

From,

Anil Kumar  
Principal Secretary,  
Government of Uttar Pradesh

To,

1. All Principal Secretaries/Secretaries,  
Government of Uttar Pradesh
2. Commissioner & Director, Industries  
Uttar Pradesh Kanpur

**MSME & Export Promotion Section-2**

**Lucknow: Dated: December 15, 2017**

Subject: Promulgation of Micro, Small & Medium Enterprise and Export Promotion Policy-2017.

Sir/Madam,

The Government of Uttar Pradesh has promulgated U.P. Industrial Investment and Employment Promotion-2017. Consequent to this policy, in order to impart impetus to micro, small and medium enterprises, to promote them and create maximum employment in this sector, U.P. Micro, Small and Medium Enterprises Promotion Policy-2017 is proposed to be issued as given below, so as to establish Uttar Pradesh as a pioneer state of the nation.

## **2. Uttar Pradesh Micro, Small and Medium Enterprises Promotion Policy-2017**

### **2.1 Preface**

The State of Uttar Pradesh has an area of 2,40,928 sq. km., which is 7.3% of the total area of India and Uttar Pradesh is the fourth largest state of the country in terms of area. As per the census of 2011, the population of the state is 19.98 crores, which is 16.5% of the population of India and it is the largest among all states of the country. With GSDP of Rs. 11,45,234 crores in the Financial Year 2015-16, Uttar Pradesh is third largest economy of the country, contributing 8.4% in national GDP.

Micro, small and medium enterprises (MSMEs) make significant contribution to the state economy. This sector is extremely important from the view point of capital investment, production and employment. In terms of number of MSMEs (approximately 46 lakhs; 8%), Uttar Pradesh holds the first place in the country and this sector is second only to agriculture sector in providing employment. This sector contributes considerably in exports from the state. Uttar Pradesh has been the leader in export of handicrafts, processed food products, engineering goods, carpets, readymade garments and leather products. The state's share in national exports is 4.37%.

In view the significant contribution of this sector in promoting entrepreneurship, self-employment and creation of employment opportunities as well as in increasing per capita income, the state government has taken the decision for implementation of this policy to encourage units of this sector.

2.2 In this context, micro, small and medium enterprises have been defined in Micro, Small & Medium Enterprises Development Act, 2006 as given below:

7. (1) (a) In the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), as—
- (i) a micro enterprise, where the investment in plant and machinery does not exceed twenty-five lakh rupees;
  - (ii) a small enterprise, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or
  - (iii) a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;
- (b) in the case of the enterprises engaged in providing or rendering of services, as—
- (i) a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;
  - (ii) a small enterprise, where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or
  - (iii) a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

### **3. Vision**

- To attain 15% annual growth rate by establishing Uttar Pradesh as an attractive investment destination for setting up of large number of new micro, small and medium enterprises.
- To attain 15% annual growth rate in employment by creating maximum employment in new units and expansion and upgradation of existing units.
- Endeavour to reduce the regional inequalities on the parameters of entrepreneurship, employment and per capita income and to decrease disparities amongst different classes of society.
- Evolving high-end modern technology driven sensitive administrative system for upgrading existing units and resolution of issues of entrepreneurs.

### **4. Strategy**

In order to realize the above vision, the state government will formulate an action plan according to the following strategy:

## Target

- 15% annual growth rate of MSMEs
- 15% annual growth rate of employment creation in this sector

Following directives have been identified to achieve aforementioned targets:

- To make available resources, strengthening of infrastructure facilities and assistance in marketing of manufactured products for facilitating expansion and technical upgradation of existing enterprises.
- To ensure easy availability of land for new enterprises, to develop new infrastructure facilities and upgradation of existing facilities.
- To create conducive environment for ease of doing business.
- Sustainable and inclusive development with environmental balance.
- Special encouragement to establishment and upgradation of enterprises in Bundelkhand, Poorvanchal and Madhyanchal towards resolution of regional imbalance.
- Keeping in view the imbalance between various sections of the society, special incentives to increase the participation of women, scheduled castes, scheduled tribes and other backward classes.
- Financial incentive for investment attraction.
- Schemes for technical upgradation for the development of quality of products and services of micro and small enterprises.
- Development of **One District One Product** concept, branding of state specific products at national and international level.
- Preparation of schemes of the State Government in consonance with Mudra, Startup India, Stand Up India, Make in India and other mission mode programs and schemes of the Government of India.

## 5. Strengthening and Development of Infrastructure for enterprises

### 5.1 Land

- 5.1.1 A fully transparent system will be created for the allotment of existing vacant land in the industrial areas of the industries department and the industrial areas of various industrial development authorities and land of closed units to the willing entrepreneurs.
- 5.1.2 In order to increase the availability of land for the establishment of industrial units, FAR will be increased under the conditions and rules laid down for this purpose in existing industrial estates and various industrial areas.
- 5.1.3 Steps will be taken to develop the available land of *Gram Sabha* as small industrial estates for the development of micro and small scale industries in rural areas. For this purpose, in case of land of *Gram Sabha* being more than 10 acres then it will be transferred to Directorate of Industries free

of cost after resumption. The development of plots on such land will be done by the Directorate of Industries and Entrepreneurship as per the demand of micro and small scale industries.

- 5.1.4 Plots will be allotted for the establishment of enterprises on priority basis in industrial estates to entrepreneurs in the respective development block of the village whose land will be resumed.
- 5.1.5 In case of more than 5 acres of contiguous land of the *Gram Sabha* being available within a distance of 5 km in Agra-Lucknow Expressway, Poorvanchal Expressway, Bundelkhand Expressway and other corridors being developed in the state, then this land will be made available free of cost to the Directorate of Industries for development of mini industrial estates and 50% land in this area will be reserved for micro and small enterprises.
- 5.1.6 At least 30% of the area will be reserved for micro and small enterprises in various industrial estates of the state and in the industrial areas developed by U P. State Industrial Development Authority and other Industrial Development Authorities with a view to facilitate the establishment of micro and small industries easily.
- 5.1.7 Except for Bundelkhand, Poorvanchal and Madhyanchal and Gautam Budh Nagar and Ghaziabad districts, facilities and incentives as per para(s) 3.2.3.1, 3.2.3.2, 3.2.3.3, 3.2.3.4 under U.P. Industrial Investment and Employment Promotion Policy-2017 will be provided in the rest of western Uttar Pradesh for setting up industrial parks and estates of more than 20 acres by private sector. Each first buyer will be given a 100% stamp duty exemption except for the restricted enterprises. Also, the land of the *Gram Sabha* falling in the middle of this area will be made available to private developer at the circle rate.
- 5.1.8 The rules will be made favourable to facilitate purchase of agriculture land by the developer that is more than maximum area allowed under the Ceiling of Land Holding Act for the development of private industrial parks and estates. Additionally, it will not be required to get the land declared non-agricultural land as per Section 80 of Revenue Code or any other similar provision, instead the industries department, on making an application for this purpose, will be provided the approval. No land use change fee will be charged for the said approval of allowing use of agricultural land for the purpose of industrial park.
- 5.1.9 For the strengthening of the infrastructure facilities in the existing industrial area in the state, an SPV will be constituted in collaboration with the entrepreneurs of that area and the state government will contribute in proportion to the partnership/share of entrepreneurs in this SPV.

**5.1.10 Private Sector Infrastructure Investment:** As per the para 3.12 of Uttar Pradesh Industrial Investment and Employment Promotion Policy 2017, all possible effective ways of partnering with private sector will be adopted for infrastructure investment in micro small and medium enterprises sector.

## **6. Ease of doing business: Sensitive administration and creation of conducive environment**

- 6.1 Self-certification facility for various approvals, no objection certificates (NoCs) and consents, as given in the Uttar Pradesh Industrial Investment and Employment Promotion Policy-2017, will be made available for the new micro and small industries to be set up in the state, so that units are spared from various inspections in the initial stage of establishment and enterprises are set up easily.
- 6.2 A mechanism to provide all desired approvals, approvals and NoCs online to entrepreneurs will be ensured.
- 6.3 In order to solve the problems of the entrepreneurs in accordance with the concept of the single table system, a portal will be developed on the lines of the portal of redressal of public problems and the accountability of the officers will be fixed for the solution of the problems.
- 6.4 A well-developed, technically competent and sensitive administrative machinery has an important contribution in the successful implementation of policies and programs run by the government. The organizational structure will be strengthened for effective implementation of the schemes. Training will be arranged for the development of technical capability of the personnel and for instilling the required sensitivity in them.
- 6.5 The State Government will modernize the District Industries and Enterprise Promotion Centres, through which the help desk, project development and online single window approval, etc. can be conducted efficiently for consultation.

## **7. Flow of Capital and Credit to Micro, Small and Medium Enterprises**

In order to attract maximum investment in the state and to maintain competitiveness vis-à-vis other states, the Government of Uttar Pradesh will provide exemption, grants and financial incentives, subject to certain terms and conditions, as follows:

- 7.1 Expert services will be provided in the District Industries and Enterprise Promotion Centers to micro and small entrepreneurs and youths willing for self-employment, so that bankable project reports can be prepared and their funding from banks can be facilitated. For this purpose, a panel of experts will be approved, so that entrepreneurs can get the benefit of this facility under the supervision of District Industries and Enterprise Promotion Center of each

district. In the event of being financed against the project report prepared, expert fee of 2% of the loan amount or actual, whichever is less, for a maximum of Rs. 1 lakh for general and Rs. 1.5 lakh for women or SC / ST entrepreneurs will be borne by the department.

- 7.2 Industrial units of micro, small and medium enterprises to be set up in the state will be given exemption from stamp duty as per Para 5.1 of Uttar Pradesh Industrial Investment and Employment Promotion Policy-2017.
- 7.3 The State government will reimburse 100% share of the EPF of the employer for 5 years from the date of commencement of the unit to all new industrial units in Micro, Small and Medium Enterprises.
- 7.4 Incentives provided under Para(s) 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10 and 5.12 of U.P. Industrial Investment and Employment Promotion Policy-2017 will be effective for micro, small and medium enterprises also.
- 7.5 Micro, small and medium enterprises will be exempted from land use change fee for the agricultural land under the development authorities.
- 7.6 Electricity at the rate of Re 1/unit will be supplied to new micro and small enterprises for a period of 5 years from the date of commencement of production.
- 7.7 The cost of one time guarantee fees and annual service-fee charged for credit guarantee fund trust for micro and small enterprises for collateral free loan upto Rs. 2 crores will be borne by the state government through making provision in the budget.
- 7.8 The state government will create a micro, small and medium enterprises venture capital fund with the assistance of other financial institutions, which will be utilized to promote startups and progressive small and medium enterprises.
- 7.9 In order to encourage the expansion and diversification of the operational micro and small scale industries, facilities will be provided similar to the new units subject to certain conditions.

#### **7.10 Special schemes**

7.10.1 *Vishwakarma Shram Samman Yojana* will be implemented. Through this scheme, the facility of margin money grant and interest grant will be provided to local artisans and traditional entrepreneurs on getting loans from the bank for development of traditional industries.

7.10.2 *Mukhyamantri Yuva Swarozgar Yojana* will be started for educated unemployed youth of the state to encourage them for establishing enterprises in industry and service sectors. Under this scheme, providing margin money grant and interest grant to the beneficiaries, their projects will be synchronized with the *Pradhan Mantri Mudra Yojana* or Stand Up India Scheme.

### 7.10.3 Special provision for Scheduled Caste/Tribes and Women Entrepreneurs

(i) Under the *Mukhyamantri Yuva Swarozgar Yojana*, special provision of 21 and 2% for Scheduled Castes and Tribes respectively and 20% for women will be specified.

(ii) Under the Uttar Pradesh Small and Medium Enterprises Interest Subsidy Scheme to be implemented in Poorvanchal, Madhyanchal and Bundelkhand, 20% of the beneficiaries will be women.

(iii) At least one SC / ST or woman entrepreneur will be provided assistance to establish micro small and medium scale industry in every bank branch area by coordinating *Mukhyamantri Yuva Swarozgar Yojana* with the Government of India StandUp scheme.

## 8. Capacity Development and Training

- 8.1 In order to take advantage of the demographic dividend of the state, it is necessary that the young human resources of the state are skilled and trained in terms of entrepreneurship and business. For this, various incentive schemes for skill development will be implemented as follows.
- 8.2 An Entrepreneurship Development Institute will be set up as Center of Excellence under the Department of Micro, Small and Medium Enterprises. This training institute will be authorized to prepare and implement the training modules for all the schemes run by the department. It will be the official institution for providing its expertise for entrepreneurship development programs in coordination with various departments and institutes in different areas of development.
- 8.3 Organisation of Special training programmes will be encouraged for skill development of entrepreneurs of Scheduled Caste/ Scheduled Tribes and other backward classes.
- 8.4 Entrepreneurship development programs will be organized in all the districts of the state. Entrepreneurship Development Institute, Lucknow will act as a nodal agency for this purpose.
- 8.5 Six handicrafts centers will be set up to provide in modern technology training to artisans and young entrepreneurs in design, manufacturing and marketing. Uttar Pradesh Institute of Design, Lucknow will act as a nodal agency for this purpose.
- 8.6 Departmental training centers under the Directorate of Industries and Enterprise Promotion will be reviewed and the useful training centers will be made functional.
- 8.7 The state government will create a micro, small and medium enterprises venture capital fund with the assistance of other financial institutions, which will be utilized to promote startups and progressive small and medium enterprises.

## **9. Quality and Standards**

In view of the rapid development in the field of technology and the high standards being adopted globally for environmental and technical standards, the investment in the basic infrastructure related to technological upgradation and testing is important for enhancement in competitive capability of micro, small and medium enterprises. Therefore, industries will be encouraged to achieve waste management systems, pollution control facilities and standards.

- 9.1 The present technical upgradation scheme of the State Government will be promoted by reformulating it in a manner, which will enhance the highly upgraded technology in various fields, like product quality improvement, environmental improvement, energy efficiency, qualitative-packaging, testing-facilities and computerized quality control. In this direction, the entrepreneurs will be provided with interest subsidy facility on the projects funded by them. The scheme will be implemented for two categories of industries - micro industries and small scale industries.
- 9.2 Micro and small scale industries will be encouraged to manufacture qualitative products in accordance with different standards, like Zero Effect, Zero Defect (ZED) to meet the evaluation parameters of Indian Standards Bureau. For this purpose, coordination with various organizations of the Government of India such as: Bureau of Indian Standards (BIS) and Quality Council of India (QCI) will be ensured.
- 9.3 Establishment of Incubation Centers in engineering colleges and other technical institutes of the state will be encouraged and its link with entrepreneurs will be ensured. A system will be created and strengthened through coordinating State's IITs and other engineering colleges, MSME technology centres system with specific institutions of the Government of India and for this, an information system will be developed at the level of Directorate of Industry and Enterprise.
- 9.4 Interest subsidy will be reimbursed at 5% per annum for 5 years from the date of production on the expenditure incurred on plant, machinery and equipment for Research and Development, quality improvement and product development, so that these industries can establish testing labs, quality certification labs, tool rooms. Its maximum limit will be Rs. 50 lakhs.

## **10. Marketing**

It is necessary to ensure the marketing potential of the products manufactured in the state as per the demand in the national and international markets. The state government will take appropriate steps to bridge the gap in this sphere.

- 10.1 Along with government supported logistics, the government will develop a commerce portal through which the traditional craftsman will be connected to the national and international markets.



- 10.2 The current U.P. Business Mart portal will be strengthened and publicized.
- 10.3 A permanent exhibition center will be developed in Lucknow and Expo Marts will be established in selected cities of the state.
- 10.4 The Uttar Pradesh Export Promotion Council will be strengthened in such a way that it plays an important role in participation in internal trade fairs and organizing internal buyer-seller conferences.
- 10.5 Assistance will be provided in marketing to handicrafts and micro, small and medium units. The Uttar Pradesh Trade Promotion Authority will be strengthened in such a way that it promotes participation of artisans and entrepreneurs in exhibitions and buyer-seller conferences organized by it at national and regional levels.

### **11. Cooperation in extension and upgradation of existing units of micro, small and medium industries-**

In the vision of the present policy, provisions have been made to highlight the importance of creation of employment and the development of the state through expansion and improvement of existing units. For this purpose, the District Industries Centers will be developed as the District Industries and Enterprise Centres, which will act as consultant and guide to the entrepreneurs.

- 11.1 Keeping in view the limited availability of land for expansion of existing units, FAR will be increased as per the laid down terms and conditions, to enable expansion of the existing units.
- 11.2 The policy for surrender of plot to the department and return of deposit money will be rationalized in the case of entrepreneur failing to set up the enterprise within the stipulated period for any reason after the allotment of the plot under the occupation of the Department of Industries, so that this vacant land could be allotted to the new entrepreneurs without any dispute.
- 11.3 In order to channelize optimum benefit of cluster schemes of Government of India for technological upgradation of micro, small and medium units, maximum number of clusters will be developed in the state and common facility centers will be set up for the overall benefit of the units, so that all units can get high-cost high-tech benefits.
- 11.4 With the aim of value-addition and packaging etc. of specific local products, common facility centres will be set up at Mandi sites by Mandi Parishad, while keeping in view the availability of fund and assessing its usefulness for the Mandi Samiti.
- 11.5 The Developer / executing agency will be encouraged for establishment of Effluent Treatment Plant, Common Effluent Treatment Plant and Common Facility Centers in industrial estates and areas as per requirement.

- 11.6 A scheme to purchase from units established in the state will be implemented on the lines of promotion by Government of India to give boost to micro, small and medium enterprise units.
- 11.7 The micro, small and medium enterprises become sick because of lesser competitive capability and due to managerial, technical and other factors. The Government of India's plan for the rehabilitation of sick units will be implemented effectively in coordination with the public sector and private sector banks.
- 11.8 Web based online portal and call centre will be set up to address the problems of the entrepreneurs.

## **12. Miscellaneous**

- 12.1 Various policies, such as- Uttar Pradesh Food Industry Policy, Bio Energy Policy, IT Policy, Biotech Policy, etc. are being implemented in the state. An incentive, which is provided under various policies in the same head, will be allowed to be availed by enterprises under any one policy only.
- 12.2 Department of Micro, Small and Medium Enterprises and Export Promotion will be the nodal department for implementation and monitoring of this policy.
- 12.3 Corresponding Government Orders will be issued by the concerned departments for the implementation of this policy.
13. Any kind of amendment/ enhancement in the above mentioned Uttar Pradesh Micro, Small and Medium Enterprises Promotion Policy-2017 will be done after due approval at the competent level as per the requirements of the time.
14. Kindly ensure compliance of each paragraph of the above mentioned policy.

Yours Sincerely,

(Anil Kumar)  
Principal Secretary.

No-22/2017/869/18-2-2017-80 (LU) / 2017 Date as above:

Copy forwarded to following for information and necessary action.

1. Accountant General (A & E) I/II and (Audit-I/II), Uttar Pradesh, Prayagraj.
2. Principal Secretary, Hon'ble Governor, Uttar Pradesh, Raj Bhawan, Lucknow.
3. Principal Secretary to Hon'ble Chief Minister, Government of U.P.
4. Secretary, Ministry of Micro, Small and Medium Enterprises, Govt. of India, New Delhi.
5. Staff Officer, Chief Secretary, Government of U.P.
6. Staff Officer, Agriculture Production Commissioner, Government of U.P.

7. Forwarded to all Principal Secretaries/Secretaries, Government of U.P. to kindly issue due directions to all Heads of Departments/Heads of Office for implementation of Government Order.
8. All sections of the Secretariat
9. Guard File

By Order

**(Panna Lal)**  
Under Secretary

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