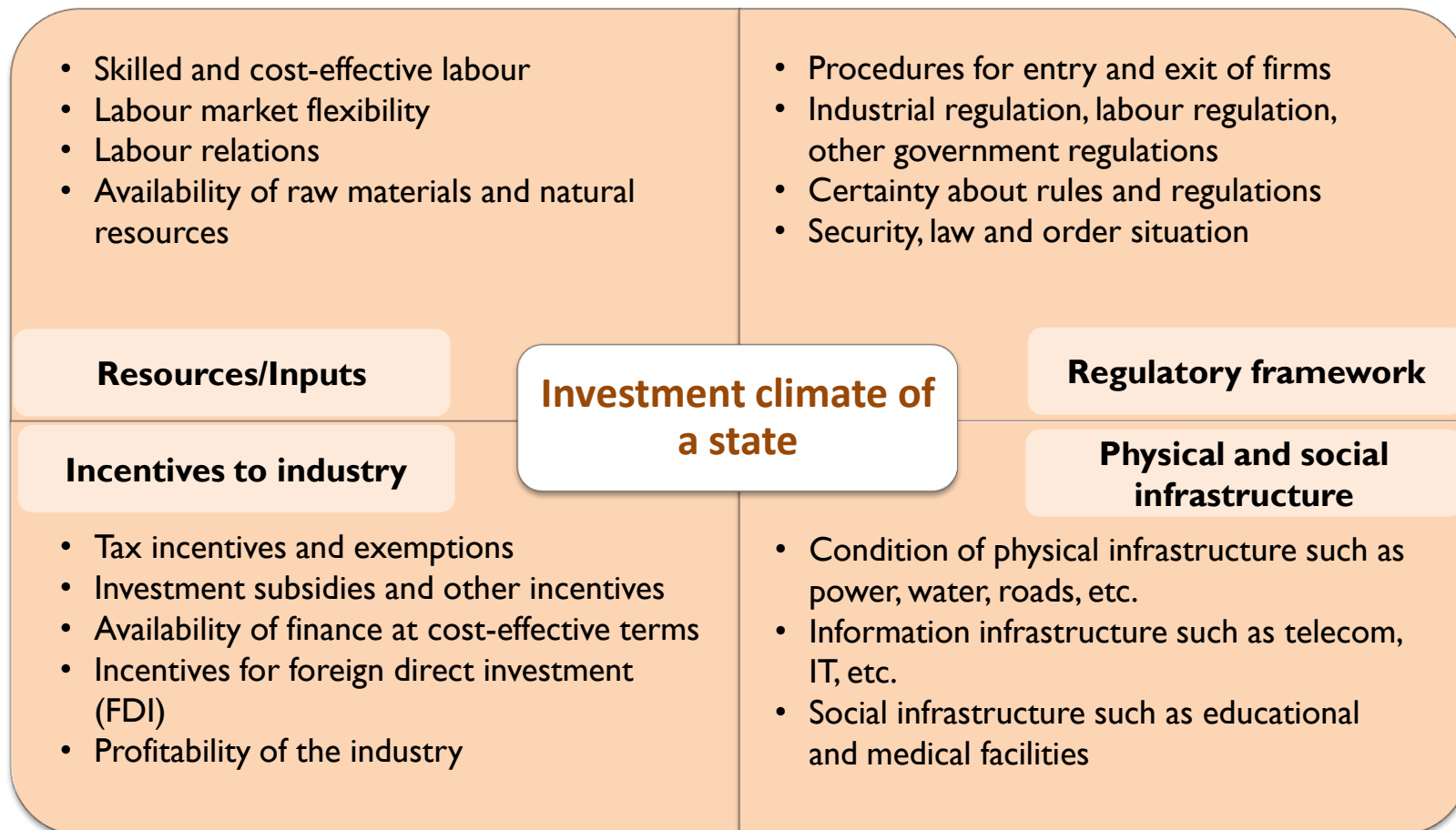


# UTTAR PRADESH

September 2009



## Investment climate of a state is determined by a mix of factors

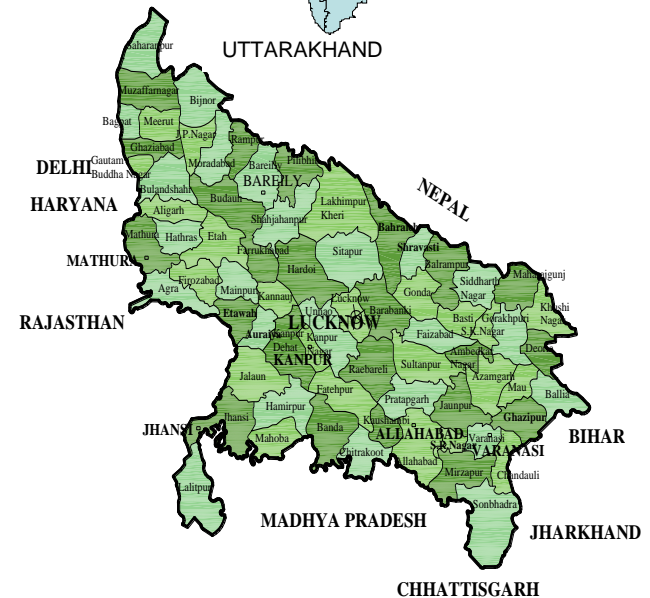
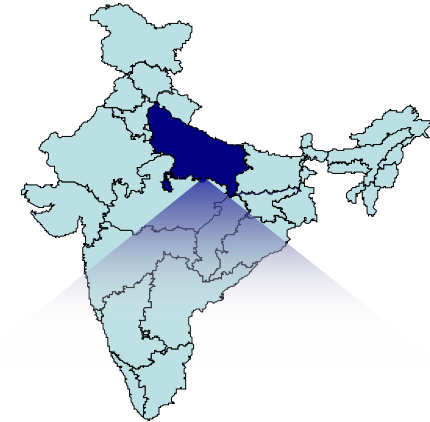


## The focus of this presentation is to discuss...

- ❖ State economy and socio-economic profile
- ❖ Infrastructure status
- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ Doing business in UP
- ❖ Overall competitiveness of the state

## Uttar Pradesh—a snapshot

- Uttar Pradesh is located in the northern region of India. With a population of 166 million, it is the country's most populous state, and accounts for 16 per cent of the population of India.
- The state occupies an area of 240,928 sq km which is 9 per cent of India's land area.
- The state covers a large part of the highly fertile and densely populated upper Gangetic plain.



## Uttar Pradesh—a snapshot

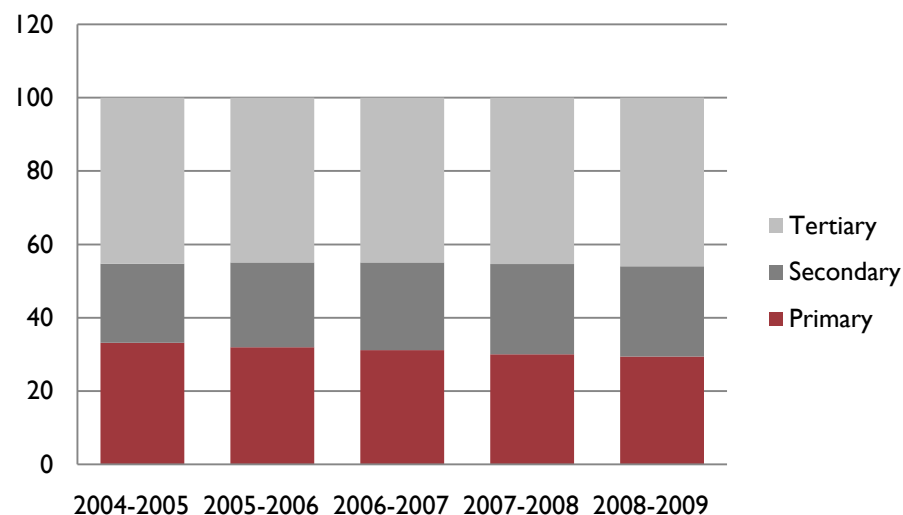
- It shares an international border with Nepal and is bound by the Indian states of Uttarakhand, Himachal Pradesh, Haryana, Delhi, Rajasthan, Madhya Pradesh, Chhattisgarh, Jharkhand and Bihar.
- The state is divided into 83 districts (305 tehsils, and 901 community blocks).
- Its administrative and legislative capital is Lucknow and financial and industrial capital is Kanpur.

## Economic profile

- The economy of Uttar Pradesh (UP) is the second-largest economy in the country after Maharashtra. In 2007-08, it accounted for 8 per cent of India's total Gross Domestic Product (GDP).
- In 2008-09, its Gross State Domestic Product (GSDP) at constant prices\* stood at US\$ 58.82 billion.
- In 2008–09, its Tertiary sector's contributed the most — 45.1 percent—to the GSDP.
- Net State Domestic Product (NSDP) of the state for 2008–09 at constant prices was US\$ 52.13 billion.

\*Constant prices: 1999–2000 base year

Sectoral contribution to NSDP, 2004–09

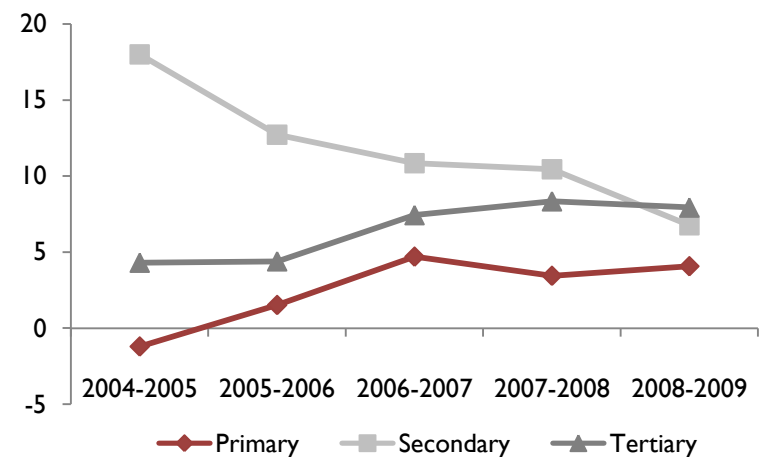


Source: Handbook on Statistics of Indian Economy, RBI publication, [www.rbi.org.in/scripts/annual\\_publication](http://www.rbi.org.in/scripts/annual_publication), accessed 14 September 2009

## Economic profile

- In the same financial year, the Primary sector, which includes agriculture, cultivation, fishery, mining activities among others contributed 29.4 per cent, while the secondary sector contributed 24.6 per cent to the NSDP.
- The services sector was the highest contributor to the NSDP, with US\$ 23.98 billion (2008–2009).

Trend of Sectoral Growth, 2002–07



Source: Annual Plan 2009-2010, Planning Commission, Uttar Pradesh, [www.planning.up.nic.in](http://www.planning.up.nic.in), accessed 23 September 2009

## Socio-economic snapshot

Capital city	Lucknow
Area	240, 928 sq km
Population (Census 2001)	166 million
Density (2001)	689 person per sq km
Sex ratio (Census 2001)	898 females per 1000 males
Principal languages	Hindi and Urdu
Literacy rate (Census 2001)	56.27 per cent
Major minerals	Limestone, dolomite, copper, gypsum, glass, sand, marble, fireclay, coal and phosphorite
Major industries	Cement, vegetable oils, jute, brassware, sugar production, carpets, handloom, cotton and woollen textiles, leather and footwear, distilleries and breweries, glassware and bangles
Major crops	Food grains, sugarcane and oilseeds
GSDP at constant prices* in 2008–09	US\$ 58.82 bn
NSDP at constant prices* in 2008–09	US\$ 52.13 bn
Annual per capita income at constant* prices in 2008–09	US\$ 271
Domestic airports	Lucknow, Kanpur, Varanasi, Agra

\*Constant prices: 1999–2000 base year

Sources: Handbook on Statistics of Indian Economy, RBI Publication, [www.rbi.org](http://www.rbi.org); Annual Plan 2009-2010, Planning Commission, Go UP, <http://planning.up.nic.in>

## Key economic drivers

Primary sector	Secondary sector	Tertiary sector
<ul style="list-style-type: none"> <li>• 19 per cent of total food grain and 47 per cent of all lentils in India come from UP.</li> <li>• The state is the largest producer of wheat, sugarcane, tobacco and potato in the country.</li> <li>• The state produced an average of 2,206 kg. per Ha. Of food grains during 2007–08.</li> <li>• It has one of the highest irrigation intensities with 189.70 lakh Ha. of gross irrigated area.</li> <li>• Share of the workforce engaged in agriculture is about 78 per cent.</li> </ul>	<ul style="list-style-type: none"> <li>• Sugar, cotton fabrics and agro-based industries are the three most important components of the secondary sector.</li> <li>• The state accounted for the largest share of small scale units in the country in 2007, with investments worth US\$ 1.42 billion in 5.8 lakh units.</li> <li>• It is the leading manufacturer of office machinery in India.</li> <li>• India's fifth largest software exporter with exports worth US\$ 3.2 billion in 2007-08.</li> <li>• Labour efficiency is higher in UP (26) than the national average (25).</li> </ul>	<ul style="list-style-type: none"> <li>• By 2012, UP is looking to achieve 12.4 per cent growth in this sector, as against an all India target of 9.9 per cent.</li> <li>• It is one of the top tourist destinations in India, with almost 25 per cent of the all foreign tourists visiting Uttar Pradesh.</li> <li>• Agra was visited by more than eight million domestic and 825,000 foreign tourists in 2006, followed by Varanasi, Lucknow, Allahabad, Vrindaban and Mathura.</li> </ul>

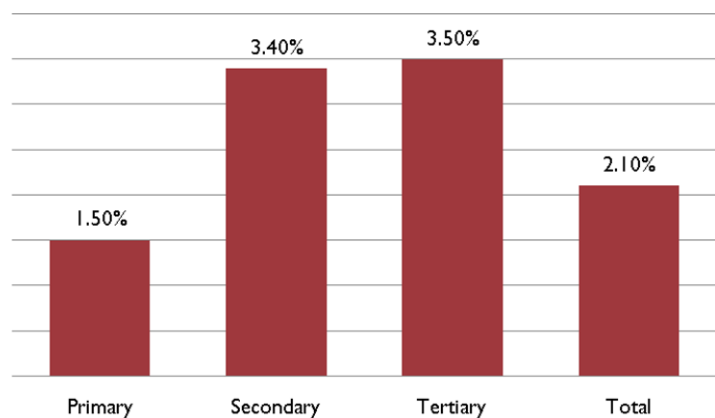
Source: Annual Plan 2009–2010: Part 2, Planning Commission of Uttar Pradesh, [www.planning.up.nic.in](http://www.planning.up.nic.in)

## Socio-economic profile

### Social indicators

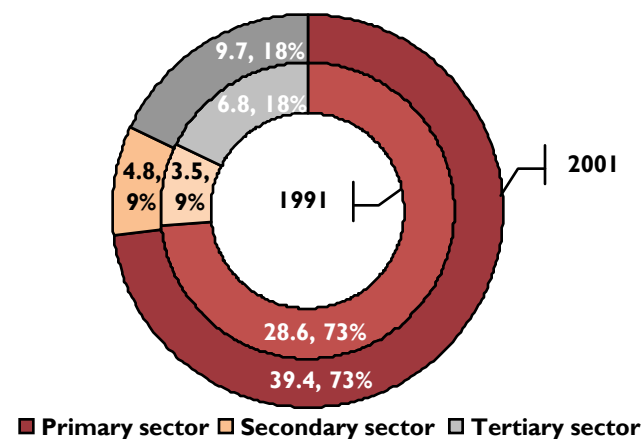
- UP has a literacy rate of 56.27 per cent as per Census 2001.
- The official languages of the state are Hindi and Urdu.
- Sex ratio (number of females per thousand males) in the state is 898 according to Census 2001.

Growth rate in employment | 1977-78 to 1999-2000



Source: Human Development Report 2003, U.P.–  
Planning Department, GOUP

Worker population in Uttar Pradesh (Figures in million)



## Socio-economic profile

### State workforce

- Workforce participation rate as per Census 2001 in UP is 32.6 per cent.
- Of the total workforce, over 18 per cent are employed in the Tertiary sector.
- Agriculture and allied activities employ about 73 per cent of the workforce.

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## Physical infrastructure

### Airways

- Uttar Pradesh is well-connected by air; it has 4 airports and 23 air strips.
- The major carriers providing services include Indian Airlines, Jet Airways, Air Deccan, Kingfisher Airlines and Spice Jet.
- Cities that have domestic airports are Lucknow, Kanpur, Varanasi and Agra.
- The nearest international airport is in Delhi, airports in Varanasi, Lucknow and Agra are custom airports and also have domestic cargo terminals.
- Efforts are being made to introduce air services to Gorakhpur and Allahabad as well.

Cargo handled at airports (in tonnes)

Airport	2002-03	2003-04
Lucknow	2,202	2,107
Varanasi	544	660

Source: www.indiastat.com

## Physical infrastructure

### Railways

- According to 2006 data, it has the largest railway network in the country —total length of 8,546 Km.— and also the sixth largest railway density.
- Almost all the major as well as small cities in Uttar Pradesh are linked through the railways.
- Lucknow is the main junction for the northern and north-eastern railway.
- Cargo carried within the northern and north- eastern zone is approximately 133 million tonnes per annum.

Railway network in UP in 2006 (figures in km.)

Broad gauge	Meter gauge	Narrow gauge	Total
6,826	1,718	2	8,546

Source: www.indiastat.com

# Physical infrastructure

## Roadways

- It has the second largest road network in the country after Maharashtra.
- As against the Tenth Plan target of new road construction of 9,236 Km., about 18,806 Km. has been achieved.
- It has 42 National Highways (NH), with a total length of 6,774 Km. (10 per cent of total NH length in India).
- In 2006, the total road length in the state was 276,782 Km. of which 46 per cent (150,303 Km.) is surfaced.
- Length of surfaced road per lakh population is 88.85 Km., while 67.07 Km. of surfaced road is available per 100 sq. km. of road.

*Sources:* Annual Plan 2009-2010, Planning Commission of GoUP, www.planning.up.nic.in, accessed 21 September 2009; Annual Report 2008-2009, Ministry of Road Transport and Highways, GoI

## Physical infrastructure

### Roadways and Waterways

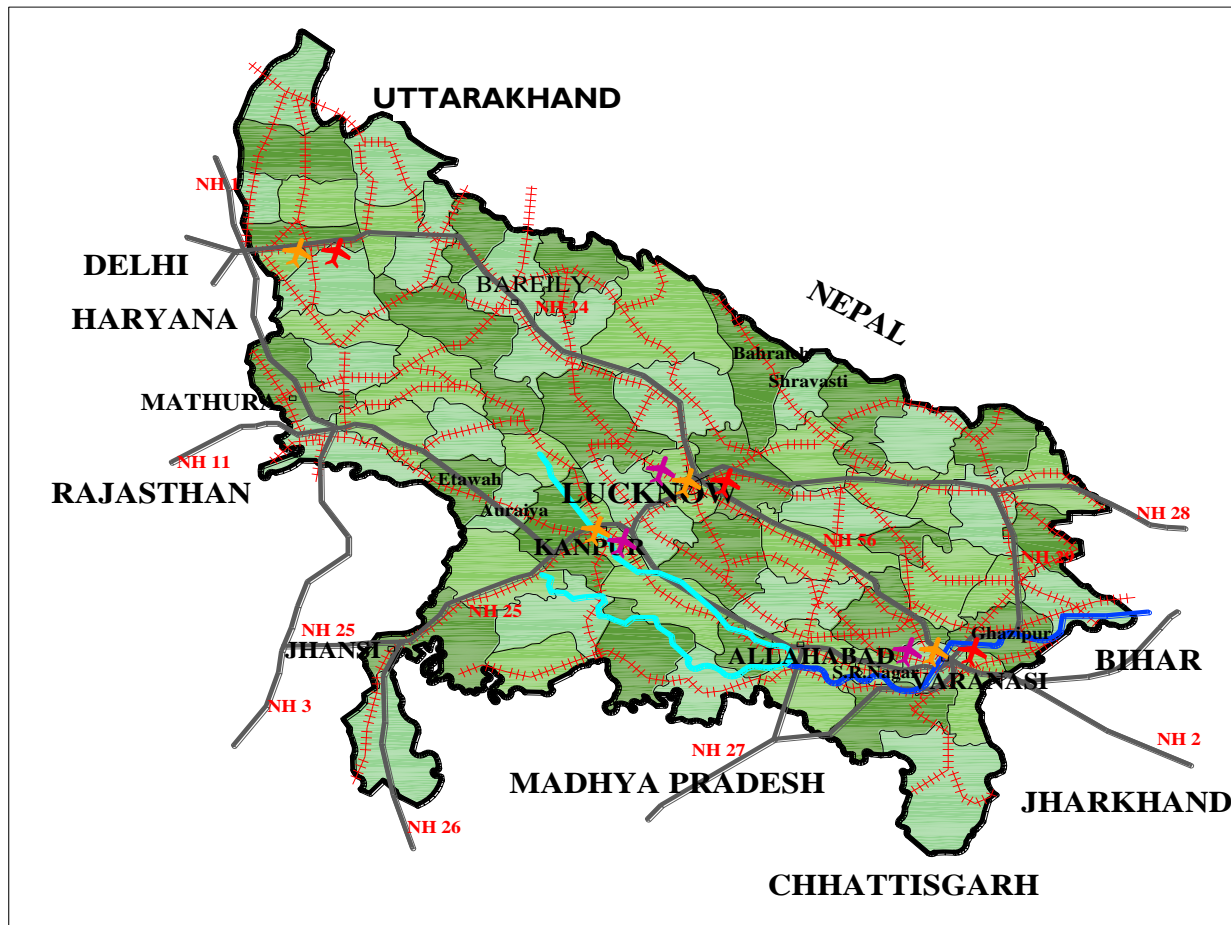
- The stretch of the river Ganges from Allahabad (Uttar Pradesh) to Haldia (West Bengal) has been declared as National Waterway (NW) I
- 600 km. of the total NW I lies in Uttar Pradesh



Road and highways in UP, as per Eleventh Five Year plan

Category of roads	Target for 2011	Status in 2007
National highways	8,030 kms	5,700 kms
State highways	14,542 kms	8,450 kms
Major district roads	22,086 kms	7,344 kms
Other district roads And village roads	N.A.	269,480 kms
Total		290,974 kms

# Physical infrastructure

## Transport network in Uttar Pradesh



-  National highways
-  National waterways
-  Tributaries of River Ganga
-  Custom airports
-  Domestic airports
-  Domestic cargo terminals
-  Railway network

# Physical infrastructure

## Telecom

- UP had a total teledensity of 24.91 per cent per 100 population as of March 2009.
- As of March 2009, it had a total of 48 million telephone connections, with 2.88 million connections in nearly 96,000 villages.

Subscriber base in UP, 2009

Service provider	Subscription (in mn)
Idea	7.21
Bharti Airtel	9.87
BSNL	9.02
Vodafone Essar	12.92
Aircel Ltd	0.46
Total	39.51

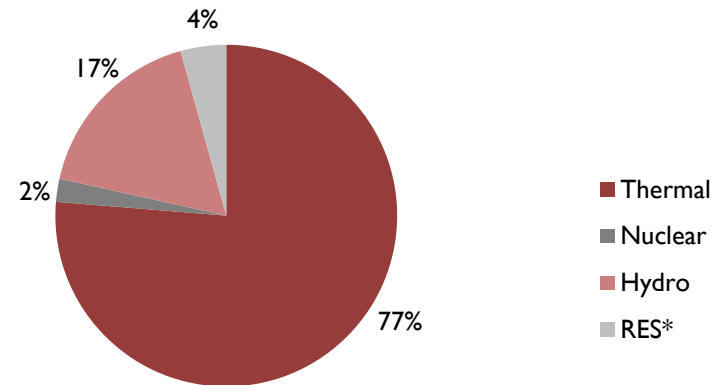
Source: TRAI Annual Report 2008-09

## Physical infrastructure

### Power

- Total installed capacity of 9330.33 MW, accounting for six per cent of India's total installed capacity.
- 377.88 MW power generated by private sector, by players such as Reliance, who are mainly using new and renewable energy sources.
- UP has made investment plans to the tune of US\$ 14.2 bn in the Eleventh Five Year Plan, adding 10,500 MW additional power by 2012.

Mode-wise installed capacities (MW), 2009



\*RES– Renewable Energy Sources  
Sources: Annual report 2008-09 Ministry of Power, www.powermin.nic.in, accessed 21 September 2009

## Social infrastructure

### Education

- Ranked amongst the first few states to have successfully implemented “education for all” policy
- The state has made investments towards enhancing the standard of education across different levels.
- UP has 16 general universities and few world renowned institutes such as the Indian Institute of Technology (Kanpur), Indian Institute of Management (Lucknow), National Institute of Technology (Allahabad) and Asian Academy of Film and Television (NOIDA).

### Education infrastructure in Uttar Pradesh

Educational institution	Number
Primary schools	134,455
Middle schools	40,021
High Schools	13,809
General colleges	1,637
Technical colleges	331
Universities	33

Source: Annual Report 2007-08, Ministry of Human Resource Development

## Social infrastructure

### Health

- 24,650 medical centres, 2,108 Ayurvedic centres, 204 Unani centres and 1,483 homeopathic centres
- Other than allopathy, Uttar Pradesh is also known for several healing techniques.

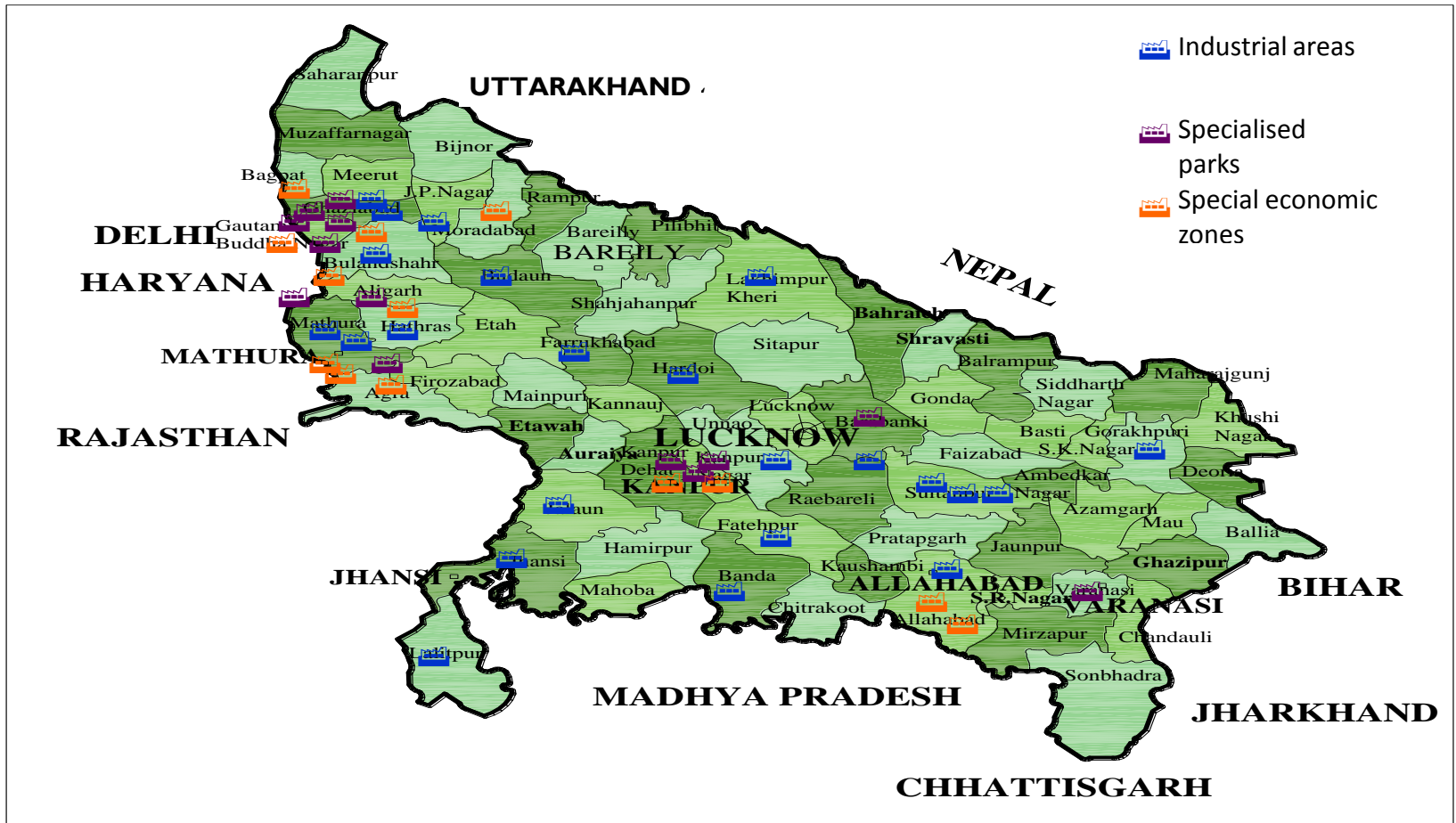
#### Health infrastructure in Uttar Pradesh

Health institution	Number
District hospitals	74
Sub-centre	20,521
Primary health centre	3,660
Community health centre	386
Ayurvedic hospitals	1,768
Ayurvedic dispensaries	340
Unani hospitals	204
Unani dispensaries	49
Homeopathic hospitals	1
Homeopathic dispensary	1,482

Source: Ministry of Health and Family Welfare, Govt, March 2007

# Industrial infrastructure

## Industrial areas in Uttar Pradesh



## Industrial infrastructure — current and proposed assets

- Robust industrial infrastructure is present in the state including 15 industrial areas, 12 specialized parks, three growth centres and four Industrial Infrastructure Development Centres (IIDCs).
- The state has 12 notified Special Economic Zones (SEZ) with world class infrastructure.
- Greater NOIDA Phase II has 19 per cent land reserved for industrial use.
- 40 IT/ITeS Parks (apart from IT SEZs), and two Biotech Zones and a Knowledge Park have been proposed for the state.
- Development of Integrated Agro/Food Processing Zones has been proposed at Hapur, which is about 200 Km. from Delhi.
- Integrated Logistics Hubs (Free Trade Warehousing Zone) have been proposed in collaboration between IL&FS, Mineral and Mining Trading Corporation and Mitsui (Japan).

## Industrial infrastructure — current and proposed assets

- The proposed infrastructure development which would support the industrial development in the state, includes
  - Power Plant of 1750 MW at Dadri, 740 MW gas-based power plant at Dadri and 250 MW gas-based power plant at Greater NOIDA.
  - Development of Feeder Road/ Rail Linkages, passenger and goods terminal, an Inter State Bus Terminal (ISBT) and development of a greenfield airport at Greater NOIDA.

## Industrial infrastructure — current status

Infrastructure	Location	Area (acres)	Manufacturing Units		Investments (US\$ mn)	
Type			Current	Future	Utilised	Future
Growth Centres	Bijoli, Jhansi	385.04	15	6	0.024	41.1
	Shajahanpur	311	29	1		
	Dibiyapur	346			125	
	Jainpur	357	458 plots	4 plots	7.49	20.62
Agro park	Barabanki	180	7	12	3.11	3.73
	Varanasi	261	2	2	3.63	5.44
Apparel Park	Tronica City	145	35	102	12.23 (Total)	
Textile and Hosiery Park	Kanpur	174	5	37	6	
Leather Technology Park	Banther, Unnao	233	24	31	5.51	
Export Promotion Industrial Park	Greater NOIDA	200	14	11	4.59	
	Shastripuram, Agra	102			4.82	
SEZ	For handicrafts in Moradabad (1,500 acres, approx.) and Bhadohi (250 acres)					
	Kanpur; 3 sector-specific SEZs (250 acres each) for leather, engineering and textile/apparel products					
Software Technology Parks of India (STPI)	13,000 sq. ft., of which 9,296 sq. ft. area is in use by 15 units. The park is fully operational.					

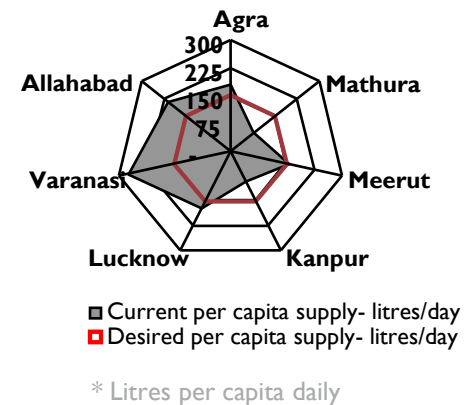
Sources: Annual Plan 2008-09, Planning Commission of Uttar Pradesh; UP State Industrial Development Corporation, www.upsidc.com

## Urban infrastructure

### Water supply

- Average per capita supply of water in the cities of UP is 167 lpcd\*, higher than the desired supply of 150 lpcd.
- All the cities are fully covered by the piped water supply system.
- The operation and maintenance costs recovered from water tariffs is significant in almost all the cities.

Per capita supply of water in various cities (lpcd)

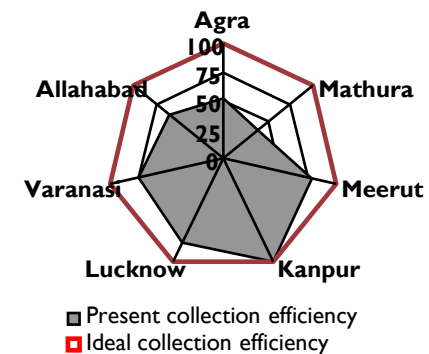


## Urban infrastructure

### Solid waste management system

- Solid waste collection efficiency is 70 per cent on an average for all the cities, with Kanpur having 100 per cent efficiency.
- Medical waste is disposed scientifically in all the cities, except Meerut.

Collection efficiency of solid waste ( in % )

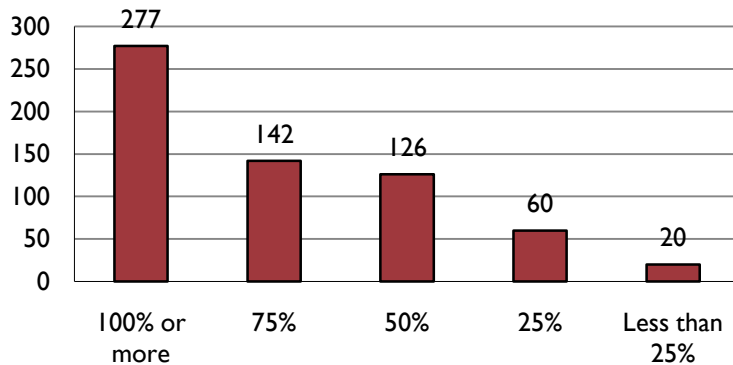


## Urban infrastructure

Urban Infrastructure development through Jawaharlal Nehru National Urban Renewal Mission 2007–08				
Category	Approved amount (US\$ mn)	Released (US\$ mn)	Project focus	Outlay for 2009–10 (US\$ mn)
Urban Infrastructure and Governance (UIG)	413.31	51.36	Solid waste management (SWM), water supply, sewerage, drainage, relocation of industries and development of internal roads	41.11
Basic Services for Urban Poor (BSUP)	87.26	87.26	19,576 houses; urban infrastructure development projects in Lucknow, Meerut, Mathura and Kanpur	41.11
Urban Infrastructure Schemes for Small and Medium Towns (UISSMT)	228.63	89.68	Water supply, sewerage, SWM, roads and flyovers	49.70
Integrated Housing and Slum Development Programme (IHSDP)	4.82	6.66	2,032 houses along with other related infrastructure development	51.39

## Urban infrastructure

Status of piped water supply in UP towns, 2007



### Public Private Partnership (PPP) model for urban infrastructure development approved for:

- Multi level parking cum shopping complex at Hazratganj.
- Six lane Expressway on Ghaziuddin Haider (GH) Canal .
- International Convention Center near Amar Shaheed Path.
- Multi specialty Hospital near Amar Shaheed Path.

Source: Annual Plan 2009-2010, Planning Commission of GoUP, [www.planning.up.nic.in](http://www.planning.up.nic.in)

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## State level policies

Industrial and Service Sector Investment Policy – 2004	Policy for Food Processing Industry – 2004–2009	Biotech Policy – 2004
<ul style="list-style-type: none"> <li>• Primary objective is to ensure creation of maximum employment opportunities and eradication of poverty.</li> <li>• Top priority has been accorded to infrastructure development.</li> <li>• The state is keen to promote the participation of the private sector in the industrial and economic growth.</li> <li>• State will provide a facilitative atmosphere for the promotion of exports .</li> <li>• The state shall create an attractive environment for foreign investors and NRIs to invest in the state.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims to facilitate better returns for farmers and attract investment in this sector.</li> <li>• Will focus on generating employment and promoting value addition, minimizing wastage of agri-products, providing appropriate linkages between agriculture, industries and markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Mission is to develop a knowledge-based economy, assure benefits of biotechnology to all sections and also promote entrepreneurship in biotechnology related industries.</li> </ul>

## State level policies

IT Policy – 2004	Power Policy – 2003–09	Sugar Policy – 2004
<ul style="list-style-type: none"> <li>• Aims at creating and facilitating an investor friendly environment by providing all necessary infrastructure for IT industries.</li> <li>• IT/ ITeS to be promoted as they have vast employment-generation potential.</li> <li>• State government organisations to provide infrastructure, besides marketing and financial support for setting up of units.</li> </ul>	<ul style="list-style-type: none"> <li>• The emphasis is on attracting private sector investment into power generation, transmission and distribution.</li> <li>• Offers lucrative tax benefits such as interest-free loans to investors.</li> <li>• Has provisions for additional power capacity, modernisation of power stations and improving the transmission systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurs are provided incentives and concessions such as exemption of entry tax on sugar, reimbursement of administrative charge and trade tax on molasses to set up sugar mills in the state .</li> <li>• Provides direct benefits to the farming community.</li> </ul>

## State level policies

Policy for promotion of private investment in the development of hi-tech townships in Uttar Pradesh–2005	UPSEZ New Policy – 2006	Film Industry Policy – 1999
<ul style="list-style-type: none"> <li>• Aims to promote the development of hi-tech townships with facilities comparable to international standards in cities including Lucknow, Kanpur, Agra, Varanasi, Allahabad, Ghaziabad.</li> <li>• Basic objective is to facilitate and create an enabling environment for attracting maximum private investment in housing and infrastructure development.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop integrated areas with world-class infrastructural facilities through establishment of SEZs.</li> <li>• Foster industrial and economic development by creating conducive environment for the development of SEZs.</li> <li>• New avenues for employment generation will be created by setting up of SEZs.</li> <li>• Boost the exports through establishment of SEZs.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a coherent framework for the growth of film industry in UP.</li> <li>• Aims to encourage additional capital investments in order to improve the economic status of the people and provide alternative avenues of employment to its people.</li> <li>• Promotes the creation of required infrastructure in the private and joint sector.</li> </ul>

Source: UP state policies

## State level policies

State Mineral Policy–1998	Textile Policy–2006–2011	Tourism Development Policy
<ul style="list-style-type: none"> <li>• Aims to expedite investigation of new mineral deposits by adopting modern exploration techniques,</li> <li>• Promotes private investment and foreign capital investment in the mineral development process,</li> <li>• Encourages optimum use of minerals, increasing export of minerals, ensuring value addition besides using by-products in the mineral industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims to generate more jobs and attract investments in textile and apparel manufacturing industries,</li> <li>• Proposes schemes, strategies and programs for power supply, infrastructure, textile parks, human resource development and provisions to attract big players with substantial investment in the state in this sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims to promote tourism with pilgrims, as one of the key target populations,</li> <li>• Focus on improving efficiency of the industry, for enhanced social and economic benefits,</li> <li>• Focus on development of necessary infrastructure, creation of corpus funds for development of basic amenities, promotion of eco-tourism, restoration of ancient places and strengthening of the tourism departmental organisation.</li> </ul>

Source: UP state policies

## State level incentives

Details of state level incentives for industries		
Category	New investment	Existing units
Capital investment subsidy	<ul style="list-style-type: none"> <li>• @ 10 per cent for SSI units subject to a ceiling of US\$ 11,6 00</li> <li>• @ 15 per cent for women and SC/ST entrepreneurs subject to a ceiling of US\$ 17,400</li> <li>• Special incentive package for large units with investment of US\$ 11.6 million or more</li> <li>• Investment subsidy of 10 per cent (up to US\$ 46,500) for 100 per cent EOUs</li> </ul>	<ul style="list-style-type: none"> <li>• @ 50 per cent for machinery in SSI Units subject to a ceiling Of US\$ 4,600</li> </ul>
Interest subsidy	<ul style="list-style-type: none"> <li>• @ five per cent for SSI units for 5 years subject to a ceiling of US\$ 5,800 p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• @ 5 per cent for SSI units for 5 years subject to a ceiling of US\$ 1,200 p.a.</li> </ul>
Land subsidy	<ul style="list-style-type: none"> <li>• Concessional rates on land in industrial areas and estates in industrially-backward districts</li> </ul>	
Registration of patents and other IPR		<ul style="list-style-type: none"> <li>• Reimbursement of 50 per cent expenditure on R&amp;D (ceiling of US\$ 11,600)</li> </ul>
Power subsidy	<ul style="list-style-type: none"> <li>• Subsidy equivalent to trade-tax paid on raw materials</li> <li>• Exempted from electricity duty for 10 years</li> <li>• 20 per cent rebate (up to five years) on electricity bills for notified industrial estates and industries</li> </ul>	
Other concessions	<ul style="list-style-type: none"> <li>• Exemption from entry tax, Interest free loans for 15 years for pioneer units, concession on trade tax, tax free purchase of inputs, cost of transportation, octroi rebate, special incentives for NRIs etc.</li> </ul>	<ul style="list-style-type: none"> <li>• For rehabilitation of sick units, minimum demand charges for the period of their closure will not be charged.</li> <li>• Deferment of luxury tax in thrust areas for five years</li> </ul>

## State level incentives

Incentives for thrust industries under various policies	
Biotech Policy	<ul style="list-style-type: none"> <li>• Exemptions from payment of entry tax on material for construction and equipment, on stamp duty and registration charges for specified period of time</li> <li>• Exemption of electricity tax on captive power generation sets and exemption of electricity tax for 10 years</li> <li>• Relaxation of taxes on biotechnology-based products and on entry tax for 15 years</li> <li>• Relaxation on land charges for establishment of biotechnological unit; lease for 99 years</li> <li>• Relaxation in zonal regulations - exemption for Floor Area Ratio (FAR) to 50 per cent</li> <li>• 100 per cent relaxation in stamp duty and registration fee</li> </ul>
IT Policy	<ul style="list-style-type: none"> <li>• Preferential allotment of land and 100 per cent exemption from payment of stamp duty and registration fee</li> <li>• Encouragement to captive power generation in IT locations</li> <li>• The mega investment units shall be given interest free loan for a period of 15 years upto the amount of the sales/trade tax liability or 10 per cent of the total turnover of the unit</li> <li>• A mega investment will be allowed interest free loan of 2.5 per cent of trade tax liability for goods</li> <li>• A mega investment will be allowed CST at 0.5 per cent or at a lower rate as given by Gol</li> </ul>
Mineral Policy	<ul style="list-style-type: none"> <li>• Trade tax concession is available on investments of US\$ 2.3 million or more</li> </ul>

## State level incentives

Incentives for thrust industries	
Film industry	<ul style="list-style-type: none"> <li>• Trade tax due on the transfer of the right to use of the films between the producer, distributor and the exhibitor would be exempt</li> <li>• Exemption in entertainment tax between 50-100 per cent for a period of six months to one year (depending on location of shooting of film)</li> <li>• Children's' films and national award winning films are eligible for 100 per cent entertainment tax exemptions</li> <li>• Regional films made in Uttar Pradesh in any one of the mentioned languages such as Avadhi will be provided 100 per cent entertainment tax exemption for a period of one year and a subsidy of 25 per cent of the cost of production, with limit of US\$ 23 thousand</li> </ul>
Tourism Policy	<ul style="list-style-type: none"> <li>• Luxury tax will only be levied on hotels which charge a rental of US\$ 23 or above per night</li> <li>• Heritage Hotel subsidy scheme - 15 per cent of capital investment .Subsidy Scheme subject to a ceiling of US\$ 0.17 million. All recognized tourism units of the state shall be entitled to exemption/deferment from luxury tax for a period of five years</li> <li>• Tourism self-employment scheme has been prepared for the hill areas of the state with financial assistance for starting tourism units subject to a ceiling of US\$ 0.23 million</li> </ul>

Source: Various Policies of UP

## The focus of this presentation is to discuss...

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- ❖ State policies and incentives
- ❖ **Business opportunities**
- ❖ Doing business in UP
- ❖ Overall competitiveness of the state

## Thrust areas for the state government

### Mineral-based industries

- Major contributor to the economy of this region
- Important minerals found in the state include coal, diaspore, sulphur and magnesite, prophyllite, silica sand and limestone
- In addition, a few other minerals found in the state include marble, non plastic fireclay, uranium, barites and edalusite.
- The state also has a considerable amount of minor minerals.

## Thrust areas for the state government

### Agro Processing

- Ranks first in terms of production of wheat, sugarcane, maize, potato vegetables, and livestock products, including milk
- Is home to 311 heavy and medium agro processing industries with a total investment of US\$ 581 billion.
- Is home to 42,586 small-scale agro processing and cottage industries with a total investment of US\$ 163 billion.

## Thrust areas for the state government

### Tourism

- Almost 25 per cent of the all foreign tourists visiting India visit Uttar Pradesh.
- The state is home to one of seven wonders of the world, the 'Taj Mahal' in Agra, which is a leading tourist city in India.
- Agra is followed by the holy cities of Varanasi, Ayodhya, Mathura and Allahabad, popular pilgrimage destinations
- Multitudes from all over the world visit UP to attend the Kumbha Mela, a popular annual fair held every 12 years

## Thrust areas for the state government

### Textiles

- Proposal for development of Textile Park and SEZ in Varanasi
- UP has been the nerve centre for chikan embroidery, a more than 200 year old skill renowned for its grace and finesse.
- Banaras is famous for hand-made textiles and the zari and brocade work on sarees.
- Kanpur is famous for its leather and textile industries.

## Thrust areas for the state government

### Handloom and handicrafts

- Offers a complete range of handloom products and has the potential to cater to upper market segments.
- Provides livelihood to over 200,000 people in the state
- About 15 per cent of the total fabric produced in the country is produced here
- Is home to about 30 per cent of the total workforce of artisans in India, responsible for about US\$ 1.2 billion of annual production.
- Accounts for about 60 per cent of India's total handicraft exports

## Thrust areas for the state government

### Information technology

- IT hub of North India. In software exports it ranks next to Karnataka
- IT focus confined to few pockets such as NOIDA, Greater NOIDA, Ghaziabad etc.
- STPI, NOIDA, is among the key IT destinations in India; is home to many giant MNCs such as Adobe, TCS, HCL and Xansa
- A STPI—Logix Techno Park— is coming up in NOIDA. It will be the largest STPI in North India.

## Attractive Sectors

### Food processing

- One of the largest producers of farm commodities in the country
- Diverse agro climate conditions in the state make it conducive for the growth of a variety of crops round the year
- Offers great potential in food processing; only about two per cent of the production is commercially processed
- Agro-based industries can be highly lucrative once proper linkages are in place under the policy initiatives to develop synergy and efficiency in the system

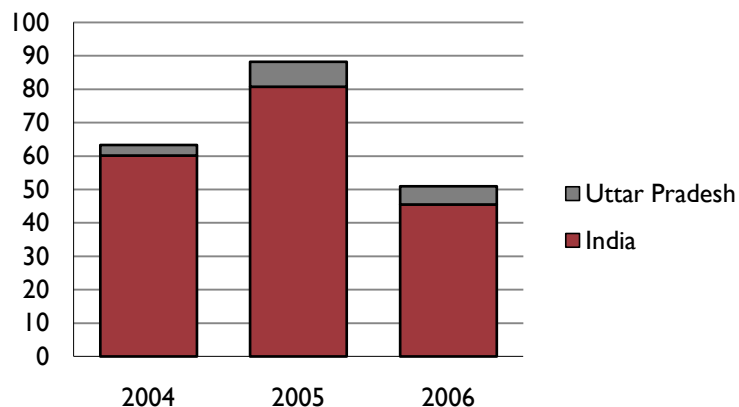
## Attractive Sectors

### Leather-based industries

- Major production hub for leather and leather products with over 11,500 units; Kanpur and Agra are key centres
- Around 200 tanneries are located in Kanpur.
- Agra has been the largest shoe-manufacturing centre in the country.
- The establishment of a Footwear Design and Development Institute (FDDI) is expected to enhance the scope of the footwear sector.

## Key investments

Industrial investments, 2007 (US\$ bn)







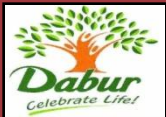
- As of March 2007, UP received 6,471 Industrial Entrepreneurs Memorandum (IEM), worth US\$ 137 billion, ensuring employment for 1.5 million people.
- As of January 2004, the total public and private investments in UP stood at US\$ 14.43 billion, the seventh highest in India at that time.

Source: Plan in outline: Annual Plan 2008-09, Planning Commission of Uttar Pradesh, www.planning.up.nic.in

Major investments by key players up to 2007

Company	Project	Investment (US\$)
Ansal Property and Infrastructure Ltd	PPP for High Tech City, Lucknow	587 mn
Moser Baer Co.	Photovoltaic Cell and Disk Expansion project	162 mn
M/s Triveni Engineering	Chandanpur and Raninagal Sugar projects	56.47 mn
Reliance Industries	3,500 MW gas-based power project, which will be the largest gas-based power plant in the world.	
Sahara Group	50 Hi-tech townships; drinking water project; international trade centre in Lucknow	
Jai Prakash Industries Ltd	Yamuna Expressway (erstwhile Taj Expressway)	581 mn
A V Birla Group	Expansion of Indo-Gulf fertilizers	233 mn

## Key players

<p>Reliance (ADAG)</p> 	<ul style="list-style-type: none"> <li>• The Reliance Group (ADAG) has a major presence in the state through Reliance Energy which has its corporate headquarters in NOIDA.</li> <li>• Reliance is setting up the world's largest gas-based power project of 3,500 MW in Dadri.</li> <li>• The interests of the Group range from communications and financial services to generation, transmission and distribution of power, infrastructure and entertainment.</li> </ul>
<p>LML Scooters</p> 	<ul style="list-style-type: none"> <li>• LML Limited, which has a turnover of US\$ 192 million and a collaboration with Piaggio has a manufacturing unit in Kanpur.</li> </ul>
<p>Honda SIEL Cars India Ltd</p> 	<ul style="list-style-type: none"> <li>• Honda Siel Cars India Ltd, (HSCI) was incorporated in December 1995 as a joint venture between Honda Motor Co. Ltd, Japan and Siel Limited.</li> <li>• The company has its manufacturing unit in Greater NOIDA, UP with a total investment of over US\$ 186 million.</li> </ul>
<p>Yamaha India Ltd (YML)</p> 	<ul style="list-style-type: none"> <li>• Yamaha Motor India (YMI) was incorporated in India in August 2001 with manufacturing facilities comprising of two state-of-the-art plants, including one at Surajpur (UP).</li> <li>• The two plants support production of motorcycles and spares for both - the domestic as well as overseas market.</li> </ul>
<p>Dabur</p> 	<ul style="list-style-type: none"> <li>• Dabur India Limited is the fourth-largest FMCG Company in India with interests in health care, personal care and food products.</li> <li>• Dabur Pharma Limited, a US\$ 250 million healthcare company, has a strong presence in UP.</li> <li>• The Group, which has a turnover exceeding US\$ 520 million, has powerful brands like Dabur Amla, Dabur Chyawanprash, Vatika, Hajmola and Real.</li> <li>• Dabur is headquartered in Ghaziabad and one of its key manufacturing units in India is in Sahibabad in UP.</li> </ul>




## Key players

<p>Birlasoft Ltd</p> 	<ul style="list-style-type: none"> <li>• It is a part of the global US\$ 1.2 billion CK Birla Group, one of India's premier commercial and industrial houses.</li> <li>• Birlasoft, with its corporate office in NOIDA, provides software application development and support services.</li> </ul>
<p>LG Electronics India Limited(LGEIL)</p> 	<ul style="list-style-type: none"> <li>• Market leader in consumer durables and recognised as a leading technology innovator in home appliances, consumer durables, digital display products, GSM mobile phones etc.</li> <li>• LG setup its first state-of the art-manufacturing unit at its head quarter in Greater NOIDA, UP in 1998.</li> </ul>
<p>Jubilant Organosys Limited</p> 	<ul style="list-style-type: none"> <li>• Jubilant Organosys is a part of Jubilant Corporation which has a turnover of US\$ 233 million.</li> <li>• With its corporate office in NOIDA, it is one of India's leading and fastest growing companies with presence in chemicals, biotechnology, IT, food etc.</li> <li>• One of its five manufacturing units is located in Jyotiba Phoole Nagar, UP.</li> </ul>
<p>Kothari Products Limited</p> 	<ul style="list-style-type: none"> <li>• The Kothari Group, which has a turnover of US\$ 70 million, has its headquarters in Kanpur.</li> <li>• It is the manufacturer of pan masalas, especially the popular Pan Parag.</li> </ul>
<p>Sahara</p> 	<ul style="list-style-type: none"> <li>• The Sahara Group, one of India's largest business groups, is headquartered in Lucknow.</li> <li>• It has an asset base of over US\$ 10.87 billion, with diversified business interests that include finance, infrastructure and housing, media and entertainment, tourism and hospitality, consumables, manufacturing and services and trading.</li> </ul>

## Key players

<p>Triveni Engineering and Industries</p> 	<ul style="list-style-type: none"> <li>• With its registered office in Saharanpur district, it has core competencies in the area of sugar and engineering.</li> <li>• The US\$ 233 million company has two plants in the state - a sugar plant in Muzaffarnagar district and a wastewater treatment plant in NOIDA.</li> </ul>
<p>Flex Industries</p>	<ul style="list-style-type: none"> <li>• Established in 1983 and with its headquarters in NOIDA, Flex industries has become the largest flexible packaging company in India with an annual turnover of more than US\$ 150 million.</li> <li>• One of the leading companies in the Asia-Pacific region, Flex has 25,000 tonnes per annum (TPA) strong converting capacity and a dedicated workforce of 1,600 employees.</li> </ul>
<p>HCL Infosystems</p> 	<ul style="list-style-type: none"> <li>• With its corporate office in NOIDA, HCL Infosystems Ltd is the one-stop-shop for hardware products and solutions in the area of IT.</li> <li>• With a turnover of more than US\$ 2.7 billion, it has developed and implemented solutions for multiple market segments.</li> </ul>
<p>Motherson Sumi Systems Ltd</p> 	<ul style="list-style-type: none"> <li>• Flagship company of Sumi Motherson Group, with headquarters in NOIDA</li> <li>• With sales worth more than US\$ 107 million, MSSL is the largest manufacturer of wiring harnesses in India, serving the entire automotive industry.</li> </ul>
<p>EXL Service Holdings Inc</p> 	<ul style="list-style-type: none"> <li>• Established in 1999 and having its corporate office and four delivery centres in NOIDA, EXL offers comprehensive business process outsourcing services.</li> <li>• In the Nasscom 2002 survey, EXL was declared as the leading BPO service provider in India.</li> </ul>

## Key players

<p>Computer Sciences Corporation (CSC)</p> 	<ul style="list-style-type: none"><li>• CSC is a leading global IT services company. Its Indian operations started in 1991 in NOIDA.</li><li>• With over 15,500 professionals, it is one of the fastest growing companies in India and also the second largest division within CSC global.</li></ul>
<p>Adobe Systems India Pvt Ltd</p> 	<ul style="list-style-type: none"><li>• Adobe India commenced its operations in the country in 1998 and has its headquarters in NOIDA.</li><li>• The company has invested more than US\$ 100 million in India till date and accounts for more than 20 per cent of Adobe's annual revenues.</li></ul>
<p>Delphi Automotive System</p> 	<ul style="list-style-type: none"><li>• Delphi is a leading global supplier of mobile electronics and transportation systems.</li><li>• With global sales of more than US\$ 26.4 billion, Michigan-based Delphi has its branch office in NOIDA, UP.</li></ul>

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- ❖ State policies and incentives
- ❖ Business opportunities
- ❖ **Doing business in UP**
- ❖ Overall competitiveness of the state

## Key approvals required for doing business

Approvals and clearances required	Departments to be consulted
<b>Prior to setting up the unit</b>	
Registration	Industries Department
Allotment of land/ shed	Industrial Development Authority
Permission for land use	District authorities
No objection certificate under water and air act	Pollution Control Board
Approval for construction activity and building plan	Development authority
No objection certificate	Fire department
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>	
No objection certificate under the water and air act	Pollution Control Board
No objection certificate	Fire department
Permanent trade tax registration under UP Trade Tax Act, 1948	Central and state excise departments
Registration under central sales tax act 1956	Central and state excise departments
<b>After commencement of production /activity</b>	
Registration	Industries Department

## Business climate of the state

### Favourable policies and incentives

- The state government has formulated attractive incentives and subsidies on power, transportation, land and capital investment, to name a few, for setting up business in the state.
- Special incentives are given to industries such as IT, export oriented, food processing etc. with state-of-the-art infrastructure facilities.

### Unexplored businesses

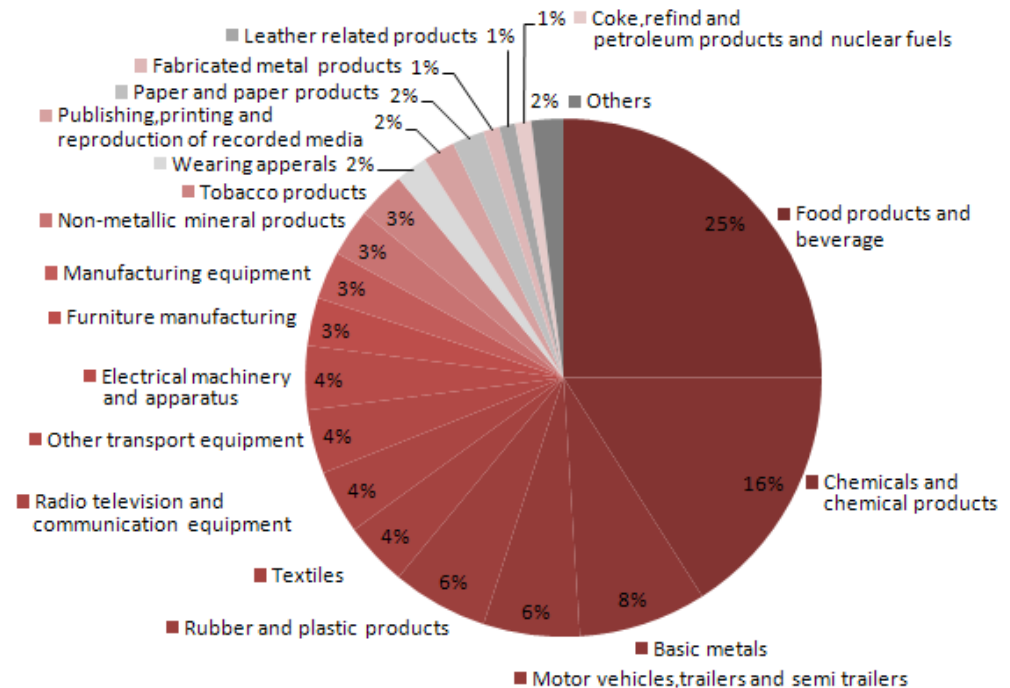
- Development of industrial and urban infrastructure under various PPP models is a lucrative business option.
- The opportunities for investment in the industrial and urban sector are vast due to the recent reforms undertaken to overcome the lack of adequate infrastructure.

## Business climate of the state

### Expanding industrial infrastructure

- Significant industrial infrastructure being developed including SEZs, STPs, IIDCs, which would catalyse industrial growth and provide an ideal business climate for upcoming industries

Spectrum of industrial activity in Uttar Pradesh (1999-2000)



Source: Uttar Pradesh Development Report, Vol I – Planning Commission, GOI (2007)

## Business climate of the state

### Industrial landscape

- There are a large numbers of industries present in the state which have grown through the organic route.
- There is considerable scope of investment in the industries, specially in agro-based industries, food processing, horticulture, IT, petrochemicals, silk and sugar due to the recent reform in the state policies.

### Tourism

- UP is one of the top tourist destinations in India. Almost 25 per cent of all foreign tourists visiting India visit UP also.
- With its wealth of monuments, heritage and culture, the development of tourism infrastructure offers great potential.

## Business climate of the state

### Strong agricultural base to drive the food processing sector

- UP accounts for 16.4 per cent of the total area under food grain production and 12.33 per cent of the net area under cultivation in the country as per data for 2000-2001.
- The state leads in the production of farm commodities including fruits, vegetables, rice, pulses, etc.
- The value of horticultural produce, at wholesale prices, works out to about US\$ 2.3 billion in the state.
- The post harvest losses work out to US\$ 465 million, offering a great potential for investment in post-harvest management, distribution networks and the processing industry.

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## Advantage—Uttar Pradesh

- Largest producer of wheat, pulses, sugarcane, tobacco, potato and milk in the country
- Leading manufacturer of office machinery in the country; accounts for 25 per cent of all office machinery manufactured in the country
- Fifth largest software exporter—with exports worth US\$ 3.2 billion— in the country with NOIDA as the software hub
- Port facility at doorstep through seven inland freight stations and one cargo complex
- Good quality power supply to industries
- Special facilities to foreign and NRI investors in the form of incentives in the state policies





## Advantage—Uttar Pradesh

- Select cities in UP, such as NOIDA and Greater NOIDA being close to Delhi are able to leverage the advantages of being within the National Capital Region (NCR) and have a fully developed infrastructure
- Has well-developed special purpose modern industrial areas like Software Technology Parks (STP), Electronic City, Toy City, Plastic City, Integrated Agro Park, Leather Park, Chemical Complex and Textile City

## Overall competitiveness of the state

Parameter	Uttar Pradesh
<b>Opportunities in industries</b>	
Tourism	
IT-based industries	
Food processing industry	
Pharmaceuticals and bio-tech	
Agro-based industry	
Mineral-based industry	
Engineering industry	
Chemicals industry	
Handloom and handicrafts sector	
<b>Policy incentives</b>	
Setting up and carrying out business	
<b>Industrial infrastructure-existing and proposed</b>	
Power	
Transportation	
Industrial estates/areas	
STP/IT parks	
Export promotion industrial park - Epip	

## Overall competitiveness of the state

Parameter	Uttar Pradesh
Industrial Infrastructure-existing and proposed	
EPZ	
IIDC	
Industrial growth centres	
Food processing parks	



High



Medium



Low



Proposed

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