CHAPTER II

REVIEW OF STATE POLICY AND MEASURES FOR INDUSTRIAL DEVELOPMENT OF THE STATE, LETTERS OF INTENT, INCENTIVES, RAW MATERIAL, POWER ETC.
We have discussed the policies and objectives for the industrial development in the previous chapter from national point of view. In that context it is implicit that we should now have a look into the policies and schemes of the State Government also to assess how no-industry or zero-industry areas could be benefited in so far as their industrial development was concerned. The 63 districts of Uttar Pradesh were divided into 45 backward and 18 non-backward ones by the Planning Commission during the period of the VII Five Year Plan. A regionwise break up off the industrially backward districts of the state is shown in the following table:

(Please see the Table on the next page.)
<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Region</th>
<th>Industrially backward districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Eastern</td>
<td>Azamgarh, Mau, Baharaich, Ballia, Deoria, Basti, Siddharth Nagar, Jaunpur, Pratapgarh, Sultanpur, Faizabad, Gazipur, Gonda.</td>
</tr>
<tr>
<td>2.</td>
<td>Western</td>
<td>Agra, Firozabad, Badaun, Bulandshahar, Etah, Etawah, Farrukhabad, Mainpuri, Mathura, Rampur, Pilibhit, Shahjahanpur, Moradabad, Muzaffarnagar.</td>
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Uttar Pradesh is an industrially backward state. The contribution of the secondary sector to the state domestic product is approximately 16% only. 12

Most of the district had industries only as a minor component of their economic activity. In view of this division of districts of the state into the backward and non-backward ones had only little or no meaning in most of the cases. In a way, industrial development in any district or region of the State could be designated as industrial development of backward area. Development policies and programmes in the industrial field in the State also seemed to have been based implicitly on such a recognition.

NEW PACKAGE OF INCENTIVES AND FACILITIES

With a view to achieving stipulated objectives and rapid industrial growth as laid down in the new industrial policy, the state of Uttar Pradesh offered special facilities and incentives to entrepreneurs and industrial units. Some of the incentives, concessions and facilities being offered under the "New Package" are stated here.

1. AGENCY FOR IMPLEMENTATION :-

Unless otherwise specified, all matters would be implemented through the Directorate of Industry and other concerned agencies of the State Government.

2. DURATION OF PACKAGE :-

Unless otherwise notified, this package would be valid for the period 1.4.90 to 31.3.95.

3. ELIGIBILITY :-

(a) The new package of incentives would be applicable to the activities declared as "industry" by the State Government. The industrial unit could be in the private sector, public sector, joint sector or co-operative sector and should have obtained registration from any one of the following agencies :-

(I) Letter of indent DGTD/SIA Registration, registration of development commissioner, NOIDA Export Processing Zone.

(II) Small-scale industries registered through District Industries Centres/Directorate of Handloom /Khadi Gram Udyog Board /Khadi Gram Udyog Commission / ALL India Handicrafts Board /Units registered with any State or Central Government/agency or society and registered as industry as the Directorate of Industries.
(b) These incentives/facilities would be available to new units only, unless otherwise specified in any other scheme.

4. CLASSIFICATION OF BACKWARD AREAS:

The districts of the State have been classified into four categories by the Central Government. The new industrial policy retained this classification as indicated in the first chapter. The most backward districts are classified as category 'A', less backward districts as category 'B', least backward districts as category 'C' and non backward districts as category 'D' as under:

Category 'A' :-
Banda, Hamirpur, Jalaun, Fatehpur, Jaunpur, Sultanpur, Kanpur (Dehat), Almora, Chamoli, Pauri Garhwal, Tehri Garhwal, Uttarkashi, Pithoragarh, Dehradun, and Nanital.

Category 'B' :-
The trans-Yamuna area of Allahabad (except Naini) Basti, Siddharthnagar, Faizabad, Jhansi, Lalitpur, Raibarelli and Ballia.

Category 'C' :-
Azamgarh, Mau, Behraich, Deoria, Barabanki, Etah (remaining area), Etawa, Farrukhabad, Ghazipur, Gonda, Hardoi, Mainpuri (remaining area), Moradabad, Pilibhit, Pratapgarh, Rampur, Shahjahanpur, Badaun, Sitapur, Unnao, and Bulandshahar.
Category 'D' :-

Kanpur city, Agra (remaining areas), Ferozabad (remaining area), Lucknow, Bareilly, Meerut, Ghaziabad, Muzaffarnagar, Saharnpur, Hardwar, Bijnor, Lakhimpur, Kheri, Aligarh (remaining area), Varanasi, Mirzapur, Sonbhadra, Gorakhpur and Maharajganj.

5. SCHEME OF STATE CAPITAL SUBSIDY :-

The scheme would be valid for the period 1.4.90 to 31.3.95. Under this scheme, the new industrial units set up in backward areas would entitled to the State Capital Subsidy on fixed capital investment given below :-

Category 'A' :- 20% (maximum Rs.20 lakhs )
Category 'B' :- 15% (maximum Rs. 15 lakhs )
Category 'C' :- 10% (maximum Rs. 10 lakhs )

This facility would be subject to the following conditions :-

(a) Payable only on fixed capital investments on or after 1.4.90.

(b) Units investing up to Rs. 5 lakhs (in plant and machinery) in backward districts of category A, B and C would be eligible for the subsidy.
(c) Units investing over Rs. 5 lakhs in plant and machinery and situated in any non-hill district or at a height of less than 1,000 metres (above sea-level) or situated within 50 Kms. of the foothills area would be eligible or the unit located in the industrial estates notified for districts of above mentioned A, B and C category and belonging to any one of the following category of industries would also be eligible:

1. Food processing and Agro based industries
2. Petrochemicals and chemical industries
3. Leather industries
4. Electronics industry
5. Drugs and Pharmaceuticals industry
6. Plastic industry
7. Textile industry
8. Sports goods industry
9. Glass and ceramics industry
10. Foundry
11. Engineering

(d) units situated anywhere in Kumaun and Garhwal Division and having investment of Rs.5 lakhs or more and situated at a height of more than 1,000 metres above sea-level or beyond 50 Kms. from the foothills area would be eligible for the subsidy at the rate as fixed for that category of backward district.
(e) units with over Rs. 5 Crores fixed capital investment would not be eligible for the subsidy.

(f) On undertaking expansion/ modernisation / diversification of 25% or more, all eligible units would also be entitled for the above mentioned subsidy subject to the condition that the total amount of subsidy under this scheme would not exceed the limits stipulated above.

(1) All industrial units set up in hill areas, over 1,000 metres or 50 Kms away from the foothills, would be eligible for the special State Capital Subsidy of 10% on fixed capital investment (up to a maximum of Rs. 10 lakhs).

(2) New industrial units set up in hill district, more than 100 Kms away from foothills, would be eligible for the Special State Capital Subsidy of 15% on fixed capital investment (subject to a maximum of Rs. 15 lakhs).

(3) The Special State Capital Subsidy, as mentioned in f(1) and f(2) above would be available in addition to the State Capital Subsidy.

(4) The Special State capital Subsidy would also be available in all such cases where expansion/ modernisation/ diversification of 25% or more was envisaged.
(5) For the areas mentioned in f(1) and f(2) above, separate notification would be issued.

(g) Whenever the Central Investment Subsidy scheme was revived, the scheme of State Capital Subsidy would stand automatically revised to that extent and the state subsidy to the extent of Central Investment Subsidy would not be payable to the unit.

6 (A). SCHEME OF SPECIAL CAPITAL SUBSIDY FOR PRESTIGE UNITS:

In any district of the State, the first unit set up during 1.4.90 to 31.3.95 with a fixed capital investment of Rs.25 crores or more, would be considered as a "Prestige Unit", provided no unit with a fixed capital investment of Rs. 25 crores or more was set up before 1.4.90.

A Special Capital Subsidy of Rs. 15 lakhs would be admissible to this Prestige Unit. Besides this, an additional Special Capital Subsidy of Rs.15 lakhs would be admissible to such a unit, if it promotes ancillary industries and buy more than 30% parts and components from them.

The scheme would come into effect from 1.4.90 and the subsidy would admissible if a unit with a fixed capital investment of Rs. 25 crores or more was established in the district prior to 1.4.90.
6 (B). SPECIAL STATE CAPITAL SUBSIDY FOR PIONEER UNIT AT TEHSIL LEVEL :

The first unit which is established in any tehsil with a fixed capital investment of Rs. 5 crores or more during the period 1.4.90 to 31.3.95, would be considered as the "Pioneer Unit" at tehsil level. Special State Capital Subsidy of Rs. 10 lakhs would be admissible to this Pioneer Unit. Besides this, an additional Special State Capital Subsidy of Rs. 10 lakhs would be available to such a Pioneer unit if it promotes ancillary industries and buys more than 30% of parts and components from them. This scheme would come into effect from 1.4.90 and the subsidy would not be admissible if a unit with a fixed capital investment of Rs. 5 crores was established in the tehsil prior to 1.4.90.

6 (C). SPECIAL STATE CAPITAL SUBSIDY FOR PIONEER UNIT AT BLOCK LEVEL :

The very first three units, established in any community development block with a fixed capital investment of Rs. 20 lakhs or more (Rs. 10 lakhs in hill areas) during the period 1.4.90 to 31.3.95 would be termed as "Pioneer Unit" at block. 10% of the fixed capital investment would be available as Special Capital Subsidy subject to a maximum of Rs. 5 lakhs. This
Special State Capital Subsidy would be in addition to the general State Capital Subsidy.

This subsidy would be admissible in these development blocks where three units of the above mentioned fixed capital investment were not established till 1.4.90, subsidy would be admissible to the balance number of such units.

6 (D). CLARIFICATION :-

If an industrial unit was covered under two or more categories out of Prestige unit, Pioneer unit at Tehsil level and Pioneer unit at Block level, then it would get the benefit under one category only.

7. LAND TO ENTREPRENEURS AT SUBSIDISED RATES :-

Land would be made available at subsidised rates in notified industrial areas/estates in industrially backward districts.

8. SPECIAL INCENTIVES IN POWER SUPPLY :-

(a) New units of all categories are exempt from power cuts for 5 years provided they have independent feeders of their own. All industrial areas would be exempted from power cuts.
(b) All new units would be exempt from minimum demand charge for 5 years from the date of commencement of their production.

(c) For rehabilitation of sick units, minimum demand charges for the period of their closure would not be charged provided this is a part of the approved package of Bureau of Industrial & Financial Reconstruction.

(d) An industrial unit would be sanctioned construction load for two years.

(e) Units located in the following areas would get Development Rebate:—

(i) In Bundelkhand, development rebate 50% on electricity bills would be given to new units for 5 years from the date of commencement of production.

(ii) Special rebate in electricity bills at the rate of 33 1/3% would be available for a period of 5 years from the date of production to all those units which are set up in hill districts at a height of 610 metres or more.

(iii) 20% rebate on electricity bills would be given to the notified industrial estates and the notified industries in the following districts for 5 years from the date of production:

1. Mirzapur
2. Ballia
3. Ghazipur
4. Basti
5. Azamgarh
6. Siddharthnagar
7. Maharajganj
8. Deoria
9. Bahraich
10. Trans-Yamuna area of Allahabad (excluding Naini)

9. SALES TAX EXEMPTION/DEFERMENT SCHEME:

Following are the features of sales tax exemption/deferment scheme:

(a) Under this scheme the exemption/deferment was linked to fixed capital investment. For this scheme, the districts have been divided in the following three categories:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DISTRICTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td>Banda, Jalaun, Hamirpur, Jaunpur, Fatehpur, Chamoli, Pauri Garhwal, Uttarkashi, Sultanpur, Kanpur (Dehat), Almora, Pithoragarh, Nainital and Dehradun.</td>
</tr>
<tr>
<td>(B)</td>
<td>Azamgarh, Bahraich, Ballia, Barabanki, Basti, Badaun, Bulandshahr, Deoria, Etah, Etawah, Faizabad, Farrukhabad,</td>
</tr>
</tbody>
</table>
Ghazipur, Gonda, Hardoi, Jhansi, Lalitpur, Mainpuri, Mathura, Mau, Moradabad, Pilibhit, Pratapgarh, Raibarelli, Rampur, Shahjahanpur, Siddharthnagar, Sitapur and Unnao.

(A)

Agra, Ferozabad, Aligarh, Allahabad, Bareilly, Ghaziabad, Gorakhpur, Bijnor, Maharajganj, Meerut, Kanpur (city), Lakhimpur kheri, Lucknow, Mirzapur, Muzaffarnagar, Saharanpur, Sonbhadra and Varanasi.

This rebate would be available up to 100% of fixed capital investment or 8 years in Category 'C', 125% or 9 years in Category 'B' and 150% or 10 years in Category 'A' districts whichever is earlier. An additional 25% rebate would be given to the small industrial units in each category i.e. the rebate would be 125%, 150%, and 175% respectively. However, the duration of 8, 9 and 10 years would remain the same. During the above mentioned period, tax exemption would begin at 100% of sales tax payable and would be reduced in subsequent years.

(b) This scheme would be applicable to the industries established during the period 1.4.90 to 31.3.95.
(c) Exemption/deferment of sales tax for expansion/diverification/modernisation was proposed under this scheme.

(d) Deferment of sales tax as a substitute of exemption would be available to all units.

(e) Registration under Factories Act was not essential for availing the benefit of exemption/deferment under the scheme.

(f) Simple procedures were devised to ensure early and timely processing of applications under the scheme. District/divisional level committees were authorised to issue eligibility certificates.

(g) If a new unit financed by any of the authorised financial institutions, fulfilling all the specified legal formalities for sales tax exemption, became sick (before going into production or after) and stopped production and if the unit was acquired by the said financial institution and was sold to another entrepreneur, then such an entrepreneur was entitled for the tax exemption/deferment for the remaining part of the specified period.

(h) Certain categories of industries were not eligible for exemption/deferment under this scheme.
10. SCHEME FOR MODERNISATION, PRODUCTIVITY & QUALITY

IMPROVEMENT OF THE SMALL-SCALE INDUSTRIAL UNITS IN UTTAR PRADESH :-

A scheme was prepared to provide various financial and technological facilities for modernisation, productivity and quality improvement of the State's small industrial units. The following facilities would be given to small industrial units:

(a) The State Government would provide a grant up to Rs. 10,000 to each unit for carrying out a study for effecting improvement in the level of productivity, quality and modernisation.

(b) Arrangements for additional loan and working capital for the units would be made through banks, U.P. Financial Corporation and modernisation scheme or other schemes of Industrial Development Bank of India.

(c) 15% capital subsidy to a maximum limit of Rs. 1 lakh per unit, would be given to acquire additional machinery for improvement of quality and productivity.

(d) Interest subsidy would be given on the loan taken for buying the machinery subject to a maximum of Rs. 20,000 per unit for a period of 5 years.
(e) A grant of 50% of the total value of machinery or Rs.50,000 whichever was less, would be given to those small industrial units which installed machinery with a view to obtain ISI Certificate. This subsidy would be given after the unit obtained ISI Certification.

(f) 20% additional quota of allotment of raw materials by the Directorate of Industries/UPSIC, would be available to the units after completion of modernisation programme for next 2 years.

(g) Priority would be given for arrangements of additional power to run the plant and machinery of the unit.

11. REHABILITATION OF SICK INDUSTRIAL UNITS:

(a) Effective steps would be taken to prevent sickness in the large, medium and small industries. The request of units for reliefs would be considered sympathetically within the policy of the State Government. Government of India had set up BIFR for the rehabilitation of medium and large sick units. For the units covered by BIFR, a relief package was already announced which covered reliefs about sales tax, power dues, power cuts, labour problems, permission for sale of land under the Urban Ceiling Act areas etc. and accordingly, the above
reliefs would be given to such sick units, on a case to case basis.

(b) The following Secretaries' Committee was formed to examine the cases of sick units under the relief package prepared by BIFR:

1. Principal Secretary, Industries – Chairman
2. Principal Secretary, Finance – Member
3. Secretary, Institutional Finance – Member
4. Secretary, Excise Department – Member
5. Secretary, Labour Department – Member
6. Secretary, Energy Department – Member

(c) Maximum efforts would be made to take advantage of the National Equity Fund and IDBI's rehabilitation schemes for the rehabilitation of small-scale sick units. International Committee at State level would also be made more effective. The State Government would form a State level empowered committee for sanctioning facilities to the sick SSI units. The Committee would decide the concessions to be given on the outstanding Government dues, sales tax and electricity dues etc.

12. TRANSPORT SUBSIDY IN HILL AREAS UNDER GOVT. OF INDIA'S SCHEME:

75% Subsidy on the cost of transportation of raw materials and finished goods from the site of the
industrial unit to the specified ‘rail-head’ and vice versa was available in hill areas under the scheme of Central Government. This would continue in the future dues also.

13. SPECIAL TRANSPORT SUBSIDY OF STATE GOVERNMENT IN HILL AREAS :-

(a) Industrial units situated in the border districts of Uttarkashi, Chamoli, Pithoragarh would get an additional Special Transport Subsidy of 25% from the State Government on the cost of transportation of raw material and finished goods up to the nearest rail-head from the site of the industrial unit.

(b) Under the scheme of the Government of India no subsidy was admissible on the cost of transportation of raw materials and finished goods within the hill areas. However, a Special Transport Subsidy of 50% on the cost of transportation of raw materials and finished goods within the hill areas would be provided by the State Government, if the raw materials and finished goods were received from or sent to a distance of 50 Kms. or more and the industrial unit was established at a height of 1,000 metres or more above sea-level.
14. SPECIAL FACILITIES TO SCHEDULED CASTES/TRIBES, WOMEN AND EX-SERVICEMEN ENTREPRENEURS:

(a) The scheduled castes/tribes women and ex-servicemen entrepreneurs would get a special rebate of 1% in interest rates on the loans provided by PICUP/UPFC. This facility would be available to units only if all entrepreneurs belonged to scheduled castes/tribes category or women or ex-servicemen.

(b) 5% Special Capital Subsidy up to a maximum of Rs. 1 lakh would be payable to an industrial unit in any district if all the entrepreneurs were women or ex-servicemen or of scheduled castes/tribes. This special benefit would be available to small-scale units only.

15. SPECIAL INCENTIVES TO NON-RESIDENT INDIANS (NRI):

(a) "Udyog Bandhu" would function as a nodal agency for the NRI's through which all facilities/incentives would be made available.

(b) A special NRI cell would be set up in PICUP to ensure quick processing loan applications of NRI's.
(c) Allotment of plots/sheds to the NRI industrialists in industrial areas/estates would be done on priority. The Development Authorities and Housing Boards would also give topmost priority for allotment of residential houses/plots to the NRIs under their residential scheme. This facility would be available to those NRIs who made the payment in foreign currency.

(d) Uttar Pradesh State Industrial Development Corporation would extend equity participation to the tune of 15% of the total project cost to technically qualified NRI entrepreneurs.

(e) PICUP and U.P. Financial Corporation would provide seed capital up to a limit of Rs. 15 lakhs to the technically qualified NRI entrepreneurs on topmost priority.

16. SPECIAL SCHEME FOR THRUST AREA INDUSTRIES:

For thrust area industries the following actions would be taken:

(a) Directorate of Industries, PICUP, U.P. State Development Corporation and U.P. Financial Corporation would make a sectoral survey and would prepare potentiality report for the industries of thrust areas and also prepare feasibility reports to set up those industries.
(b) Project counselling would be conducted by the concerned institutions in these areas.

(c) The concerned agencies would also establish 'Technology and Data Bank' in these areas.

(d) Plots/sheds in industrial estates/areas/mini industrial estates would be allotted to these industries on priority basis.

(e) Functional estates would be established for the selected industries.

17. SPECIAL STATE CAPITAL SUBSIDY TO 100% EXPORT-ORIENTED UNITS :

The units registered as 100% export-oriented units by the Government of India would be eligible for 10% subsidy (maximum Rs. 10 lakhs) on total fixed capital investment. This special subsidy would be in addition to the other subsidies payable/available under this package.

18. REBATE ON OCTROI TO NEW INDUSTRIAL UNITS :

Rebate on octroi would be given to all the newly registered units on plant and machinery and building construction material for a period of 5 years (including the period of expansion).
19. SUBSIDY FOR FEASIBILITY REPORT :

At present this scheme is implemented by PICUP for large and medium-scale industries but now the scheme would also be implemented through Directorate of Industries for encouraging small-scale industries.

20. ESTABLISHMENT OF CONSULTANCY CELLS IN DISTRICT INDUSTRIES CENTRES AND OTHER INSTITUTIONS :

Consultancy Cells in District Industries Centres, Directorate of Industries, PICUP, U.P.State Industrial Corporation, U.P.Financial Corporation, UPTRON and Udyog Bandhu would provide free consultancy to industrialists about various facilities, procedures and project counselling as well.

21. SEED CAPITAL SCHEME :

Seed capital assistance schemes were implemented through PICUP and U.P. Financial corporation with the assistance of Industrial Development Bank of India. The scheme was to continue in the 8th Five Year Plan also. Presently, Seed Capital assistance to the limit of Rs.15 lakhs would be available to the industrial units.
22. SCHEME OF EQUITY PARTICIPATION:

The U.P. State Industrial Development Corporation, subject to certain conditions was providing equity assistance for the promotion of new industries to a limit of 6% of the total project cost in backward areas, 4% in other areas or 20% and 15% of the total share capital whichever is less. This scheme would continue.

23. INTEGRATED MARGIN MONEY LOAN SCHEME:

State Government, through District Industries Centres was providing loans at low rates of interest. The maximum limit of the was 10% of the project cost or 50% of the margin fixed by the financial institutions up to a limit of Rs 3 lakhs. This scheme would continue in the 8th Five Year Plan and it would be suitably amended to provide Margin Money Loan to the industries intending to modernise and expand.

24. DISTRICT INDUSTRIES CENTRE - MARGIN MONEY LOAN SCHEME:

This scheme was operated through the District Industries Centre , with the assistance of the Government of India (50-50 per cent). Under the scheme Margin
Money Loan to tiny units to the extent of Rs. 40,000/- and Rs. 60,000/- in case of scheduled castes / tribes entrepreneurs, would be payable. The scheme would continue in 8th Five Year Plan.

25. SPECIAL FACILITY TO THE MINORITY COMMUNITY ENTREPRENEURS :-

The Uttar Pradesh Minority Finance and Development Corporation provided Margin Money assistance at low rate of interest to the entrepreneurs of the minority community for the projects costing up to Rs. 2 lakhs. The scheme would continue in the 8th Five Year Plan.

26. TIMELY DISPOSAL OF APPLICATIONS FOR VARIOUS ASSISTANCE AND FACILITIES :-

State Government prepared a programme to ensure quick and timely disposal of applications submitted by the entrepreneurs to obtain assistance and facilities which would be implemented strictly.

27. MAXIMUM LIMIT OF ASSISTANCE :-

The maximum limit of assistance under State Capital Subsidy and Special State Capital Subsidy schemes would not exceed 50% of the
fixed capital investment of the unit (maximum 50 lakhs).
The limit would be 60% (maximum Rs.60 lakhs) for the industries situated at a distance of more than 50 kms. from the foothills or at the height of more than 1,000 metres above sea-level.

The State Govt. announced the following main incentives :-

(A) STATE CAPITAL SUBSIDY :-

State capital subsidy would be provided to the new industrial units @ 20% on fixed assets, upto maximum of 15 lacs.

In addition to above, provision for special subsidy was made for PRESTIGE UNIT having investment more than 25 crores up to a maximum of Rs. 15 lacs in the district.

The pioneer unit being established in a Tehsil having investment more than Rs.5 crores would be provided special subsidy of Rs.10 lacs.

First three pioneer units being established in block having investment more than Rs.20 lacs would be provided special subsidy of Rs.10 lacs.
(B) EXPORT ORIENTED UNIT :-

100% Export Oriented Units would be entitled for special State Subsidy @ 10% upto a maximum of Rs. 10 lacs.

(C) SALE TAX EXEMPTION :-

New Units established w.e.f. 1.4.90 were exempted from sales @ 175 of fixed investment to maximum period of 10 years, starting from 100% in 1st year and was to be reduced in preceding years.

(D) ELECTRICITY FACILITIES :-

(I) New Units were exempted from minimum charges for a period of 5 years from the date of production.

(II) New Units established w.e.f. 1.4.90 were exempted from Power Cut, provided the power supply was given through independent feeder.

(E) EXPORT UNIT :-

100% export units were given special state subsidy @ 10% upto a maximum of Rs. 10 lacs.
Industrial Policy in Uttar Pradesh aimed at accelerating the pace of Industrialisation in the state. The policy envisaged the establishment of major industrial projects in the central sector. The policy strove for a healthy balance between employment oriented village and small industries and capital intensive large and medium industries. The policy offered very substantial scope for private enterprise and accorded priority to the development of backward areas. Special concessions /incentives were offered for attraction investment in industrial ventures, particularly in backward areas. The incentives included investment subsidy on purchase of generating sets, margin money loans, seed capital assistance and special subsidy for pioneer and prestige units. The state also provided special incentives like transport subsidy and rebate on power charges for setting up industries in the hill area.

The growth rate in industrial sector had ranged between 1.2% to 5.7% during the first four plans. It was during fifth plan that the growth rate picked up to 9.4%. During the sixth plan the growth rate was still higher at 11.8% and the growth rate estimated for the seventh plan is 12.5%. 
There were 1,10,710 small units with an estimated annual production of Rs. 9,143,00 crores giving employment to 9,120 lakh persons at the beginning of the seventh plan. Against a target of setting up one lakh additional small scale units 1,33,402 units were likely to be established during the seventh plan period with an estimated production of Rs. 4700100 crores and providing employment to about 14.32 lakh persons.

There were 690 large and medium industries with an investment of Rs. 3,575.00 crores. Their number would increase to 960 with an investment of Rs.8,075,00 crores by the end of the seventh plan.

100 growth centres were to be developed in the country of which only 61 growth centres were taken up in the first phase - the share of Uttar Pradesh in the first phase was only 6 growth centres.

A sum of Rs. 4600 crores was proposed for village and small industries of which Rs.5.21 crores and Rs. 450 crores Rs.135 crores were allocated to Handloom, Khadi and Sericulture respectively in the draft plan of 1990-91.

An outlay of Rs.96.50 crores was proposed for large and medium industries for the year
which included Rs.12.00 crores for electronics and Rs. 36.50 crores for sugar industry.

In order to promote mining activities in the state a sum of Rs. 5.95 crores was proposed for the Geology and mining sector exploration of different types of minerals were to be accelerated in order to exploit the natural resources of the state and assist in the development of the related areas. 13

It is obvious that incentives, concessions and facility enshrined in the "New Package" are amply applicable to the areas we have selected for our study. Of all the details of the package scheme the following parts had direct bearing on the industrial development of Fatehpur and Kanpur Dehat.

i) State capital subsidy would be available on the fixed capital investment to the extent 20% with a maximum of Rs.20 lakhs.

ii) Land would be made available at subsidised rates.

iii) Incase of power supply to new units ,there would be no power cuts for five years and no minimum demand charge for five years .

iv) Sales tax exemption scheme would operate linked with fixed capital investment.

v) A small scale unit could obtain a grant upto Rs.10,000 from the state Govt.

vi) Fifteen percent capital subsidy upto Rs. one lakh per unit could be obtained from IDBI for purchasing machinery and could also avail of the interest subsidy.

vii) Additional power could be obtained on priority basis to run the plant.

viii) If 100% export oriented unit was setup, there would be a special state capital subsidy of the order of 10% on fixed capital investment.

ix) Through district industry centre the Zero-industry areas could avail of margin money loan scheme and other schemes like modernisation, seed capital, equity participation etc.

From the above we have taken a view of the state policy and its various incentive schemes to promote industrialisation of the state in general and no-industry areas in particular. How far the two areas included in our study could take benefit of these policies and measures we propose to discuss and analyse in the following chapter. One thing was quite apparent
that there seemed enough scope to develop zero-industry areas provided all agencies including State Government extended their assistance in coordination.