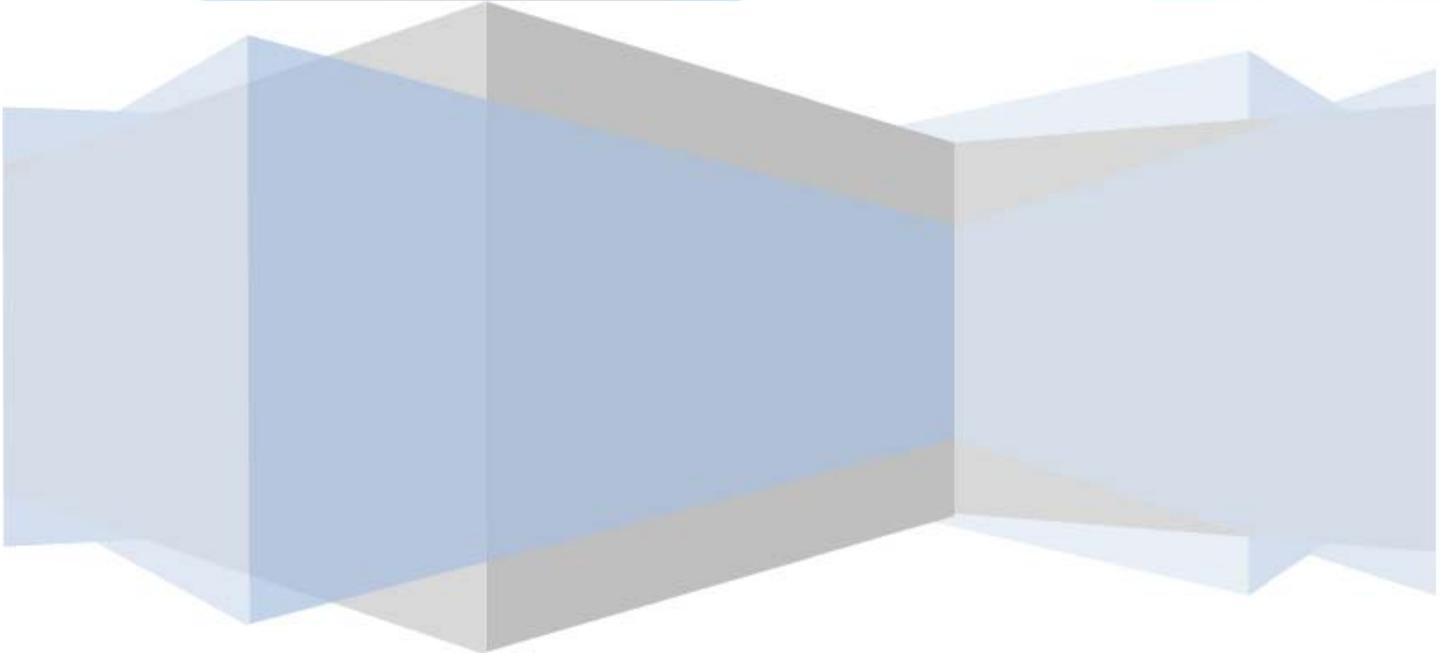


DRAFT UTTARAKHAND INDUSTRIAL POLICY



**BY:
INDUSTRIES ASSOCIATION OF UTTARAKHAND (IAU)**



UTTARAKHAND- OVERVIEW

PREAMBLE

Uttarakhand has celebrated its tenth birthday. The birth of our new state has brought positive vibes. With the passage of time, we are witnessing all round development and growth. The striking change, as is being seen and felt in the transformation of underlying atmosphere from Despair to Hope. One can see and feel the healthy vibrations emanating from the ongoing stupendous growth on the industrial front in our state. One, who had dreamt, thought and acted for the formation and nourishment of our state, must be extremely happy to see his plant bearing enough fruits.

Uttarakhand- the pristine Himalayan state today stands on a threshold of great promise. A state which has taken unusual strides in the first decade of its existence is bubbling with unmatched enthusiasm trying to reach out to the colourful rainbows in the global industrial horizons.

A land blessed with natural resources, dedicated workforce, favourable climate and an able administration is marching ahead with a determination to attain which was till now considered unattainable.

A beginning in the right direction in Industrial Development has already been made with proper Industrial Policy in place. Now we have to take this memorable journey to all parts of Uttarakhand with inclusive growth so that vibes of industrial development touches the remotest part of the State.

The New Industrial Policy of Uttarakhand should seek to facilitate achievement of the following:-

1. Self Sufficiency of the State in next Ten Years.
2. Positive and Constructive Attitude and Approach of the Government towards the Industry based on Mutual Trust.
3. Inclusive growth.
4. Increase in employment in Industrial and Allied Sector from the present levels.
5. Enhancing Skills-Enhancing Employability.
6. 10 to 12% annual rate of growth in the Industrial Sector.
7. Construction of Express Highway linking Dehradun District to Udham Singh Nagar District with industrial Corridor all along this Express Highway. This will also result in better road linkage to all parts of Uttarakhand and will in turn help in all development activities.
8. Uninterrupted, low cost and good quality of Electricity.
9. Less Governance- Simplified Labour Laws, Industrial Laws, Taxation Policy, Environmental Policy and other related Laws/Policy.
10. Abolition of Inspector Raj
11. Special Thrust on Information Technology and Bio Technology.



UTTARAKHAND AT A GLANCE

- The State of Uttarakhand was formed on November 9, 2000 by carving out 13 hilly districts from the state of Uttar Pradesh. Uttarakhand, as the new state was called, became the 27th state of India.
- It 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 northwest, gangetic plains of Uttar Pradesh in the south and Nepal in the east.
- Uttarakhand has diverse geographical features ranging from snow-capped mountain peaks in the north to tropical forests in the south; its climate and vegetation is equally diverse.
- It is one of the five states in India to be declared a world heritage biodiversity site by UNESCO.
- The state occupies an area of 53,483 sq kms and has a population of 10.1 million
- Its administrative and legislative capital is Dehradun.



POLICY NEED

Chapter 1

BACKGROUND

◆ PREVIOUS POLICIES

State Government had formulated Industrial Policies in 2001 and 2003 & further extended the policy till March, 2010. The last industrial policy was announced in the backdrop of the concessional Industrial Package that was given to Uttarakhand by Government of India for 10 years.

◆ NEED FOR POLICY

Now that the Industrial Package has come to an end and the State industrial policy has also out lived its importance, there is a growing need to have a new industrial policy to replace it. However, in view of the fast changing global economic scenario, the state government should decide to frame a new well directed Industrial Policy to push the State's economy. It should utilize its natural resources & skills for attracting new investments and revival/growth of existing Industries. It is evident that the earlier industrial policy was not fully equipped to handle the changing economic scenario, where services and technological advancement have become the cornerstone of economic development, Further, globalization and liberalization have thrown up new challenges and opportunities, which require a more holistic approach towards industrial development. A new policy which recognizes the changing dynamics of economic activity while accounting for the limitations of Uttarakhand in terms of space and resource constraint is hence, a necessity.



Chapter 2

DOING BUSINESS IN UTTARAKHAND

- **Abundant Natural Resources**
 - Abundance of natural resources
 - Presence of many water bodies make it ideal for hydro power generation
 - Abundant irrigation, favorable geographical and climatic conditions make it ideal for agro-based industries
- **Favorable policies and incentives**
 - Number of benefits offered by the state in terms of tax exemptions, reimbursements on loans, interest incentives, financial assistance, subsidies and concessions
- **Location Advantage**
 - Proximity to the national capital region (NCR) of Delhi one of the leading markets of the country
 - The state has excellent connectivity with all its neighboring states
- **High literacy rate**
 - The average level of literacy of the state is higher than the national average.
 - Rich pool of talented human resources as Uttarakhand is home to some of the leading educational institutions in the country.
- **Expanding infrastructure**
 - The development of urban, industrial and social infrastructure has made Uttarakhand an attractive investment destination.
- **Law & Order**
- **Quality and Cheap Power**
- **Facilitating Government**



Chapter 3

STRATEGY

The State should actively promote the participation of the Private Sector in the industrial and economic growth of the State. The State should accept its role in nurturing private activity and entrepreneurship. It should recognize generation of wealth in the private sector as necessary for the overall prosperity of the State. It should, therefore, endeavour to forge a meaningful partnership with industry in policy formulation and its actual execution and implementation.

Small, Tiny and Cottage Sectors plays an important role in creating large number of employment opportunities and provides a wide range of goods and services. Therefore, the State should create conditions for a balanced and harmonious growth of all segments of the Industrial Sector such as Heavy, Medium, Small and Tiny sectors.

The unique social ethos, environment and agro-climate conditions of Uttarakhand demand a different approach from the rest of the Country. General type of industries promoted in the rest of the Country will have a limited scope in this area. It is necessary to identify and exploit the unique endowments of the region in order to foster sustainable economic development.

A variety of seeds of flowers and vegetables, fruits, herbs and spices can only be grown in the hills. These seeds are very expensive and have High Value. Their cultivation can bring much better earnings to its cultivator. Uttarakhand, therefore, should move out of the cereals syndrome and should give thrust in growing off season Vegetables, Seeds, Flowers, Herbs, and Spices etc.

Exports are not only vital to the national economy but they serve significantly to enhance the professionalization of local industry and the competitiveness of its products. A facilitative atmosphere should be provided for the promotion of exports from the State and to enhance the competitiveness of exportable products.

There is a tremendous potential for NRI investments in the State. Through their entrepreneurial skills and abilities, Indians have made a mark in every field of human activity abroad. The State should create an attractive environment for them to invest in the State. Procedures and systems shall be so modified as to facilitate their investment.

Foreign Investment is necessary for projects requiring large investments like power, roads, bridges etc. The State should attract foreign direct investment and create circumstances so that Uttarakhand will become the leading Sate in the Country for foreign investment.

In order to achieve the overall objectives of the New Industrial Policy, Uttarakhand should ensure creation of an atmosphere of security to develop confidence in the Entrepreneurs. Law & Order machinery should be toned-up in a way is as to be responsive to the needs of industry. Uttar Pradesh has suffered from a stereo-typed image over the last many years as an insecure State. Uttarakhand should not suffer from this syndrome. This is extremely important.

It must be appreciated that the process of industrialization of the State should be a synergic effort of industry and Government. Governmental attitudes should change so as to perform a



facilitative role. Industry should be consulted and involved in the formulation and implementation of policy to the extent that industry will play the major role in determining the parameters of industrialization.

The State should also develop a package of incentives and support services to be extended for development of entrepreneurship in selected sectors. Traditional industries and crafts should be supported and strengthened by provision of inputs to enhance their viability and competitiveness.

The State should also continuously review and revamp, wherever necessary the entire tax structure so that it reflects the requirement and expectations of industry.

A number of Industrial Units especially in the small sector are facing several difficulties, which have impacted adversely on their viability. The State should recognize the need to revitalize them so that the existing investments in them could be made productive once again. The State should assist existing industries so that they not only remain competitive but also grow and expand. The vibrancy of the existing industries is best way to attract fresh investments.



Chapter 4

OBJECTIVES

- The Government plays the role of a facilitator & is hand-holding by being investor-friendly.
- To bring administrative reforms.
- To attract investment in the private sector & under the PPP mode.
- To create Dedicated Fund for the development of clusters, Common Facilities Centre and providing infrastructural support under the initiatives of Centre & State Government.
- To promote competitiveness and cutting costs for the industry.
- To stimulate economic growth, industry and service sector being the main engines of growth.
- To promote IT & IT Enabled Services.
- To promote value addition from resources of the State while promoting Agro based & Food processing industry.
- Emphasis on fresh employment generation and skill Up gradation.
- To revive the sick industry by way of OTS and to provide mechanism for debt restructuring.
- To address & take care of environmental issues.

EASE OF DOING BUSINESS

◆ **INDUSTRY PARTICIPATION**

In order to lay down system for organized participation of industry in the process of suggesting policy measures for the development of industry State Government has constituted various Boards/ Council but they have become ineffective because they are not meeting as frequently as they should be. It is desired that these facilitative mechanism which create an conducive atmosphere for growth should mandatorily meet at a frequent interval.

◆ **STATE UDYOG MITRA**

It has been informed that meetings of State Udyog Mitra are not taking place regularly and we should ensure holding of meetings at regular intervals.

In order to make State Udyog Mitra more effective, a separate structure with proper staff should be created.

The Government should ensure holding of District Udyog Mitra meetings under the chairmanship of District Magistrate once in a month.

◆ **INDUSTRIAL FACILITATION**

The State Government should constitute Uttarakhand industrial Facilitation Board at State & District level which should aim at expediting the Industrial Approvals in a time bound manner.

◆ **SINGLE WINDOW MACHANISM**

The State should implement an affective system of clearances necessary to set up a new industry with District Industries Centre. General Manager, District Industries Centre should be empowered to sanction/approve all clearances such as Pollution, Power, VAT, etc. in a fixed time schedule. The entrepreneur should not be required to go to any of the departments for approval. The entire system of providing time bound clearances/ approvals should be regularly monitored by District Magistrates, Commissioners and Chief Secretary.

At present, time schedules for various approvals required by an entrepreneur have been notified under the Single Window Notification.

The system of deemed approval has also been notified but we find that at ground it is not being implemented, thus industry is made to suffer. It is requested that Single Window Mechanism should be made online and its proper monitoring at the State level should be carried out regularly.

The facility of online submission of the Form with digital signatures should be introduced. Facility of online tracking the status of application by the applicant should also be introduced.

◆ **24 HOUR HELP LINE**

Dedicated 24 hours help line be set up by the Department of Industries for providing information/opportunity etc. to the entrepreneurs.



◆ **INFORMATION HUBS**

District Industries Centre in the State should be converted into Information Hubs for the entrepreneurs to enable them to access the International markets, thereby enhancing their exports, etc.

◆ **SELF CERTIFICATION**

The State Government should introduce self certification under the various laws etc under the following Acts through qualified Chartered Engineers

- I. Inspection of Boilers under Indian Boilers Act, 1923.
- II. Inspection under Standards of Weights & Measures (Enforcement) Act, 1985.
- III. Inspection/ testing of electric installations under Indian Electricity Act, 1910 & Indian Electricity Rules, 1956.
- IV. Inspection / verification under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981.
- V. All labour laws

◆ **ENVIRONMENTAL REFORMS**

Following measures should be taken to facilitate the environmental clearance:-

- i. Reclassification of industries should be done.
- ii. Pollution Control Board should approve more reputed laboratories in addition to the already approved, in order to provide more avenues for testing of samples by the industries.



GROWTH MOVERS

Chapter 6

KNOWLEDGE BASED INDUSTRY

- Uttarakhand needs to leverage its position and its pool of skilled and educated workforce to transform itself into a knowledge-based economy. Consequently, activities such as IT and IT enabled services, Educational Services, Business and Financial Services, Media, R&D, Design and Biotechnology may be classified as “Knowledge Based Industry” or KBI.
 - ❖ These activities are cleaner and much less infrastructure intensive.
 - ❖ In term of land- intensity, knowledge based industries can accommodate more number of people per unit area of land.
 - ❖ IT and ITES sector is identified as industry and should also be allowed in commercial areas.
 - ❖ The Industries Department may add more sectors to the Knowledge-Based Industry classification, after due discussions with all stakeholders, provided the sector included are clean and require skilled workforce. **A detailed classification is given hereunder;**

Chapter 7

HANDICRAFTS, HANDLOOMS, KHADI

- Handlooms, Handicrafts and Khadi are traditional sectors of Uttarakhand. While there is a need to preserve ancient crafts, it is also important to infuse modern techniques of design and production.
- Government, both at Central and State level, have large number of programmes to support this industry. These include reservation of certain types of fabrics for manufacture by handlooms, awards for master craftsmen and financial support through various schemes executed by cooperative banks, nationalized banks and Uttarakhand Government and its agencies from time to time. There are as many as 22 central & one central-state shared present in the Handicrafts, Handloom & Khadi sector at all India level providing subsidy, financial aid (loan), material and other benefits.
- Apart from financial support, Uttarakhand existing strengths in handloom, Khadi and handicrafts sector need to be leveraged for use in fashion and interior design industry. For this purpose, it is important to create linkages with the fashion design industry and diverse more aggressive marketing strategies. Linkages with fashion design industry can also be created by setting up facilities for this sector in the Fashion Technology and Design Park.
- Agencies like Uttarakhand Handloom Board & KVIB provide institutional and marketing support by:
 - ❖ Tying up with players in fashion design industry such as NIFT, NID etc for skill development and scholarships to selected artisans.
- Negotiating with fashion industry bodies such as Fashion Design Council of India (FDCI) and Fashion Design Promotion Council (FDPC) for marketing and showcasing of handicraft, handloom and Khadi products in various fashion shows.
- Creating a brand plays an important role in promoting any industry. For instance, “Khadi” is an established brand in itself and is finding many takers in the fashion design industry now. Similar efforts have been directed at promoting traditional handlooms and handicrafts through “HIMADRI”. Thus, discussions between entrepreneurs and various players in fashion design and interior design may be facilitated to explore co-branding options with various design labels.

Chapter 8

PROMOTE INDUSTRY ACADEMIA LINKAGES, INNOVATION & ENTREPRENEURSHIP

- Uttarakhand has a large educational and research infrastructure in terms of institutes such as IMA, IIT, IIM, Doon University along with a number of Private Universities. The State also has a large number of research institutes like IIP, Pantnagar University, Forest Research Institute, IRDE and others. These strength need to be exploited. This is because many upcoming sectors, such as biotechnology, nanotechnology etc., are dependent on strong research infrastructure.
- It is hence proposed that the Department of Industries involve industries associations to organize conferences and seminars between the academia and industry to explore opportunities for co-operation, especially for joint research with corporate sponsorship of projects with educational institutes.
- The Government should institute awards & recognition for the most innovative joint research and development project.
- Promoting innovation and entrepreneurship in high-technology and knowledge-based sector is highly desirable to nurture new and high-quality ideas and talent to jettison Uttarakhand into a State of future. For this purpose:
 - ❖ A Centre of Excellence should be established which should also guide existing and upcoming units on quality control and set standards for output and service levels for both government agencies and private entrepreneurs.



INTERLINKED SECTORS

Chapter 9

TRADE AND COMMERCE

- Trade, Commerce and Industry are interlinked sectors. A policy direction for industries will impact on trade and commerce and vice-versa. For instance, any policy regarding SEZs would impact industries wanting to invest in Uttarakhand-and hence the State's industrial development. Further, any industrial area would require commercial establishments and facilities to support industrial activities, especially those relating to KBI in Uttarakhand. The Union Government recognizes these inter-linkages, as a result of which, all the three sectors come under Union Ministry of Commerce and Industry.
- In Uttarakhand, for trade, there exists the no Department for Trade. But it is also important that the Department of Industries plays a role in trade promotion by ensuring creation of infrastructure for business and industries geared towards export.
- The Department of Industries should also play a role in existing creation of adequate infrastructure for sectors geared towards exports. Exports play a significant role in furthering the business of Knowledge Based Industries that are to be promoted in Uttarakhand. Outsourcing now has also become a trend in high-technology manufacturing sectors like electronics. In electronics sector, under contract manufacturing, electronic products are manufactured by an electronic manufacturing service provider under the brand name of original equipment manufacturer. Hence, it is essential that Industrial Department ensures that adequate infrastructure, such as Inland Container Depots (ICDs) and other logistics support is provided for export-oriented sectors such as electronics.
- Commercial activities in Uttarakhand are mainly regulated by Master Plan provisions. However, given its status as a hill state with tourism as major activity it is needed that good infrastructure be created to convert Uttarakhand into a Commercial Hub. But there has not been a focused approach towards resolving issues relating to commercial enterprises.
 - ❖ Further, activities like organized retail are becoming more significant, leading to challenges regarding creation of adequate infrastructure for organized retail in terms of modern warehousing and cold-chain facilities.
 - ❖ Hence, there is a need for a specific department to look at challenges posed by increasing number of commercial enterprises coming up in Uttarakhand.
- Commerce to be brought under Industries Department with the new nomenclature being Department of Commerce and Industry. This would help in bringing about balance between the commercial and industrial aspects of economic activities in Uttarakhand. In its new capacity, the department may also look at options of utilizing existing warehouses in industrial spaces to meet the needs of expanding organized retail sector, apart from assisting investors in accessing various Central/State Government programmes for encouraging modern warehousing and cold-chains, wherever applicable.

FACTORS OF PRODUCTION

Land, Infrastructure, Capital, Entrepreneurship, Manpower and Technology are the main factors of production. The availability of these factors at reasonable rates and through simple procedures is an important pre-requisite of rapid Industrialization. The State should facilitate the access of industry to these factors at competitive rates.

◆ LAND BANK

Uttarakhand should not restrict industrial activity to Recognized Industrial Areas only. Wherever five or more prospective Entrepreneurs approach the Government for undertaking Industrial activity in any area, the Government should set up an industrial area/estate exclusively for them in suitable place taking into account their specific requirements and needs. The State should make land available to Industry at reasonable rates through the Industrial Development Authorities. Simple arrangements should be developed for easy and exit entrepreneurs in the Industrial Areas. Rules should be made sufficiently flexible enough to reflect the changing realities of Indian Economy. Internal Master Plans should be developed for each Industrial Areas to facilitate simple and quick transfers.

The process of declaration of Agricultural land as non-agricultural for industrial purpose only, should be simplified. A system of immediate permissions to be given by the Competent Authority on payment of prescribed Conversion Charges should be adopted. This permission should be granted for a specified period within which the actual construction work should be completed, failing which, if not renewed, the permission will automatically lapse.

For the industries, the rate of Stamp Duty on Industrial Land/leases should be fixed at 5%.

- Creating Land Bank is significant to plan for infrastructure and industrial asset development in a balanced manner. It will help in having a bird's eye view of Uttarakhand's Potential for development of industrial and other assets and judiciously distribute land for competing uses in future.
- Uttarakhand-may create a Land Bank which will comprise land acquired by its nominated agency for industrial and economic development of Uttarakhand. The Land Bank should basically have following components:
 - ❖ Land earmarked for industrial use.
 - ❖ Vacant plots available to the government for auction or any other use in existing urban/ rural areas.
 - ❖ Waste land lying vacant should be made available for industrial use.

◆ INFRASTRUCTURE DEVELOPMENT

Infrastructure plays an extremely important part in industrialization. High quality infrastructure provides competitive edge to industry in more than one ways. On the one hand, it increases the productivity of capital and on the other, it reduces the cost of production and marketing. Hence in the current process of liberalization and globalization, the availability of top quality of infrastructure facilities has become the most decisive factor in determining the location of industries and the extent of investments.

Highest priority should be provided by the State to the creation of high quality infrastructural facilities. The speed with which decisions will be taken and implemented, even to the extent of amending existing laws, in the construction of Express Highway between Dehradun and Udham Singh Nagar District will demonstrate the importance that the State attaches to infrastructure projects.

Land, Power, Telecommunication, Air and Road transport are the most important components of Infrastructure. The State should adopt dynamic policies and should take positive initiatives to create an investor friendly environment in the Infrastructure Sector.

DEVELOPMENT OF INDUSTRIAL CORRIDOR

Uttarakhand should be committed to the balanced development of all the regions of the State. It would however become necessary to develop certain specific locations for the full realization of their industrial potential. In this context, the Uttarakhand should first construct an Express Highway between Dehradun and Udham Singh Nagar District and then develop Industrial Corridor all along this Express Highway. This corridor should be developed as an area of excellence with high quality industrial development. This Industrial Corridor can be forcefully highlighted to attract greater investments. This corridor will also facilitate planned and optimal utilization of State's resources.

ROADS

The State should have an extensive network of Roads, Bridges, and Viaducts. Uttarakhand should first construct an Express Highway between Dehradun and Udham Singh Nagar District. This highway should be constructed within Uttarakhand territory and should not cross into U.P. this Express Highway should be developed as areas of excellence with high quality industrial and social infrastructure so that this becomes a role model of development. This Express Highway can then be forcefully highlighted to attract greater investments. This will also facilitate planned and optimal utilization of State's resources.

TELECOMMUNICATIONS

The State should ensure rapid development of Telecommunication facilities in the State. The State should attain the National Average in terms of Tele connectivity. An Action Plan to achieve this objective should be developed in close co-ordination with the Ministry of Telecommunication, Government of India. Private Operators and Companies engaged in provision of Telecommunication and Cellular Services should be provided all facilities in setting up of towers and other infrastructure. The State Government should provide free Government land to the Telecom Department of Govt. of India for ensuring superior telecom facilities.

AIR TRANSPORT



The State should create a fairly developed infrastructure in the field of Civil Aviation. The Airport of India should be approached for the Upgradation of Dehradun and Pant Nagar Airports, so that they could handle International Charter and Cargo.

◆ **MAINTENANCE & UPGRADATION OF INFRASTRUCTURE IN INDUSTRIAL FOCAL POINTS / ESTATES/ AREAS**

Highest priority should be given to the up-gradation of the existing Industrial Infrastructure. In the first stage a detailed infrastructure mapping should be carried out to evaluate the status of existing infrastructure facilities. On the basis of this mapping, gaps and inadequacies in the existing infrastructure should be identified and an Action Plan should be formulated for their expeditious removal.

The users of land in a particular Focal Points/ Estates/ Area will be involved in maintenance and Upgradation of infrastructure in their area through creation of Special Purpose Vehicles for each area.

◆ **VERTICAL GROWTH OF INDUSTRY**

Higher FAR should be allowed to Industry subject to the fulfillment of town planning norms and keeping in view the infrastructure support. Similarly ground area coverage norms should also be relaxed for industries.

◆ **INTEGRATED FLATTED COMPLEXES**

Uttarakhand faces shortage of land and also the cost of land available for industrial development is exorbitant. Micro and Small Entrepreneurs find it difficult to excess land thus depriving them of self employment opportunities. We suggest that in each district integrated flatted complexes for micro & small activities be constructed for such entrepreneurs.

◆ **NON-CONFIRMING ACTIVITIES**

It is being observed on a growing scale that lot many non-confirming activities are being done by people creating unwanted problems for industries. No such non-confirming activities should be permitted in industrial estates.

MEMBERS SUGGESTIONS:

1. Kanwar Mela issue- Alternate Road transport.
2. Association should be invited for suggestions while planning Master Plans.

REDEVELOPMENT

- Redevelopment of an industrial area, as the name suggests, may require certain changes in development control norms and amendments in some provisions of the Development Bye Laws.
- However, redevelopment of industrial areas in Uttarakhand is instrumental for creating world -class industrial spaces and meeting the vision of attracting high-technology, skilled and knowledge based industries to Uttarakhand. It is hence, important that this policy touches upon the broad guidelines for redevelopment.
- The land amalgamation and redevelopment may be based on following principles:
 - ❖ Identifying the areas to be redeveloped.
 - ❖ The developer, who gets the development license for a specified period, will build the available area as per the norms laid down by the Master Plan. Adequate provisions for roads, CETP infrastructure, warehouses, parking etc will have to be made.
 - ❖ The developing entity may be granted development right certificates for developing the replacement units.
 - ❖ The specified offsite, which can be New Industrial Areas, may have higher than the existing FAR.
 - ❖ To prevent hoarding of and speculation, a time limit may be set for which the development right certificates are valid. Such precedence can be seen in cities such as Bangalore where the development right certificates are valid for 5 years and no extension lapse after 10 years.



Chapter 13

RELOCATION & PHASING OUT OF POLLUTING UNITS

The Ministry of Environment & Forest, Government of India wide notification no.S.O. No. 120 (E) dated February 1989 has issued guidelines for setting of industries in Doon Valley area of district Dehradun. After this notification no Red-Category industry can be set up in this region. In order to facilitate relocation of Red-Category industries established in Doon Valley region, a relocation scheme be framed to encouraged relocating of units from non-conforming areas to area outside Doon-Valley region.

The units in non-conforming areas should have a fair chance to apply for alternative plots under the Relocation Scheme.

Chapter 14

POWER

24 HOUR UNINTERRUPTED POWER SUPPLY

Continuous and high quality power is extremely important for the development of industries. Due to shortage of power in erstwhile State of Uttar Pradesh, its availability to industrial units was uncertain in the past. The State should ensure 24 hour uninterrupted supply of power to the industries situated in the Industrial Areas. The State should take strong measures to increase the Generation of Power and ensure its continuous availability to the industry. Highest priority should be given to the implementation of those power Projects for which MOUs and PPAs have already been signed.

CONCESSION IN POWER RATES

Uttarakhand should deviate from the existing system of Power Tariff of Uttar Pradesh. A new Tariff plan should be drawn taking into consideration the very low cost of Hydropower Generation in the State. Following points should be considered while deciding the Electricity Policy:-

1. Uttarakhand should devise the system of charges based on Actual Usage (Unit Consumption Charges) only.
2. System of levying Minimum Consumption Guarantee should be stopped.
3. Power rules and regulations should be responsive to the economic environment.
4. The interest of industries going through recession should be adequately protected.

Following simplifications should be done with regard to industrial power connections:-

- i. There should be no lock in period in case an industry wants to get its connected load increased again to the original level after getting it reduced. Further, there should be no charges for such increase.
- ii. In case load of industry on a power feeder is more than 75%, it should be treated as industrial feeder.
- iii. UPCL should endeavour to provide regular power supply to the industry.

Chapter 15

VAT REFORMS

TAX SYSTEM

Uttarakhand is a Zero Industry Area. It has its own geographical disadvantages. It is situated at an extreme end of the country and therefore there would be very high cost of transportation on movement of Raw Material and Finished Goods to and fro from Uttarakhand. To offset this disadvantage Uttarakhand should accept the need of having a simple and investor friendly Tax Structure which should ensure an Entrepreneur sufficient profits on investment. To achieve the objective of attracting new investments in the state and to save the existing Industries, the Tax structure must have the Following Features:-

1. State should formulate its Sales Tax policy in order to provide Relief to the Industry.
2. There should not any Sales tax on the goods manufactured in Uttarakhand for next Ten years. This exemption must be given to all industries whether new or already existing.
3. Similarly purchase of Raw material, Consumables and Packaging material by Industries from within the State should be allowed with no Sales Tax.
4. VAT System in Sales Tax must be gradually introduced.
5. State should demand Income Tax Relief from Govt. of India for setting up new Industries in Uttarakhand.
6. State should demand Central Excise Relief from Govt. of India for old and new Industries in Uttarakhand.
7. There should be interest subsidy of at least 5% on the Rate of Interest on Loans from Banks/Financial Institutions to all Industries whether new or already existing.
8. The entire State Tax System should be rational and be finalized in consultation with Industry.

MEMBERS SUGGESTIONS:

1. Commercial Tax barriers should be removed

Chapter 16

CAPITAL

The easy, concessional and timely availability of Capital at reasonable cost plays a major role in industrialization. The State should ensure the fulfillment of this basic need of Industry through the State Financial Institutions. State Financial Institutions, should discharge duties as Promoters of industry rather than as mere money lending Institutions. For this, necessary changes in the system prevalent as well in the attitudes of the personal should come at all level. Greater efficiency and professional should be developed in these institutions.

Timely, concessional and adequate availability of Working Capital is extremely important for the health of Small Industries. To fulfill this requirement, State Financial Institutions should provide Working Capital Term Loan to all the units, which are financed by them. These State Institutions should also coordinate with the commercial banks for provision of Working Capital at the stage of approval of term loans itself, so that the industry is assured of all financial tie-ups right from the beginning.

The State Financial Institutions should play a constructive and active role in the Rehabilitation of existing sick industries. The sick industries should be provided free consultancy, and if it is found that the unit requires infusion of fresh funds, then, such financial assistance should be made available with some part of the interest being deferred in the initial years for payment at a later stage.

MEMBERS SUGGESTIONS:

1. Carrying Innovative Financial Services to meet the demand.



Chapter 17

ENTREPRENEURSHIP

Uttarakhand should take serious measures to promote entrepreneurship for all round rapid industrialization of the State. The training of First Generation Entrepreneurs should be given the highest priority. Greater attention should be paid to organizing Entrepreneurial development Programmes to train more and more young men and women in the art of establishing and running an industry. Curriculum for these Training Programmes should be carefully developed to include inputs on how to establish an industry, management, accounting, marketing and relevant law and procedures. Curriculum for these training programmes should be developed with the assistance of expert agencies. The State Financial Institutions should accord priority to trained applicants; it should be made necessary for them to undergo Entrepreneurship Training before the actual disbursement of loan is made.

Chapter 18

LABOUR

The simplification of procedures for establishing a new Industrial Unit is an important component of Industrial Promotion. The feasibility of new enterprises is greatly affected by the transaction time and transaction cost of pre-operatives. The State should ensure the simplification of all rules, procedures and practices related to Industry to attract greater investment into the State. There should be no need to get separate approvals from the Labour, Factory, Housing, Local Urban Body and other departments, provided the Building Map has been prepared by an architect duly approved by these departments. However, the architect should certify that the map conforms to the existing rules and laws.

REGULATORY SYSTEM

History has proved that Excessive and outdated regulatory environment- as is the case in India, becomes doubly counter productive because primarily it causes extreme burden on entrepreneurs to follow it and secondly this Regulatory system has not been of any use for masses. The industries of the State should be given an atmosphere of freedom from unnecessary external intervention for full growth. The State should be determined to eliminate all avoidable external interventions, in the functioning of industries. The State should also develop a relationship of mutual trust and confidence between the Government and Industry. It shall promote a system of Self-Certification, in which the industry voluntarily fulfills its social and legal obligations. In the changes economic scenario there is no place for an Inspector Raj and the State Government should ensure its genuine abolition.

RE-EXAMINATION OF LABOUR LAWS

The State should undertake process of re-examination of all prevailing Labour Laws. A high level Task Force should be constituted to review the existing rules, laws, procedures and processes with the purpose of modifying or eliminating irrelevant and outdated provisions. This exercise should be aimed at creating conditions of freedom, in which the industry can devote its energies to productive pursuits. However, the Industry should be required to be conscious of its social responsibilities and undertake to comply with the rules and laws on a voluntary basis.

LABOUR AND INDUSTRIAL LAWS

Uttarakhand must evolve a system of Labour and Industrial Laws with an idea of providing an extremely easy system of compliance. Time and experience has proved that easy systems are followed better and are more productive for masses in general. Following points must be incorporated in the new state.

1. There should be one Simplified Common Law for all matters relating to labour and Industrial Laws as compared to many Complex laws as prevalent at present.
2. Whole of Uttarakhand must be developed like Special Economic Zone on the pattern of Export Processing Zones and no Labour Laws should be made applicable to Industries employing less than 50 workers.

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3. Shops and Commercial Establishment employing less than 10 Employees should not be asked to register under Labour Laws.
 4. We should accept Himachal pattern of Fixing Minimum Wages. In Himachal pattern Wages are consolidated, there is no Dearness Allowance and Wages are revised every Five Years. Benefits of accepting Himachal pattern will be following:-
 - a. Budgetary Control will be distributed by frequent revisions of wages.
 - b. In case of any wage increase, Prices of finished goods will have to rise due to this increase, however due to recessionary trend in the market; there is very little scope for frequent revision in prices of Goods.
 - c. Competitive power of Industry situated in Uttarakhand will be able to stand against the Industry situated in other States.
 5. There should only be one Floor Level Minimum Wages for unskilled category for all industries. Wages of Semi-Skilled and other categories should be left to be decided by the market forces.
 6. Since Uttarakhand is a new State, it must encourage Industrial Peace and Harmony to send a Positive Signal to Investing People. To achieve this it must ban all Strikes for a period of Five Years from the Date of Creation of Uttarakhand.
 7. Inspector Raj must be abolished in letter and spirit.
 8. An Advisory Board should be set up with active participation of Industry. This Board should also go into the aspects of introduction of various Labour and Industrial laws by Uttarakhand.

PROCEDURAL SIMPLIFICATIONS

- The aim of any Government should be to simplify the investment process for businesses through various procedural simplifications. The emphasis should be on Government being a facilitator and providing handholding assistance for those wanting to start business in Uttarakhand and resolve the issue of multiplicity- be it in terms of number of applications to be submitted, number of counters to approach and number of organizations to deal with.
- For “Green” category industries, environmental clearance may be given for 10 years.
- The Department of Industries should consider units under Green Category, which have already obtained environmental clearance but have applied for its renewal, for issue of acknowledgement under Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act), provided:
 - ❖ There is no change in activity and premises.
 - ❖ The time period- after which the consent for renewal is deemed granted- has lapsed, as per the relevant environmental legislations; subject to:
 - Satisfaction of the various statutory requirements to obtain deemed consent.
 - Furnishing specified documentary proof for the same.
- That self certification may be allowed for Industries. An indicative list of Acts under which self-certified compliances for industries may be allowed is given below:
 - ❖ Employment Exchange Act
 - ❖ Payment of Wages Act
 - ❖ Minimum Wages Act
 - ❖ Contract Labour (Regulation & Abolition) Act
 - ❖ Workmen Compensation Act
 - ❖ Shops & Establishment Act
 - ❖ Employees State Insurance Act

ENHANCEMENT OF COMPETITIVENESS OF THE EXISTING INDUSTRY

◆ RELIEF TO SICK MICRO AND SMALL INDUSTRIES

The govt. should notify a scheme for rehabilitation of sick industries.

◆ CARBON CREDITS

State Government attaches great importance to energy conservation and minimization of carbon emissions in the environment. The UNFCCC has launched a programme of carbon credits and some individual units in the State are working in this area. To fully exploit the economic and natural benefit of this programme state should set up a Carbon Credit Cell. The cell should guide the local entrepreneurs to adopt the relevant technology to earn carbon credits. To encourage the entrepreneurs the equipments used for acquiring technology for reducing carbon credit emission should be exempted from VAT. List of such equipments should be identified by the Department of Industries.

MEMBERS SUGGESTIONS:

1. Interest subsidy scheme of the state government to support Micro and Small Industries which has lapsed on 31st March, 2011 should be continued.
3. Gensets- Doon Valley (Modification of Doon Valley Modification of Doon Valley notification)
4. In order to support state Micro & Small Industrie, we should increase state consumption and all purchases should be made from state units only. The state should ensure that all value addition is done in the state itself by creating capacities and no state natural resource should be sold in its raw form.
5. Roorkee Irrigation Workshop should be made available enterprises from the states for their jobs.
6. The state government should allow 10% price preference to state units as they suffer from cost disadvantage and are not able to compete.
7. NSIC approval
8. Provisions by state government as bridging for arrangement for Central Industrial Subsidy.
9. Government should concentrate on increasing the consumption in state and that can be easily done by doing backward and forward integration so that industry gets its raw material in the state and can also sell their final product here this will stop industry from migrating
10. Domicile should be given to industry doing business in Uttarakhand for last five years
11. Government should peruse Railways to set up carriage repair workshop in state
12. Setting up of PSU'S / Defence Production units in the state to become major driver of industrial growth. (We have had none after formation of the new state.)
13. Special incentive for BPO/KPO Units in the hill districts of the state. This would be the most effective way to generate employment in the hill districts and would help stop exodus of people from hills. This shall usher a new era of contemporary business practices in the hill districts.
14. The state needs to initiate industrial marketing in a major scale, highlighting the strengths for specific industry like automobile manufacturing, pharma, food processing, beauty care products, herbal hub and like wise. Towards the stated focus industry the matching infrastructure and facilitation through professionals be pursued.
15. The state must declare the perceived planned Industrial growth and the matching resource planning so as to assure the investor that he will not be left hapless.
16. The draft policy of the govt. be put to circulation to all the stake holders.

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17. Target areas of foreign investment be made known, joint venture in tourism can be recommended. As a first measure, JV of GMVN/KMVN run hotels be proposed.
 18. Due action be initiated by govt. to build industrial land banks.
 19. Develop Cost effective & quality conscious “Brand MSME” for market expansion.

HUMAN RESOURCE

- ◆ There is an increasing awareness that the people of the state be looked upon as its valuable resources, indeed the most valuable resource, and that the growth process should be based on the integrated development of the citizen from childhood right through life. Human Resource Development has been identified as one of the main pillars to support the exponential growth of any state based on knowledge based and service based and service sector based economy. A need has been identified to develop the citizens' skill levels to compete in the Global Market.
- ◆ In Pursuance to the above, the Stat should envisage to promote Human Resource Development through 'Knowledge Dissemination' and 'Knowledge Level Evolution' of the citizens through Educational, Vocational, Professional Development and Consultancy Process. The state should envisage effective utilization of existing as well as developing educational and Information & Communication Technology (ICT) based infrastructure and resources through Public Private Partnership (PPP).

◆ **SKILL DEVELOPMENT-**

- In order to meet the vision encouraging highly skilled and knowledge based industries in Uttarakhand, it is desirable that the existing units engaged in low-skilled activities graduate to knowledge-based industries. For this, it is important to develop such skills in the existing industrial workforce, which would equip them to meet the requirements of knowledge-based industries. In addition sectors such as Handloom, Automobiles, Pharma- the strength of Uttarakhand-now require skilled workforce capable of meeting the changing demands of the industry due to technological advancements. It is important that specific skill development and bridge courses be developed to enable the existing workforce to become equipped to handle superior technology.
- Department of Training and Technical Education be created as the nodal body for promoting skill development in Uttarakhand. As a first step it is important that DTTE may map all the existing resources and fully exploit them to achieve the skill development goals of the State and also meet the objectives of the National Skill Development Mission and the proposed Uttarakhand Skill Development Mission.
 - ❖ UASDM be set up to execute the Uttarakhand Skill Mission focusing on upgrading the skills of youth (drop out of school), informal sector workers and other weaker section. The mission should encourage partnerships with a range of institutions in the public and private sectors. Public Private Partnership (PPP) and encouraging private players to start skill development facilities should form an integral part of the skills mission.
- The proposed Skills Mission should also target upgrading the skill of employees and workers in the existing industrial units to equip them to work in knowledge-based and high-technology industries.
- For encouraging the existing units to upgrade skills for graduating to sophisticated production methods and knowledge based industry, UASDM should hold workshops and



seminars with the industry associations of the industrial areas, representation from Technical Education Department, Industries Department to assess the skill gap.

- ❖ Interaction with leading companies in high-technology and knowledge industries may also be held for the purpose.
 - ❖ UASDM may come up with a detailed report on the skill gap.
- Based on the report, UASDM may Collaborate with Industries Association, technical educational institutes and established R&D institute to devise training modules tailored to bridge the skill gap targeted at various groups of people employed in existing industrial units-executive level, semi-skilled and unskilled.

MICRO & SMALL ENTERPRISES

Micro & Small Enterprises have a very special and vital place in the economy of any State. The greatest strength of this sector is not only it nurtures first generation entrepreneurship but also creates immense employment opportunities at a lesser investment. This sector is also important as evenly spread all over the State and therefore constitutes to the balanced growth of all the regions of the State. Another major advantage of this sector is that it provides opportunities of employment to less skilled workers also and consequently prevents their migration to urban areas. The preservation, development and technical up-gradation of Micro & Small Enterprises should be a special priority of the Government. These industries should be provided a special package of free training, Single Table Clearances and loans through State Financial Corporations at lower rates of interest.

MARKETING FOR SMALL INDUSTRIES

The Marketing of goods produced is one of the major problems faced by the Micro & Small Enterprises. The State should adopt stable policy of price and quantity preference in Government purchase for the products of the Micro & Small Enterprises, so that the Industry is assured of Government purchases for a relatively stable period, and hence is able to concentrate on productive work rather than being saddled with uncertainty. The price and quantity preference policy of the Government should also be fully applicable to all the Public Undertakings of the State Government.

The State should promote establishment of Marketing Companies for the produce of Small Scale Industries in the Private Sector. If these companies undertake the responsibility of quality standardization and development of brand names then the State Government should participate in such Companies through equity upto 10 percent.

The level of Technology being currently employed by the Micro & Small Enterprises and the lack of adequate market information contribute significantly to the uncompetitiveness of such industries. Measures should be taken to remove these bottlenecks. The District Industries Centre should assist the Small Scale Entrepreneur in establishing linkages with new markets. These Centres should also provide information in the latest available technologies. To achieve this objective, comprehensive data base should be developed in all District Industries Offices and this information should be made readily available and accessible to the local industries.

EXPORTS

Small and Traditional Industries always contribute significantly to the exports of and State. Exports provide a profitable outlet to the produce of small and traditional industries. In order to facilitate Exports, the State should formulate an Export Policy, which will provide for Upgradation of infrastructure, improvement of technology and infusion of superior skills. These will provide a competitive edge to the local industry in the International Market.

Special efforts should be made in all exporting areas to develop consciousness towards quality and diversification. This will help in increasing the unit value realization from Exports. Under the New Policy, provision should be made for Design Development, Technology Improvement and strengthening of the existing research and testing facilities. Efforts should be made to establish branches of National level Institutes like NID, Institute of Gems and Jewellery,



National Institute of Packaging etc. in the State. These will help the local industry in upgrading their available Technologies and know-how.

Uttarakhand should provide facilities of continuous and quality power supply, international level telecom connectivity, Rail and Air Transport facility, high quality Road Network and various common facilities as per local requirement and specific needs of Industry. Wherever possible, Dry port facilities should also be developed. The Export Orientated units should be provided special incentives in Trade and Mandi tax.

RURAL AND COTTAGE INDUSTRY

Rural and Cottage Industry contributes significantly to the development of the State. These industries provide employment to lacs of people in the rural area and hence assist in not only reducing the pressure on land but also in supplementing rural incomes. The State should make constant efforts for the full realization of the potential inherent in this sector.

SHILPGRAM should be established to provide Marketing Outlets to the Rural Industry on the pattern of the Delhi Haat. This SHILPGRAM should act as Nodal Centres for the development of Rural Industries and should also provide comprehensive information on the procedure for establishment of Rural Industries.