International Journal of Multidisciplinary Approach and Studies ISSN NO:: 2348 – 537X

'Make In India' Programme: A Case Study about Potential of Uttar Pradesh

Dr. Rajendra Kumar*,Dr. Ambrish & Dr. R.P. Gupta***,**

**Assistant Professor, Amity Business School, Amity University U.P, Lucknow, India.*
***Assistant Professor, Amity Business School, Amity University U.P, Lucknow, India.*
****Professor, Amity Business School, Amity University U.P, Lucknow, India.*

ABSTRACT:

Uttar Pradesh is one of the largest states in India, accounting to 7.3 percent of the country's area, and is home of 16.5 per cent of Indians. The state contributes 8.1 percent to India's GDP. A new national programme in the name of "Make in India" is designed by Government of India to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge local and foreign companies to invest in Indian Territory and make the country a manufacturing powerhouse. The focus of this programme is on creating jobs and skill enhancement in 25 sectors.

The state government of Uttar Pradesh has given highest priority to such important programme, which is supported by a series of recent policy initiatives in various sectors. Thus infrastructure development, availability of skilled manpower, good resource base and a large consumer market makes Uttar Pradesh an attractive investment destination for make in state under Make in India Programme.

Keywords: *Make in India, Uttar Pradesh, policy, infrastructure, government, programme.*

INTRODUCTION

The state of Uttar Pradesh is not only one of the biggest states in the country but also is the largest market in terms of consumers. The state is the most populous state in the country accounting for 16.5 per cent of the country's population. It is the third largest economy in India after Maharashtra and Tamil Nadu. The GSDP of the state stood to Rs 4,200 billion during 2011- 12 registering a CAGR of 7 percent from Rs 2,608 billion during 2004- 05. The GSDP of the state accounts for 8.1 percent of the national GDP. It is also the fourth largest state in geographical area covering 9.0 per cent of the country's geographical area, encompassing 2, 94,411 square kilometers and comprising of 83 districts, 901 development blocks and 112,804 inhabited villages. The density of population in the state is 473 people per square kilometers as against 274 for the country (CII, 2014). Thus, state is having sustainable opportunities of becoming the next manufacturing destination with in the country under the burgeoning opportunity of flagship programme **"Make in India"** of government of India.

The **"Make in India"** is a new national programme designed by Government of India to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge local and foreign companies to invest in India and make the country a manufacturing powerhouse. The focus of this programme is on creating jobs and skill enhancement in 25 sectors. These include**:** automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, mining, bio-technology, space, thermal power, roads and highways and electronic systems(Hindustan Times,2014). The Make in India is an all-encompassing term with comprehensive connotations for Technology & Innovation, micro and macroeconomic, Medical, Nursing & Health, management, financial investment, banking, business development, manufacturing, marketing and policy formulation. It requires various sectors to work in synchronization and complements each other. Keeping in view, present study on potential of the state for Make in India programme was carried out.

METHODOLOGY

The frame work for study "Potential of Uttar Pradesh for Make in India Programme" was designed to assess the potential in to following three sections:-

Section-1 Physical infrastructure,

Section-2 Industrial infrastructure,

Section-3 Policy reform initiatives.

ASSESSMENT AND FINDINGS

This involved reviewing and assessment of policy and reports of various sectors of government departments and other organisations.

1. PHYSICAL INFRASTRUCTURE

1.1 Power: The state has an installed capacity of 13,683 MW. This includes 5,222 MW under state utilities, 4,933 MW under central utilities and 3,528 MW under the private sector (Udyog Bandhu, 2014). Of the total installed capacity in the state, the contributions from various sources are: Thermal power (79.1 per cent), Hydro power (13.3 per cent) , Renewable energy sources (5.1 per cent) ,Nuclear power (2.5 per cent).

1.2 Roads: The national highway in the state is 7,818 km which accounts for 10.2 percent of the total national highways. All district headquarters to connect by four lane roads (UPSHA,2014).

Sl. No.	Road Type	Road Length (in km)
1	National Highways	7,818
2	State Highways	7,922
3	Major district roads	7,070
4	Other district roads	31,238
5	Village roads	110,195

Source: Uttar Pradesh State Highways Authority (UPSHA).

1.3 Railways: The state has 8,763 km of railway network which is the largest in the country. The Delhi Metro Rail links Noida and Ghaziabad with Delhi. There are further plans to increase the connectivity in a phase-wise manner, for which the Ghaziabad Development Authority has signed a MoU with the Delhi Metro Rail Corporation (Indian Railways Year Book 2010-11).

1.4 Dedicated Freight Corridor: Uttar Pradesh is the biggest beneficiary of eastern Dedicated Freight Corridor project with the share of 57 percent in the total length of 1,839 km8. Dadri is the junction point of eastern & western Dedicated Freight Corridors. Dedicated Freight Corridor Corporation of India has proposed to provide rail connectivity to Logistic Park proposed at Kanpur, which is to be built on PPP mode. While the eastern Freight Corridor will provide connectivity to the eastern coalfields of India, which is very important for thermal power projects, the western corridor will connect the state to the western and southern markets, and the ports as well(CII,2014).

1.5 Delhi-Mumbai Industrial Corridor: Delhi Mumbai Industrial Corridor is envisaged along the western Dedicated Freight Corridor. About 150 km on either side of the western Dedicated Freight Corridor will be developed as DMIC influence area, thus benefitting the industries in the state. DMIC will start from Dadri in Uttar Pradesh which is also the junction point of eastern & western Dedicated Freight Corridors. About 7 percent of the DMIC region will be located in Uttar Pradesh and will cover 12 districts located in the northern part of the state adjoining Delhi with a total area of 36,068 sq. Km (CII,2014).

2. INDUSTRIAL INFRASTRUCTURE

In Uttar Pradesh following infrastructure exists and proposed for industrial development in the state (Udyog Bandhu, 2015):

2.1 Special Economic Zones: So far 56 SEZs proposals have been recommended by U.P. Government to Government of India. Out of these proposals, 21 SEZs have been notified. 8 SEZs are functional out of which six have been developed under private sector.

2.2 Tronica City : Integrated Industrial Township has been developed over 1600 acre land in Ghaziabad, where land is available for industrial, residential, institutional and commercial sectors.

2.3 Growth Centres: Growth Centres at Shahjhanpur, Jainpur (Kanpur Dehat), Jhansi, Dibiyapur (Auraiya) have been completed. These centres have industrial, residential and commercial sectors. Different sizes of plots have been developed to accommodate micro, small, medium and large scale industrial units at attractive rates.

2.4 Integrated Industrial Development Centres: To encourage development of micro & small industries Integrated Industrial Development Centres have been developed Industrial at Kosi Kotwan [Mathura], Etah, Banthar (Unnao), Baghpat, Masuri Gulawati (Ghaziabad), Kursi Road (Barabanki) Development and Chandauli in an area of approx. 50 acres each, under the Central Govt. Scheme. These centres are equipped Centres with infrastructure facilities like roads, drains, power distribution network, water supply etc.

2.5 Cluster Development Scheme: The State Government has introduced the Central Government's Cluster Development Scheme under which Industrial Clusters are developed by upgrading infrastructure and removal of bottlenecks for Industry. The State Government has sanctioned 5 Industry Clusters for Hard Intervention and 15 other industry clusters for Soft Intervention.

2.6 Leather Technology Park : Leather Technology Park has been developed at Banthar, Unnao to accommodate acres located on NH-25 on Kanpur – Lucknow leather tanneries and leather goods units.

2.7 Agro Parks: Two Agro Parks (over 180 acres of land) have been developed for food processing industry at Lucknow & Varanasi. These parks have been designed to meet the specific needs of the agro and food processing industry. These specialized facilities include Multi Chamber Cold Store with Controlled Atmosphere facility and Washing-sorting-grading line

2.8 Moradabad Special Economic Zone: This sector specific SEZ for handicrafts has been developed in Moradabad over 467 acres close to New Delhi International Airport (160 km). Moradabad is the biggest brass & silver handicrafts manufacturing & export centre of India. Excellent infrastructure facilities have been provided with 24 hours security etc.

2.9 Apparel Parks: In order to promote Apparel Industry, UPSIDC has setup Apparel Parks at Tronica City, Ghaziabad and Textile & Hosiery Park at Rooma, Dist. Kanpur.

3. POLICY REFORM INITIATIVES

The government of Uttar Pradesh has taken several initiatives to ensure further development of basic infrastructure in state through facilitating corporate investment and making huge investments on its own and also. The main objective of this government initiative is to create business friendly atmosphere in Uttar Pradesh by increasing ease of doing business as much as possible. Focused target is to increase the Foreign Direct Investment and Local Investment in the state to facilitate "**Make in Uttar Pradesh**" on sidelines of "**Make in India**" initiative by Government of India, thereby further increase the industrialization and employment in the Uttar Pradesh:-

3.1 SINGLE TABLE CLEARANCE SYSTEM: In order to attract investment into the various sectors of the state and contribute to the development of the economy as a whole, the state government has designated **"Udyog Bandhu"** to act as a nodal agency for implementation of this programme. To make nodal agency influential and effective following facilities have been established at Udyog Bandhu:-

3.1.1 Investor facilitation cell: This is operating as the first reference point for guiding investors on all aspects of regulatory and policy issues and to assist them in obtaining regulatory clearances. For this dedicated NRI Cell has established , to act as a single point of contact for responding all the general/investment queries, grievance redressal, facilitation , coordination with Embassies and Ministries of Government of India related to Non Resident Indians (NRIs) and Person of Indian Origins (PIOs). This cell is also be involved in research, survey, policy advisory and other such activity related to

NRIs/PIOs, The cell is also providing assistance to foreign investors from the time of their arrival in the country to the time of their departure.

3.1.2 Dedicated portal for business queries: 'Nivesh Mitra' has been envisaged as a simple, user friendly, entrepreneur centric web application that enables existing & prospective investors and entrepreneurs to get online clearances/NOC's from concerned department with ease and minimal "running around", for entrepreneurs desirous of setting up an enterprise in state. It acts as a seamless interface, aimed to facilitate faster and time bound issuance of various approvals needed by entrepreneur desirous of setting up of an enterprise in U.P. It provides a hassle free and user friendly platform between existing & prospective investors and entrepreneurs and various departments to ensure faster and time bound issuance of various approvals. It is functional in all districts of the state and is mandatory for small, medium and large scale enterprises, while it is optional for micro industries. The facility is available for applying for clearances from 12 departments' viz. Directorate of Industries, Power, Pollution, Food, Drug, Electrical Safety, Fire Safety, Excise, Forest, Commercial Tax, Labour & Factories.

3.2 EASING POLICIES AND LAWS: New policy initiatives have been taken to remove various road blocks of the industrial expansion in the state and also create favourable policy environment. These policies are providing a roadmap and attempting to boost the industrial climate. In this order, following are important:

3.2.1 New Infrastructure and Industrial Investment Policy, 2014: The Government of Uttar Pradesh has approved and announced the new Infrastructure and Industrial Investment Policy with an objective of attaining an industrial growth rate of 11.2 per cent per annum. The policy envisions establishing Uttar Pradesh as the most preferred destination for investment by accelerating industrial development, creation of a conductive business environment and development of high-end infrastructure facilities in order to create new employment opportunities. Significantly, to make policy execution transparent and effective, all supporting Government Orders, Notifications, etc. have been issued along with policy document. Implementation of the policy will be regularly monitored by a High-Level Committee constituted for this purpose. Policy offer following key fiscal incentives:

3.2.1.1 Stamp duty concessions: Stamp duty concession is offer on following terms and conditions:

a. 100% stamp duty concessions to be given to:

- New IT, Bio-tech, BPO, Food processing, Food park, Alternative energy resources units.
- Private sector infrastructure development projects excluding PPP projects.
- Industrial units in all sectors on purchase, lease or acquisition of land by industrial units in Eastern U.P., Central U.P. and Bundelkhand region.

b. 75% stamp duty concession to new units on purchase of land from government agencies and 50% stamp duty concession on purchase of land from private sources in Western U.P.

c. Reimbursement of 25% of stamp duty, if a private developer completes development of industrial estate or area within 3 years after purchase of land and a minimum of 50% land is sold.

d. Reimbursement of stamp duty on land transfer by a parent /holding company to a subsidiary company which starts production within 3 years of the said land transfer.

3.2.1.2 Exemption in Entry Tax & other taxes: Exemption in entry tax & other taxes is based on following standards:-

- Entry tax on iron & steel to be used as raw material will be rationalized.
- Facility of input tax refund or set-off will be allowed to manufacturers who export outside India through export houses in the course of export under sub-sec. (3) of Sec. 5 of Central Sales Tax Act 1956.
- List of schedule II part C (tax liability of only 4 per cent) will be expanded to include more items of raw material, processing material and packaging materials.

3.2.1.3 Exemption from Mandi Fee: For 5 years on purchase of raw material to all new food processing units with investment of INR 5 crore or above in plant, machinery and spare parts.

3.2.1.4 Energy sector related incentives: Exemption from Electricity Duty for 10 years to new industrial units and to captive power generating unit for own consumption.

3.2.1.5 Investment Promotion Scheme: Interest-free loan equivalent to VAT and Central Sales Tax paid by industrial units or 10 percent of the annual turnover whichever is less will be provided for a period of 10 years repayable after 7 years from the date of first disbursement under following terms and conditions-

- In Eastern U.P, Central U.P and Bundelkhand, new industrial units with total capital investment of INR 5 crore or more.
- In Western U.P, new industrial units with total capital investment of INR 12.5 crore or more.
- Industrial units undertaking expansion by minimum 25% of existing production capacity.

3.2.1.6 Capital interest subsidy scheme:

- Interest on loan taken for plant and machinery by new industrial units set up in Eastern U.P., Central U.P and Bundelkhand, will be reimbursed @ 5 percentage points with a ceiling of INR 50 lac/annum for a maximum period of 5 years.
- For new textile units, interest on loan taken for plant and machinery will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum in Eastern U.P., Central U.P. and Bundelkhand and up to INR 50 lac per annum in Western U.P. for a maximum period of 5 years.

3.2.1.7 Infrastructure interest subsidy scheme: Interest on loan taken by industrial units for developing infrastructure facilities for self-use, such as- road, sewer, water drainage, power line etc. will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum for a maximum period of 5 years.

3.2.1.8 Industrial quality development subsidy scheme: Interest on loan taken by industrial association, group of industrial units for establishing testing labs, quality certification lab, tool-rooms, etc. will be reimbursed @ 5 percentage points with a ceiling of INR 100 lac/annum for a maximum period of 5 years.

3.2.1.9 EPF reimbursement scheme : Any new industrial unit employing more than 100 unskilled workers will be reimbursed 50% of the EPF contribution for 3 years after 3 years of setting up unit.

3.2.1.10 Special facilities for Mega Projects :

- Mega projects with an investment of more than INR 200 crore and less than INR 500 crore will be provided with special concessions within schemes covered under this policy on case-to-case basis on recommendation of Empowered Committee and approval of the State Cabinet.
- Mega projects with an investment of more than INR 500 crore will be provided with additional incentives over and above those provided in this policy on case-to-case basis on recommendation of Empowered Committee and approval of the State Cabinet.

3.3 Uttar Pradesh IT Policy 2012: In the fast paced technology such as Electronics and Information Technology, which underpin the industry and services are fast technological developments, reducing business cycle times, just-in-time and time to market. Following are important features:

3.3.1 Interest Subsidy: 5 percent p.a. for a period of 5 years on the rate of interest on loan obtained from Bank/FIs would be reimbursed subject to a maximum of Rs 10 million per annum per unit.

3.3.2 Stamp Duty: 100 percent exemption of stamp duty on purchase/lease of land/office space/ building.

3.3.3 VAT : IT units having Capital investment of Rs 50 million or above would be allowed Interest free loan equivalent to the amount of VAT and Central Sales Tax deposited every year for a period of 10 years, or 10 percent of annual sales, whichever is lower.

3.3.4 Provision For Land : Land at rebate of 25 percent of prevailing rates at Tier II and Tier III cities; Additional FSI :100 percent in TIER II/ TIER III cities .

3.3.5 Industrial Promotion Subsidy: Subsidy equivalent to 50 percent of incentives admissible for new units would be admissible to existing units if additional capital investment is made for capacity enhancement to an extent of 50 percent or more in a period of three years in Tier II/Tier III cities.

3.3.6 Plant and Machinery for Captive Power Generation: Captive Power Generation Plants having minimum capacity of 3 MW, and distributing the Power only within IT/ITEs/Mega Investment Unit zones will be deemed as IT/ITEs units and they would get the incentives available for IT/ITEs units.

3.3.7 Incentives on Case to Case basis: Projects proposed above Rs 2 billion shall be considered for special incentives decided by the Empowered Committee.

3.3.8 Employment Generation : 50 percent incentive on expenditure on account of contribution towards Employee Provident Fund and Employee State Insurance schemes units employing at least 100 employees and retaining at least 75 percent locals for a period of 5 years, subject to a maximum of 25 percent of Fixed Capital Investment.

3.3.9 Single Window Clearance: A Government Body under Chairmanship of Principal Secretary, IT & Electronics, UP for clearances like Pollution, Power Allocation, etc.

3.3.10 Uninterrupted Power Supply: IT units' setup in IT Cities / IT Parks on Independent Feeder shall be provided uninterrupted power supply from State Utility. The cost of provision of separate Feeder from the Transmission substation will be borne by the Unit/IT City/ IT Park.

3.3.11 IT Corpus : Each Department shall earmark a minimum of 2 percent or as per directions of Government of Uttar Pradesh from time to time of its Plan budget for IT applications.

3.4 Energy Generation and transmission: Government of Uttar Pradesh has implemented policy for increasing both non-renewable and renewable energy generation in the state as follows:

3.4.1 Non-renewable energy policy: Under this policy state government is encouraging to set up IIP plant under case-2 method and also cogeneration plant for generation electricity in the state. Simultaneously, private participation in license and investment in transmission and distribution in rural and urban both areas are also permitted (Energy policy, 2009).

3.4.2 Renewable energy policy: The State of Uttar Pradesh is endowed with vast potential of solar power and the Government is keen to tap this resource to improve the availability of power in the State by promoting the establishment of solar energy based power projects, both connected- grid and off-grid type. The Government of Uttar Pradesh adopts and announces the Solar Power Policy 2013and this policy has come into effect from the date of issuance and shall remain in operation up to 31 March 2017. Solar power plants approved, installed and commissioned during this period alone shall be eligible for benefits of this policy(Solar Power Policy 2013)

3.5 Skill Development Policy: Uttar Pradesh has about 1500 ITI and ITCs which have an annual intake of approximately 1, 80,000 students. There are about 330 polytechnics, both government and private, which have an annual intake of approx. 97000 students. In addition, there are approx. 700 degree level institutions, mostly in private sector, with an annual intake of approx. 200,000 in technical courses (engineering and management). Thus, the formal vocational education and training infrastructure provides skilling opportunity to youth in the age group of 18 to 23 years.

Skilling of youth and creating productive job employment of youth of the State is one of the biggest challenges that we face today. UP Skill Development Mission has provided a platform which brings all stakeholders – trainers, employers, sponsoring departments and trainees together. The Mission has been designed as an integrator of all skill development programme and schemes being implemented in the state and to plan and implement these schemes in a holistic and integrated manner (Skill Development Policy- 2013). UP Skill Development Mission has adopted following key strategies to achieve the goal:

a. Creating a System Integrator,
b. Up-gradation and Up-scaling of Government ITI/ITCs/Polytechnics,
c. Engaging with Private Sector,
d. Persuading NSDC to enhance their contribution to state skilling efforts,
e. Addressing the needs of Vulnerable Groups -Special Programs,
f. Special Schemes for Focus Sectors,
g. Financing Skill Development Trainings,
h. Reaching out to community- Vibrant Social Mobilization Campaign,
i. Creating large pool of trainers,
j. Comprehensive Data Management and Management Information System (MIS),
k. Employment Tracking and Post Placement Services,
l. Course standardization, certification and accreditation,
m. Keeping Strict Vigil - Effective Monitoring System,
n. Assessing Market Dynamics- Skill gap study and research activities,
o. Exploring New Horizons-Overseas employment,
p. Strengthening Apprenticeship Programme,

3.6 Food Processing Policy: The state offers a wide range of subsidies, fiscal and policy incentives, industry friendly policy framework to foster investments coupled with availability of skilled and semiskilled workforce, attractive incentives and a responsive and prompt public delivery system. Some of financial incentives provided by Uttar Pradesh government (Food Processing policy, 2012) are as follows:

i) 100% Exemption from Stamp Duty.
ii) Exemption from Mandi Fees :
iii) Interest subsidy
iv) Capital Investment Subsidy
v) Research & Development Grant
vi) Assistance for Global competitiveness, quality & standardization
vii) Assistance for Patent/ Design Registration
viii) Assistance for Market Development.
ix) Assistance for Human Resource Development under National Food Processing Mission

CONCLUSION

Uttar Pradesh is vast state, accounting for 7.3 percent of the country's area; it is home to 16.5 percent of Indians also. The state contributes 8.1 percent to India's GDP. A series of recent policy initiatives like 3.2.1 new infrastructure and industrial investment policy, IT policy, energy policy, food processing policy and focus on infrastructure development such as 57 percent of eastern Dedicated Freight Corridor and 7 percent of Delhi-Mumbai Industrial Corridor, which will pass through the state, supported by availability of skilled manpower, good resource base and a large consumer market potential owning to a large domestic consumer base all makes Uttar Pradesh an attractive investment in the state and under the opportunities of "MAKE IN INDIA" programme of government of India.

REFERENCES

i. Confederation of Industry,(2014), Investment Climate in Uttar Pradesh.

ii. Energy policy, 2009, Department of Energy, Government of Uttar Pradesh.

iii. Food Processing Policy, 2012, Government of Uttar Pradesh.

iv. Hindustan Times. 25 September 2014. Look East, Link West, says PM Modi at Make in India launch.

v. Indian Railways Year Book 2010-11.

vi. New Infrastructure and Industrial Investment Policy, 2014, Government of Uttar Pradesh

vii. Solar Power Policy Uttar Pradesh 2013, Department of Additional Sources of Energy, Government of Uttar Pradesh

viii. Udyog Bandhu,2015, Government of Uttar Pradesh, udyogbandhu.up.nic.in/

ix. Uttar Pradesh IT Policy, 2012, Government of Uttar Pradesh.

x. Uttar Pradesh State Highways Authority (UPSHA),2014 www.nhai.org

xi. Uttar Pradesh Skill Development Policy 2013, Department of Vocational Education Government of Uttar Pradesh.