consumption (KWh)	413	654	241
Human Capital Workforce (Nos.)	5807	4998	4998

Source: Uttarakhand State Government

Under the Rajiv Gandhi Rural Electrification Scheme, the government aims to bring electricity to every home by 2009. The state has simultaneously supported alternate sources of power generation. It has established solar water heaters with heating capacity of 97,500 litres per day, seven biogas-bracketing plants, 12 solar plants and a state level energy park in Dehradun.

## Water

The state government is encouraging traditional methods of water harvesting like nauley, dharey, chal and khal. In 2005-06, \$76.28 million was spent to improve water supply.

### Drinking Water Supply Details in Uttarakhand (2005-06)

Inhabited Revenue Villages Covered	15,547
Population Covered	6.142 million
Scarcity Villages	4
<b>Scarcity Hamlet</b>	
(i) Not Covered (N.C.)	4,362
(ii) Partially Covered (P.C.)	13,622

Source: Uttarakhand State Government

Over 3,000 new rural drinking water plans have been incorporated between 2001 and 2006. There has also been a marked increase in the number of hand pumps and tube wells in rural areas. Steps have been taken to preserve natural sources of water. The state has adopted modern techniques of water preservation and distribution like the Uttarakhand Koop and automated tube wells.

## Sanitation

In an effort to improve sanitation, partial sewer arrangements have been provided in a third of the towns in the state. The Total Sanitation for Villages campaign aims at developing a waste-disposal system across the state.

Description	2000-01	2005-06
Individual restrooms	10316	31549
Compost pits	4506	7590
Soakpits	2834	5330
Garbage pits	5067	5823

## Health infrastructure

The following objectives have been laid down by the state in its health and population policy:

Eradicate polio

- Reduce the level of leprosy to below 1 per 10,000 population

- Reduce mortality on account of tuberculosis, malaria, and other vector and water-borne diseases by 50 per cent by 2010
- Reduce prevalence of blindness from around 1 to 0.3 per cent by 2010
- Reduce Iodine Deficiency Disorder (IDD) by 50 per cent of the present level by 2010
- Increase awareness on HIV/AIDS.

As of 2005-06 the health care facilities available in the state included:

#### State Allopathic Hospitals and Dispensary

District Level Hospital	14
Base Hospital	3
P.H.C./Additional P.H.C.	224
Community Health Centre	49
State Allopathic Hospitals	322
Joint/Women Hospital	40
Tehsil/ Dist. Level Post partam Centre	24
Health Post	9
Tuberculosis Hospital/Clinic	18
Leprosy	3
Beds in Govt. Hospitals	7,676

Source: Uttarakhand State Government

#### Family Welfare Services

Women and Child Welfare Centres	2
Main Centres	84
Women and Child Welfare Sub-Centres	1,631

#### Other Hospitals

Homeopathic Hospital/Dispensary	97
Ayurvedic Hospitals	495
Unani Hospitals	3

Source: Uttarakhand State Government

#### Education infrastructure

With a current literacy rate of 71.6 per cent, the state strives to achieve 95 per cent literacy, for which it has adopted a tri-fold strategy with the following elements:

- 100% enrolment
- 100% retention
- Continuous Education Programme

The state has one of the best educational facilities in the country. Its education infrastructure in 2005-06 recorded:

#### Basic/ Secondary Education

Numbers of Schools/ Colleges	20,875
Number of Students	2,142,888
Numbers of Teachers	80,154

#### Higher Education

Number of Institutions	98
Number of Students	119,846
Number of Teachers	1,581

Source: Uttarakhand State Government

#### Vocational and Technical Education

Industrial Training Institutes	104
Polytechnics	30
Distant Institute of Education and Training	9

Source: Uttarakhand State Government

#### The state has to its credit some of the best institutes of higher learning:

- GB Pant University of Agriculture & Technology, Pantnagar
- Indian Institute of Technology, Roorkee
- Forest Research Institute (FRI), Dehradun
- VPKAS- ICAR's Institute for Hill Agriculture, Almora
- GB Pant Institute of Himalayan Environment & Development, Katarmal, Almora
- Rural Biotechnology Complex, Kosi
- Herbal Research and Development Institute, Gopeshwar

## Telecommunication and IT infrastructure

Uttarakhand has a well-developed communications network.

### Communication Infrastructure in Uttarakhand (2005-06)

Postal and Communication Services	Number of units
Post Offices	2,719
Number of Telephone Exchanges	453
Telegraph Offices	163
PCOs	14,577
Telephone Connections (Including WLL) by BSNL	404,163
Mobile phone connections by BSNL	283,941

Source: Uttarakhand State Government

The establishment of an STPI earth station at Dehradun and proposed earth stations elsewhere has positioned Uttarakhand well with respect to providing high speed connectivity. Facilities by BSNL and Reliance are also available.

The government's plan for the IT sector is three-dimensional

- Setting up infrastructure
- Building the capacity
- Developing software applications

The IT department developed two IT Parks in 2005-06. The state plans to develop a "Hermitage Building" project to provide a common platform for IT majors to set up academies.

### IT Education Infrastructure

The state plans to achieve 100 per cent computer literacy for students.

- Under project "Arohi" computer laboratories have been established in 1735 high schools and intermediate colleges
- 23,953 teachers trained as master trainers with the help of Intel and Microsoft's project "Shiksha"
- A D-space library contains a digital repository of books, thesis, and papers from all universities in the state. These libraries have been established at the Birla Institute of Applied Sciences, Bhimtal, and the universities of Garhwal, Kumaon, and Pantnagar. The aim is to facilitate seamless sharing of resources amongst universities in Uttarakhand.

### IT Infrastructure within the Uttarakhand government administration

The government's initiative to introduce e-governance is aimed at improving the efficiency of various departments. It is also expected to aid the government in interacting effectively with investors, other governments as well as the common public.

Improving the transparency in the system also falls high on the government's agenda for reforms. Some of the projects include:

- The Uttarakhand State Wide Area Network (USWAN) project to have the required IT infrastructure for USWAN and Data Centre in place.
- The state portal "Uttara" has been developed providing information about all 109 departments and institutions
- Computerisation of all offices of transport department is in progress with the help of NIC and Hiltron. \$1.14 million has been sanctioned by the IT department for back-end computerisation, out of which \$0.55 million has been released to Hiltron in phase-I

#### Some of the other projects include

- Common Service Centres (CSC)
- Development of Human Resources Management System
- Project Management Application for PWD

#### Key highlights of Uttarakhand e-Governance initiative:

- Development of Smart Card Infrastructure
- The world's first Microsoft IT Academy was established in Dehradun
- Uttarakhand is among the leading states in computer education

### Industrial infrastructure

In 2005-06, the state developed the following:

- 3 integrated industrial estates at Haridwar, Pantnagar and Sitaganj
- A Pharma-city at Salequi
- An IT park at Sahastradhana (Dehradun)
- A Growth Centre at Siggadi (Kotdwar)

In 2005-06, Uttarakhand also saw the development of 20 private/joint/co-operative sector industrial sectors in public private partnership mode.

#### Some of the other efforts include

- Provision of broadband connectivity for all industries
- Proposed strengthening of the Single window – Contact, Information & Facilitation mechanism during 2006-07

**Industrial estates in Uttarakhand:****DEHRADUN****INDUSTRIAL ESTATES:**

- IT Park
- Pharma City for Pharmaceutical Formulation

**HARIDWAR****INDUSTRIAL ESTATES:**

- IIE for Cosmetics, Plastics, Apparel, Agro Food, Pharma products, Electrical, Electronic, Institutional, Commercial and allied industries

**UDHAM SINGH NAGAR****INDUSTRIAL ESTATES:**

- IIE – Sitarganj
- IIE – Pantnagar for Cosmetics, Plastics, Apparel, Agro Food, Pharma products, Electrical, Electronic, Furniture hub, Institutional, Commercial and allied industries
- ITBT Park at Pantnagar

**GARHWAL****INDUSTRIAL ESTATES:**

- Sigaddi Growth Centre

## Industrial estates at a glance

Name of the Estate	Location	Area	Financial Incentives	Proposed Industries
Integrated Industrial Estate - Haridwar	3 kms from Delhi-Haridwar National Highway	2,034 acres	<ul style="list-style-type: none"> <li>• 100% Central Excise exemption for 10 years</li> <li>• 100% Income Tax exemption for first 5 years and 30% for next 5 years</li> <li>• Central Sales Tax @1% for 5 years</li> <li>• Capital Investment Subsidy @15% with a maximum of US\$ 73,170</li> </ul>	<ul style="list-style-type: none"> <li>• Cosmetics and allied</li> <li>• Plastic and allied</li> <li>• Apparel and allied</li> <li>• Agro food and allied</li> <li>• Pharma products</li> <li>• Electrical, electronics and allied</li> <li>• Institutional, commercial and allied</li> </ul>
Integrated Industrial Estate - Pantnagar	National Highway number NH-87	3,339 acres	<ul style="list-style-type: none"> <li>• 100% Central Excise exemption for 10 years</li> <li>• 100% Income Tax exemption for first 5 years and 30% for next 5 years</li> <li>• CST @1% for 5 years</li> <li>• Capital Investment Subsidy @15% with a maximum of US\$ 73,170</li> </ul>	<ul style="list-style-type: none"> <li>• Cosmetics and allied</li> <li>• Plastic and allied</li> <li>• Apparel and allied</li> <li>• Agro Food and allied</li> <li>• Pharma products</li> <li>• Electrical, Electronics and allied</li> <li>• Furniture hub</li> <li>• Institutional, commercial and allied</li> </ul>

## Industrial estates at a glance

Name of the Estate	Location	Area	Financial Incentives	Proposed Industries
Integrated Industrial Estate, Sitarganj	15 km north of Sitarganj town	1,200 acres	NA	NA
Pharma City, Selaqui Industrial Area, Dehradun	25 Km from Dehradun	50 acres	<ul style="list-style-type: none"> <li>• 100% Central Excise exemption for 10 years</li> <li>• 100% Income Tax exemption for first 5 years and 30% for next 5 years</li> <li>• CST @1% for 5 years</li> <li>• Capital Investment Subsidy @15% with a maximum of US\$ 73,170</li> </ul>	<ul style="list-style-type: none"> <li>• Pharmaceutical formulation industry to be preferred</li> </ul>
Sigaddi Growth Centre	120 Km from Dehradun	100 acres	<ul style="list-style-type: none"> <li>• 100% Central Excise exemption for 10 years</li> <li>• 100% Income Tax exemption for first 5 years and 30% for next 5 Years</li> <li>• CST @1% for 5 years</li> <li>• Capital Investment Subsidy @15% with a maximum of US\$ 73,170</li> </ul>	<ul style="list-style-type: none"> <li>• Thrust sector industries only</li> </ul>

Source: State Infrastructure & industrial development corporation of Uttarakhand Ltd

## Policy and Incentives

The state has strived to create an ideal atmosphere for growth of industries. Providing regular supply of electricity and ensuring availability of infrastructural facilities formed a part of the agenda. The State Industrial Development Corporation of Uttarakhand Ltd (SIDCUL) is a one-stop shop for investors. In 2003, the central government extended a comprehensive concessional package to the state that helped boost its investment scenario. The new industrial policy introduced in 2003 raised Uttarakhand to the status of an ideal investment destination.

### Industrial package

- 100% relief in the State Excise Duty for a period of ten years
- 100% relief in Income Tax for the first five years, and thereafter 30% relief to companies and 25% relief for others
- For the establishment of new industrial units, and for the dead capital investment in purchase of equipment and machinery for significant improvement in existing units, the state will provide 15% central capital investment aid

### Highlights of New State Industrial Policy 2003

- Simplification of rules and actions falling within various industrial laws
- New small-scale industrial units will be provided interest relief on loans at the rate of 3% annual relief
- The same applies to existing small scale industries which have expanded at least 25%
- Small scale industries being opened in regions 3,000 feet above sea level and higher, and thrust industries will be given the advantage of a 5% waiver on the annual interest on loans
- By waiving 3% of the annual interest on loans reviving sick units will be supported
- Ropeways, amusement parks and multiplexes will be exempted from entertainment tax for 3 to 5 years
- Entry tax waived on plant and machinery
- Relief on stamp duty for establishing special industrial estates or IT parks
- Tourism elevated to the status of an industry
- Support for patent registration, ISO certification, and pollution control equipment
- Small scale industries will get priority in the state purchase for buying and pricing, while large and medium industries will get purchase precedence

### Tourism policy

#### The tourism policy aims at:

- Placing Uttarakhand on the tourism map of the world as one of the leading destinations, and to make it synonymous with tourism.

- Developing the manifold tourism related resources in an eco-friendly manner, with the active participation of the private sector and the local host communities.
- Developing tourism as a major source of employment and income / revenue generation and as a pivot of economic and social development in the state

### Information Technology policy

#### The IT Policy aims to:

- Encourage the use of IT in government not only as a tool for management and decision support systems, but also re-engineer the processes to provide a more efficient, transparent, accountable and responsive government to its citizens.
- Upgrade the quality of life of citizens by facilitating easy access to consumer applications of IT.
- Encourage private sector initiatives for the development of world class IT infrastructure adequate for the needs of citizens, industry and government.
- Upgrade and develop skills required for the IT industry and to accelerate its use in schools and colleges, to ensure the youth are fit for employment.

### Key fiscal and non-fiscal incentives offered to new and existing businesses

#### Fiscal incentives – Tax exemption

- 100% exemption on entertainment tax will be allowed for multiplex projects for three years, and for all new amusement parks and ropeways for five years.
- Exemption from entry tax on plant and machinery for setting up industry or undertaking substantial expansion and modernisation
- Substantial expansion implies additional investment of not less than 25% of the un-depreciated book value of plant and machinery of an industrial unit. Modernisation of industrial units implies additional investment to the extent of 25% of the un-depreciated book value of plant and machinery, made in acquisition of plant and machinery and technical know-how for such modernisation

#### Fiscal incentives – Others

- Central sales tax at the rate of 1% for 5 years
- Capital Investment Subsidy at the rate of 15% with maximum of USD 70,000
- Central Transport Subsidy
- No restriction on using power during the peak hours
- Rationalisation of land use conversion and development charges and regime
- Stamp duty concession will be provided in respect of land in

- specialised commodity parks, including IT parks
- In the case of sick non-SSI units, government will sympathetically consider measures required under revival/rehabilitation package drawn by Operating Agency/Financial Institutions/Banks
- For educated unemployed youth, financial loan assistance for projects up to USD 4,600 in case of Manufacturing/Services Industry and project up to USD 2,300 in business sector shall be available under the “Prime Minister Rozgar Yojana” with subsidy of 15% of the project cost subject to a maximum of USD 349. Age limit has also been relaxed under this scheme from 35 years to 40
- Purchase preference and price preference will be given to state SSIs in state purchases
- Purchase preference shall be accorded to non-SSI units within the state vis-à-vis units outside
- Matching state subsidy on approved projects of National Horticulture Board (NHB), Agriculture & Processed Food Products Export Development Authority (APEDA), National Medicinal Plants Board (NMPB) subject to a maximum of USD 0.046 million and subject to a total subsidy not exceeding over 50% of the project cost

#### Non-fiscal incentives

- Action is being taken to simplify and rationalise labour laws

- Industries generating employment opportunities shall be encouraged
- Provide Single Window Facilitation to help/cut delays and provide an investor friendly climate
- Provide and facilitate expeditious land availability for setting Industrial ventures and Infrastructure projects
- Arrange financing through a consortium of Banks and Financial Institutions
- Promote and encourage private sector participation in the development and management of infrastructure projects

#### Reimbursement

Category	Percentage of expenses reimbursed	Maximum amount (USD thousand)
Obtaining national/internationally approved quality marks such as ISO series certificate*	75%	4.6
Installing pollution control equipments*	50%	2.3
To entrepreneurs for registering their patents*	75%	4.6

\*Reimbursements are subject to the condition that the reimbursement/grant availed from all sources should not exceed the total expenditure

#### Interest incentives

Category	Interest Incentive Rate (per annum)	Maximum amount (USD thousand)	Condition
On loans for New Small Scale Industries (SSIs) and existing SSIs for modernization and substantial expansion	3%	4.6	Provided they have available loan from State level Financial Institutions or Banks operating in Uttarakhand and not defaulted in payment of principal or interest installments Only if it remains in operation for last installment, failing which the Government will have the right to recover the amount of incentive availed
On loans for S.S.I. units and units notified as Thrust Industries being set up in remote areas	5%	7	
On loans for revival/rehabilitation of sick SSI units taken under fully tied up revival and rehabilitation package from financial institutions, banks etc.	3%	4.6	The interest incentive shall be admissible to the units only if it remains in operation for minimum of 3 years from the date of disbursement of last installment, failing which Government will have the right to recover the entire amount of incentive availed
On loans taken by entrepreneurs in remote areas	5%	7	

## Business Opportunities

Thrust Industries	
<ul style="list-style-type: none"> <li>Floriculture</li> </ul>	<ul style="list-style-type: none"> <li>Sports goods and articles</li> <li>Equipment for general physical exercise</li> <li>Equipment for adventure sports/activities, tourism (to be separately specified)</li> </ul>
<ul style="list-style-type: none"> <li>Processing of medicinal and aromatic herbs</li> </ul>	<ul style="list-style-type: none"> <li>Paper and paper products excluding those in negative list (as per excise classification)</li> </ul>
<ul style="list-style-type: none"> <li>Honey</li> </ul>	<ul style="list-style-type: none"> <li>Pharma products</li> </ul>
<ul style="list-style-type: none"> <li>Horticulture and agro based industries such as               <ul style="list-style-type: none"> <li>Sauces, ketchup, etc.</li> <li>Fruit juices and fruit pulp</li> <li>Jams, jellies, vegetable juices, puree, pickles etc.</li> <li>Preserved fruits and vegetables</li> <li>Processing of fresh fruits and vegetables including packaging</li> <li>Processing, preservation, packaging of mushrooms</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Information and communication technology industry</li> <li>Computer hardware</li> <li>Business process outsourcing</li> </ul>
<ul style="list-style-type: none"> <li>Food processing industry excluding those included in the negative list</li> </ul>	<ul style="list-style-type: none"> <li>Bottling of mineral water</li> </ul>
<ul style="list-style-type: none"> <li>Sugar and its by-products</li> </ul>	<ul style="list-style-type: none"> <li>Eco-tourism</li> <li>Hotels, Resorts, Spa, Entertainment/Amusement parks and Ropeways</li> </ul>
<ul style="list-style-type: none"> <li>Silk and silk products</li> </ul>	<ul style="list-style-type: none"> <li>Industrial gases (based on atmospheric fraction)</li> </ul>
<ul style="list-style-type: none"> <li>Wool and woolen products</li> </ul>	<ul style="list-style-type: none"> <li>Handicrafts</li> </ul>
<ul style="list-style-type: none"> <li>Woven fabrics (Excisable garments)</li> </ul>	<ul style="list-style-type: none"> <li>Non-timber forest product based industries</li> </ul>

Source: Uttara Portal

### Tourism

Tourism related activities have a huge scope for development in Uttarakhand. The government has set up Uttarakhand Tourism Board to function as an apex body for development of tourism. Channeled through the private sector, many projects for this purpose have been designed for implementation. To further such projects the government has opened opportunities for private sector participation in the industry. To attract and encourage Public Private Partnerships (PPP), the government plans to adopt an efficient "Single Window Clearance" system. In addition to this, a favourable tourism policy and the accordence of tourism with the status of a thrust sector are indications of government support to PPPs. The government also motivates the local community to involve itself in tourism development activities.

The tourism sector is considered as the major promoter of the economy. The government aim to place Uttarakhand on the world map as a leading destination for environmentally "sustainable and socially responsible tourism". The increase in the allotted budget for tourism over the years is a clear indicative of its increasing importance. Between the ninth and tenth five-year plans, there was a 224.21 per cent increase in the budget allocated for tourism.

### Some of the key recognitions obtained by Uttarakhand are:

- 2005: Valley of Flowers was listed as World Heritage Site by UNESCO
- Awarded 'Best Domestic Tourism State' in 2005 by Hospitality India National Magazine
- **2004:** state government received 'Best Practices' tourism award
- **2004:** won Express-Galileo award for 'Best State Tourism Board'
- **2000-01:** National Tourism Award for development and encouragement in the field of tourism

Several regions in Uttarakhand have established as centres of pilgrimage tourism like Haridwar, Rishikesh and Badrinath. The government is concentrating on providing basic facilities in these places, including improvement of accommodation, road conditions and air connectivity. The state has achieved unprecedented success in getting financial aid from the centre for its various plans.

These plans focus on improving the existing infrastructure and developing new destinations apart from ensuring basic amenities. Beautification of tourist places, development of ghats and parking areas, provision of better electricity and growth of winter sports resorts form a part of the agenda.

A different set of master plans have been designed to achieve quality air services, environmental development, and improved road travel. Water sport tourism has also been promoted in the Tehri Dam area. All this has been incorporated with the support of the local people, voluntary groups and the assistance of specialists.

In 2005, Uttarakhand registered a growth of 18 per cent in domestic and 24 per cent in international tourist arrivals in comparison to the previous year.

#### Investment opportunities that exist in the tourism sector include:

- Development of facilities for providing spiritual lessons, reiki, and other rejuvenating courses
- Eco-tourism hotels, spa, resorts, amusement parks and rope-ways
- Winter sports at places such as Auly, which have the requisite terrain
- Adventure tourism

#### The multitude of incentives offered under the tourism policy includes:

Category	Benefit	Period (years)
New tourism units	Rebate/deferment facility in respect of luxury tax from the date of commencement	5
New ropeways	Exemption from payment of entertainment tax from the date of commencement	5
New amusement parks	Exemption from entertainment tax from the date of becoming fully operational	5

#### Floriculture and horticulture

The huge demand in the domestic and international markets has driven the government to focus on floriculture development. With a large population still involved in agro-based activities, this also acts as a means to create employment and income generation opportunities for farmers.

The geographical variety the state offers makes it particularly conducive to commercial horticulture and floriculture. This is complemented by climatic conditions ideal for year round cultivation. As a result, proposals for the establishment of floriculture parks are being received. These parks are being designed to have common infrastructure facilities for cold chain, sorting, grading, processing, packing, marketing and pre-cooling facilities. Horticulture is also being promoted with provision of adequate incentives and facilities to the industry.

#### Agro and food processing industries

The state has an advantage in this sector due to the biodiversity in the region. Ideal climatic conditions also act as a significant advantage.

However, the state faces problems of wastage and is keen on implementing appropriate post-harvest techniques to address the issue. Infrastructure needs include necessary storage and processing facilities. The government aims to have a symbiotic relationship with small and medium size agro parks and food parks. They will be provided assistance in establishing a base and are in turn expected to provide common infrastructure facilities for storage, processing, grading and marketing.

Four Agri Export Zones (AEZs) have already been declared under the AEZ scheme of Government of India for leechi, horticulture, herbs, medicinal plants and basmati rice. Uttarakhand has been included in difficult area category by the Ministry of Food Processing Industry (MoFPI), which entitles units being set up here to higher incentives under the scheme of MoFPI.

The state government is also providing matching subsidy for projects under various schemes of Agricultural and Processed Food Products Export Development Authority (APEDA), National Horticulture Board (NHB), Ministry of Food Processing Industry (MFPI) and the Natural Medicinal Plant Board (NMPB) subject to a maximum limit of USD 45,610.

#### Biotechnology

Rare species of plants and animals found in the state add to its natural advantage in this sector. A Memorandum of Understanding has been signed between Rabo India Finance Company, Infrastructure Development Finance Company and the G.B. Pant University of Agriculture and Technology to forge strategic co-operation to jointly pursue initiatives in the sphere of research in food and agriculture sectors. A high level biotechnology board is setup to address the needs of this sector.

- Units coming up in this sector, including R&D units, shall be accorded industry status and the provisions made for the IT sector shall be made applicable to this sector as well
- Establish an internationally competitive business infrastructure and environment for the biotechnology industry
- Develop Uttarakhand as a centre of excellence in biotechnology by providing necessary education and training facilities for the creation of a large pool of multi-skilled, technically competent manpower and organisations for biotechnology research in the state
- A biotechnology park near Pantnagar set up as a focused institution for accelerated commercial growth of biotechnology and bio-Informatics

### Information and communication technology

The state is naturally endowed and has all prerequisites for developing as a preferred destination for IT & ITeS sector along with hardware production. Among the several initiatives undertaken to promote IT and ITeS industry, Uttarakhand offers high speed connectivity with the establishment of an earth station at Dehradun and proposed earth stations at other locations. Facilities by BSNL and Reliance are also available. With an IT Park in Dehradun, an IT-BT park in Pantnagar, and several other upcoming projects, Uttarakhand is emerging as an ideal IT-ITeS destination.

Project Aarohi, one of the prestigious projects of Uttarakhand government, was adjudged as best IT initiative in education in India. This project is being implemented by Hiltron.

### Hydro-power

The state has significant untapped potential for generating hydropower. The aim is to position the state as the most competitive supplier to the Northern Grid. Providing cost effective and good quality power at competitive rates is the strategy adopted by the government to gain a competitive edge over other states. The largest dam in Asia, Tehri, will serve as a useful asset in achieving this target.

The state has a potential to generate nearly 15,000 MW of hydropower. The government has identified 47 small hydro sites (up to 25 MW) for allotment to the private sector. Also, 17 major hydro sites (25-100 MW) have been taken up for development.

### Forest products – Herbs and spices

Since a significant part of the state is under the forest cover (almost 70 per cent), there exists excellent potential for the development of forest resources based industries. In addition, there is ample scope to develop industries based on forest and agro wastes such as lantana, pine needles and plant and vegetative fibres.

Uttarakhand is also a storehouse for a rich variety of herbs, medicinal and aromatic plant species. With a view to utilise these resources, a medicinal and aromatic plants export zone has been set up covering seven districts and specialised herbal parks are in the offing.

### Other attractive sectors

#### Sericulture

The government aims to develop Uttarakhand as the “Bowl of Bivoltine Silk”. This sector has the prospect of emerging as a major unique selling point for the state in the years to come. The state has taken measures to promote Oak Tassar, Aeri and Muga silk. Uttarakhand is poised to emerge as a leading producer of Oak Tassar cocoon.

Silk is being exported to USA and Spain. Muga cocoon produced in the state is comparable in quality to the best of it in Assam.

Three cocoon markets have been established to ensure competitive price to the rearers through open auction. A revolving fund of \$0.46 million has been allocated for silkworm breeders. To ensure the local consumption of silk yarn, the Directorate of Sericulture and Uttarakhand Co-operative Resham Federation have introduced silk fabric production.

#### Fisheries

With Uttarakhand’s large water resources, the possibility of developing fisheries is immense. The state has rivers like Ganga-Yamuna and their tributaries, large water bodies covering 20,075 hectares, natural and rural lakes covering 297 hectares and 628 hectares respectively, and ponds covering 2,686 km of land surface.

The Fisheries Policy declared in 2002 was devised for integrated development of fisheries and use of scientific techniques to increase output. The state has focused on developing this sector without compromising on maintaining the ecological balance.

## Tea

Although the practice of tea cultivation in Uttarakhand saw a decline, efforts are being made to revive this sector. Recently, intensive efforts were made to significantly expand the plantation of tea with the involvement of a large number of small, marginal farmers and landless labour. Already 560 acres of new plantations have been developed and it is proposed to bring additional acreage under tea plantation over the next few years. A database of suitable land for the purpose has been created.

The state has been able to set up a tea factory at Kasauni at a cost of \$0.58 million, under the Public Private Partnership mode.

Uttarakhand has emerged as the only state outside the traditional tea growing areas to produce Organic Orthodox Tea known for its high export potential. The Uttarakhand Tea Development Board takes care of the complete development of tea production, financial management and available investments. Tea estates in the state spread over 375 hectares in 2004-05.

## Bamboo and fibre development

The state government established a Bamboo and Fibre Development Board. The statistics show instability in bamboo plantations: 2003-04 saw 1.61 million bamboo/ringal planted in 2,212.41 hectares. In 2004-05, 1.18 million bamboos were planted in 2,279.13 hectares and 0.42 million ringaal in 641.17 hectares. However in 2005-06 only 0.95 million bamboos were planted in 1,328.01 hectares and 57,000 ringaal in 122.73 hectares. But with bamboo setums set up in 34 forest regions and a hi-tech nursery established in Haridwar, the bamboo development scenario is likely to improve.

## Export profile

With active participation from the government, exports increased to \$93.02 million in 2005-06 against \$58.14 million at the time of creation of the state. The state aims at quadrupling exports by the end of the tenth five year plan. Organic products, herbs, silk, litchi, flowers, and other horticultural produce form a part of exports.

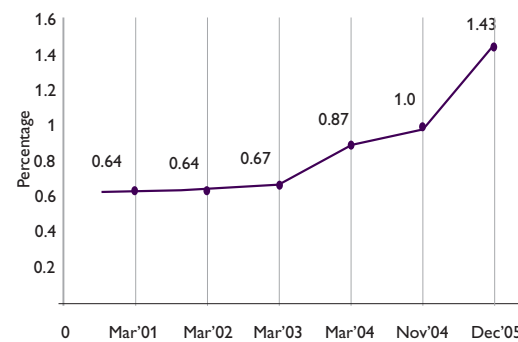
## Investment

### Industrial Investment Inflow

Period	Total proposals	Proposed Investment (US\$ million)		Proposed Employment (Numbers)	
	IEM + LOI	IEM + LOI	% Share	IEM + LOI	IEM + LOI
Mar-01	292	292	0.5	52,888	0.70
Mar-02	314	1,634	0.55	56,187	0.65
Mar-03	348	1,764	0.56	61,419	0.68
Mar-04*	490	2,087	0.59	76,422	0.69
Nov-04	596	2,561	0.65	90,188	0.77
Dec-05	950	14,989	0.79	152,170	1.27

\*Investment Proposals since March 2004 also include DILs

Share of Uttarakhand in Total Industrial Investment proposals



Source: Department of Industrial Policy and Promotion

### Year wise distribution of IEMS filed in Uttarakhand till 31.12.2005

Year	Numbers	Proposed Investment (US\$ million)
Aug 1991 to Dec 2000	265	1,173.72
2001	21	128.60
2002	19	73.02
2003	110	220.00
2004	116	619.30
2005	2005	1,211.39

Source: Department of Industrial Policy and Promotion  
Ministry of Commerce and Industry

### Key investments expected:

Sector	Expected Investment	Major Investors
Automotive	US\$ 1767.44 million	Tata Motors, Hero Honda, Ashok Leyland, M&M, Bajaj Auto.
Pharmaceuticals	US\$ 174.42 million	Ranbaxy, Natco, Pegasus, Chris Pharma, Intas Labs, Martin and Harris Lab
Processed Foods	US\$ 60.77 million	Parle, Britannia, Nestle, Dabur, Raja Biscuits
Footwear	US\$ 46.51 million	Action, Lakhani, and Liberty
FMCG	US\$ 34.88 million	Hindustan Lever Ltd, CavinKare, Cosmos, Lotus, and Herbal Concept
Information Technology	US\$ 34.88 million	HP (Hewlett-Packard) and HCL Infosystems

With HP's production house in Pantnagar, Uttarakhand will account for more than 50% of PC manufacturing capacity in India

### Key Players

#### ITC Ltd:

ITC is one of India's top private sector companies with a market capitalisation of nearly \$15 billion and a turnover of over \$4.75 billion. The company has established a manufacturing facility in Uttarakhand for making soaps and shampoos.

#### Hiltron

Hiltron is an independent corporation that initially worked to promote development of electronics and allied industries and services in Uttarakhand. The current objectives of the corporation redefined as an IT and Communication Service Provider to the government of Uttarakhand under administrative control of department of IT are:

- To act as IT and communication service provider to government and semi-government organisations and institutions.
- Conceptualisation, system study, project preparation, execution and monitoring of IT related projects.
- Project execution and management with NIC and other business partners on turn key basis.
- Effective and efficient monitoring and evaluation for IT enabled services and training schemes.
- Human resource development for generating employment

and self employment in IT through HILTRON - CALC.

- To assist IT department, state government for formulation of policies.
- Provision of quality and uninterrupted IT services.
- To ensure the successful incorporation of e-governance programmes.

#### Tata Motors

Tata Motors, one of the leading firms in the automobile sector, set up its fourth plant in Pantnagar, to manufacture Ace, its mini truck.

#### Hero Honda

Hero Honda stands a leading two-wheeler maker, set up a 500,000-unit plant in Haridwar.

#### Ashok Leyland

Ashok Leyland has started work on a \$232.56 million plant near Pantnagar. It will have a capacity for 25,000 vehicles annually in the first phase, scheduled to go on stream in 2008-09. Phase II, scheduled to be operational by March 2010, will enhance total annual capacity to 50,000 vehicles.

#### Mahindra & Mahindra

Mahindra & Mahindra Ltd fifth full-scale automotive plant has been set up in Haridwar to manufacture three-wheelers. It will produce 50,000 units a year. The firm also hopes to develop a strong vendor base around the plant.

#### Hindustan Unilever Ltd

HLL, India's largest Fast Moving Consumer Goods company, invested \$30.23 million in a personal care factory in SIDCUL's IIE in Haridwar. The 30,000-tonne per annum factory will produce toothpaste, skin cream and lotion, shampoo, face and body wash products. With full support from SIDCUL, the factory was established in a record time.

#### HCL Info Systems

HCL is the largest vertically integrated IT firm in India. It set up a 10-acre facility at in the progressive SIDCUL Industrial Estate at Pantnagar in Rudrapur; the facility would enhance the overall capacity of HCL to 2 million PCs per annum. The plant has the capability to manufacture the entire spectrum of ICT products

including notebooks and servers. The new facility has ISO 14001 and ISO 9001:2000 certifications.

### Nestle India

Nestle is the world's largest food company. It has around 250,000 employees worldwide, 500 factories in about 100 countries and markets over 8,000 products. Nestlé India commissioned its seventh factory at Pant Nagar in 2006.

### Britannia

Britannia is India's largest biscuit firm, with an estimated 38 per cent market share. The company set up a plant in Pantnagar.

### Other investors

Name of Company	Location	Products	Project Cost in US\$ million
ITC Limited	IIE, Haridwar	Food and personal care products	29.12
Britannia Industries Ltd	IIE, Pantnagar	Biscuits and other food products	13.34
Dabur India Ltd	IIE, Pantnagar	Health care, personal care, ayurvedic cosmetics	11.44
Cavinkare Pvt. Ltd	IIE, Haridwar	Cosmetic, shampoos/creams, deodorants	6.05
Twenty First Century Printers Ltd	IIE, Haridwar	Printed packaging material, cartons, boxes, shells and labels	5.83
Somany Foam Limited	IIE, Haridwar	Polyurethane foam mattress, FT foam sheets	5.99
Polar Industries Ltd	IIE, Haridwar	Electrical fans, water lifting pumps, geysers, water purifiers and laminations	4.99
Havell's India Ltd	IIE, Haridwar	Electrical products	3.96
VIP Industries Ltd	IIE, Haridwar	Plastic moulded luggage	3.95
Lakhani India Ltd	IIE, Haridwar	Footwear and parts	3.70

# Doing Business

## Key approvals required

Uttarakhand has deployed the single window clearance mechanism to facilitate and ease investments into the state. Below are some of the key approvals needed and the procedures to acquire such approvals before commencing production.

List of Approvals and Clearances Required	Departments to be Consulted
<b>Prior to setting up the unit</b>	
Registration	Industries Department
Allotment of Land/Shed	Uttarakhand Industrial Development Department Ltd./UttarPradesh State Industrial Development Department Ltd./ Industry Division, Uttarakhand
Power load approval for construction load	Uttarakhand State Electricity Department
Approval for Construction of Building Activity under Factories Act	Labor Department
No Objection Certificate	Department of Fire
Provisional Trade Tax Registrations	Central and State Excise Departments
Registration under Central Sales Tax Act	Central and State Excise Departments
<b>Before Commencement of Production</b>	
Environmental clearances	Uttarakhand Environment Protection and Pollution Control Board
No Objection Certificate	Department of Fire
Permanent Trade Tax Registration	Permanent Trade Tax Registration
Registration under Central Sales Tax Act 1956	Central and State Excise Departments

## Cost of doing business

S. No.	Sector	Cost
1	Manufacturing	
a	Land Price (US\$/sq mt)*	22 – 37
b	Labor (US\$/man year)	552 – 846
2	Industrial Electricity (US cents/unit)	
a	Normal Hours	4.6
b	Peak Hours	5.8
c	Non-Peak Hours	4.4
3	Prime Lending Rate (%)	12.75% - 13.25%
4	Hotel Stay (US\$/night)	
a	2 Star	37 – 49
b	3 Star	49 – 73

## Investment climate

### Abundance of natural resources

The state has an abundance of natural resources. The presence of many water bodies in the form of rivers and lakes, has positioned it as a leading hydro power generator. The ample irrigation facilities, coupled with favourable geographical and climatic conditions, makes agro based industries flourish in the state.

The large forest cover (70 per cent) provides scope for development of forest based industries. Many species of herbs and medicinal plants are found in this region. Other natural resources include mineral deposits, rare species of plants and animals, tea, and bamboo.

### Favourable policies and incentives

Apart from the Concessional Industrial Package, the state also offers additional benefits through its Industrial Policy of 2003. They focus on three segments. Firstly, the thrust sectors, identified by the state based on the need and potential for development, enjoy the added benefits in terms of fiscal and non-fiscal advantages. The second segment offers benefits for establishing industries, as well as for expanding existing ones. And finally, the policies have different incentives allocated for industries based on their size. There are additional benefits for revival and rehabilitation of sick industries as well.

The different types of benefits offered by the state include tax exemptions, reimbursements on loans, interest incentives, financial assistance, subsidies, and concessions. In addition to common policies, sector specific policies make Tourism, Information technology, Biotechnology and Agro-based Industries some of the ideal areas to invest in.

### Advantage of location

Situated in close proximity to the National Capital Region, the state has access to leading markets. Uttarakhand is also well connected by road, rail and air to all neighbouring states.

### High literacy rates and developing skills

The state has an above average literacy rate and is host to many reputed educational institutes. Facilities aside, the initiatives taken by the government to develop a talented pool of human resources is providing additional support to industries in terms of skilled manpower.

Computer education is being imparted right from schools to professional institutes. The state plans to set up a Horticulture varsity in Kumaon district. The government also launched an apprenticeship programme in partnership with the private sector.

### **Expanding industrial infrastructure**

The state has seen considerable overall development since its inception including the setting up of industrial estates, IT Park, ITBT Park, Industrial Estates, Growth Centre, and Pharma City. Apart from basic amenities like water, power, connectivity and transport linkages, these estates also have access to leisure, education, health and other service facilities. They also have quality manpower at their disposal.

### **Proactive government**

Uttarakhand is reputed for its efficiency. This is reflected in the policies that address current issues. The latest industrial policy saw the introduction of Single window contact, information and facilitation, and clearance mechanisms. The projects undertaken by the state government, like USWAN and e-governance are also aimed at improving coordination within departments and with external agents, as well as inducing transparency in the system.

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