



Policy for the development of industrial area in Uttar Pradesh on Public Private Partnership (PPP)

1. Preamble

India aims to become US\$5 trillion economy by 2025. Uttar Pradesh would like to contribute majority to this target and aims to become US\$1 trillion economy by the same time. To this end, the State Government of Uttar Pradesh is not only targeting large investments but also concentrating on strengthening its MSMEs. However, availability of developed industrial land is one of the major hurdles to the growth of MSME companies. Hence, a policy is urgently required to promote development of industrial areas with focus on MSME companies.

2. Resolution

Realizing the requirement for develop industrial land primarily for MSME units, Uttar Pradesh Small Industries Corporation (UPSIC) Ltd. proposes an 'Modern Industrial Area Policy' for development of modern industrial areas in partnership with private landowners and co-developers. The policy will come into force from March 2021 and will remain in operation till 31st March 2025.

3. Definitions

- ▶ **Modern Industrial Estate:** Modern Industrial Estate implies as an estate which is developed in minimum area of 05 acres and maximum area of 50 acres will be covered under this policy. These industrial areas can have an anchor unit with their ancillaries' base or any manufacturing or service unit that want to setup their manufacturing setup in these industrial areas. There industrial areas will be having basic infrastructure facilities such as developed plot, internal roads, water distribution facilities, sewage, power distribution and such other facilities/services as may be required.
- ▶ **Landowner:** The Landowner can be individual or a consortium/Joint Venture that come together to offer a combined land parcel (minimum 05 acres to 50 acre). The land parcel should be free from any case with clear title in the name of the

individual or a consortium or Joint Venture. In case of consortium or Joint Venture, the individual promoter having maximum land will be considered as lead in the consortium or Joint venture.

- ▶ **Co-developer:** Implies an individual or legal entity who intends to participate in development of industrial area with requisite capability of fund participation, technical skill and expertise in creation of infrastructure of industrial area. The co-developer shall primarily be responsible for development, marketing and sale/ lease of industrial area.

The Co-developer Should have prior experience in developing Mini Industrial Estate, City Center, Business Center, IT Estates, airports, real estate. Projects having basic infrastructure such as road construction, CETP, water distribution, IT infrastructure et.al. In case any Co-developer don't have the prior experience of developing similar type of infrastructure but have the positive net worth and have technical skill know how than Co-developer will submit a written application, to Managing Director, UPSIC requesting them to participate in development of industrial estate. The co-developer should engage relevant technical expert and thereafter submit the said application stating the modus operandi. MD, UPSIC will decide whether Co-developer will be allowed to participate in the process or not.

- ▶ **Consortium or Joint Venture:** Under this policy, a maximum of 5 members of the consortium or joint venture will be accepted for participation as private promoters for the development of Industrial estate. The Private promoters must have positive net worth

In the consortium the lead member must have minimum of 26 % of financial investment. Changes in the members of the Consortium or Joint Venture shall be valid only after the approval of the Board of Directors of UPSIC. After the issuing of the consent letter revised agreement will be re-executed and registered in Sub-registrar office of the concerned district.

4. Quantum of Assistance

The co-developer will be incentivised as per clause no 5.1.7 of the MSME Policy 2017 i.e. Uttar Pradesh MSME Policy 2017 notified on 15 December 2017.

Every first purchaser of the land will be given 100% exemption in stamp duty for industries other than restricted ones. Along with this, any land of Gram Samaj falling between this area will be given to private developer at prevailing circle rate.

5. Approach

1. The policy shall encourage any individual or a group of individuals (constituted as a legal entity i.e. a company, SPV, among others) in legal possession (owned or 99-year lease) of 05 to 50 acres (minimum 05 acres of land; maximum 50 acres of land) of land to approach UPSIC for development of 'Modern Industrial Area' on their land.
2. UPSIC, landowner/ legal entity representing landowners and co-developer shall get into a tripartite joint venture agreement for development of 'Modern Industrial Area'.
3. Landowner/ legal entity representing landowners will bring land to the table, UPSIC will bring its 'Know How/ Expertise' of planning and getting required approvals and incentives to the table and co-developer entity will bring in capital, implementation and marketing experience to the table.
4. UPSIC will generate Request for Expression of Interest (EoI) for selection of Landowner partners for development of Modern Industrial Area.
5. Landowner/ legal entity representing landowners shall apply for offering their land for development of 'Modern Industrial Area'. Applications should be made online through the website of UPSIC or offline submission through UPSIC Head office or area offices. Application shall be supported with the relevant documents including landownership documents.
6. Applications received by UPSIC shall go through two committees for final approval of the 'Modern Industrial Area' project – First, Technical Committee and Second, Approval Committee i.e. Board of UPSIC. Technical Committee will have technical experts (including external experts) as its members to appraise viability (financial and otherwise) of industrial area project. Its recommendation report shall be placed before the Approval Committee for final approval. Both Technical Committee and Approval committee shall have powers to reject, approve or suggest changes in the industrial area project proposal.
 - a. Even before any industrial area proposal is placed before the Technical Committee, there shall be an initial evaluation of the land based on broader/ macro parameters such as demand, supply, project cost and financial viability, among other parameters. Additionally, there shall be validation of landownership documents submitted by the applicant. This will be relatively a short process which will be completed within 15 working days of receiving the complete application. Landowner will

submit the pre-feasibility report along with the application having the details of the land connectivity, approach road, water and power availability and nearby industrial areas/ cluster. The application and the pre-feasibility report (Initial Evaluation Report) will be evaluated by UPSIC through its staff or a Project Management Unit (Consultant) hired for the purpose.

- b. Validation and Initial Evaluation Report along with recommendations shall be presented before the Technical Committee of UPSIC. The Committee shall approve/ reject/ suggest changes to the project.
 - c. For projects wherein, Initial Evaluation Report is approved by the Technical Committee, a preliminary project report (PPR) shall be prepared and placed before the Technical Committee for approval. The process should be completed within maximum 90 working days of receiving the Initial Evaluation Report for approval. PPRs shall be prepared by UPSIC through its staff or a Project Management Unit (Consultant) hired for the purpose, having following details i.e. Introduction, project background, project rationale, market study and demand assessment, site configuration preliminary financials etc,
 - d. PPRs along with recommendations of the Technical Committee shall be placed before the board of UPSIC for final approval.
 - e. UPSIC board will either approve/ reject/ suggest changes to the project. If changes are suggested in the proposal, the revised proposal should be presented before the USPIC board within next 30 days.
7. Once an application is approved from the board of UPSIC, UPSIC shall start with the selection process of co-developer. This could either be done through empanelment route or through a competitive tender process (QCBS). The process of selecting the co-developer shall be completed within next 40 working days. The co-developer shall prepare a detailed project report (DPR). DPRs shall be prepared by Co-developer having following details i.e. Introduction, project background, project rationale, background of developer, market study and demand assessment, site configuration(status of clearances, proposed master plan, planning concept, details of utilities such as STP, CETP, raw material storage et.al, Project Structuring according to the no of Stakeholders involve in the project, Project financing including the debt details(if any), Project Development Strategy and Promotion Strategy.

8. Post selection of co-developer a joint venture tripartite agreement will be signed between UPSIC, landowner/ legal entity representing landowners and co-developer for development of 'Modern Industrial Area'.
9. Once the joint venture tripartite agreement is signed UPSIC and co-developer of the project shall start working on industrial area plan and required approvals with an aim of starting the construction work on the project within 6 months of getting the final approval. Further, co-developer will strive to complete the project within 1 year of starting the construction.
10. The policy will not be applicable for development of industrial areas under the New Okhla Industrial Development Authority, Greater Noida Industrial Development Authority and Yamuna Expressway Industrial Development Authority.
11. 'Modern Industrial Area' layout should be as per the rules and regulations of concerned development authority.

6. Implementation and Operation

1. Any approved 'Modern Industrial Area' proposal shall be implemented strictly as per the tripartite agreement signed between UPSIC, Landowner/ legal entity representing landowners and co-developer.
2. Roles and responsibilities of UPSIC, Landowner/ legal entity representing landowners and co-developer, and implementation process of 'Modern Industrial Area' project shall be detailed in the tripartite agreement. Broadly, Landowner/ legal entity representing landowners will bring land to the table, UPSIC will bring its 'Know How/ Expertise' of planning and getting required approvals and incentives to the table and co-developer entity will bring in capital, implementation and marketing experience to the table.
3. UPSIC which will have 5% stake in the project without capital infusion, other partners shall have their stake commensurate to their investment in the project.
4. Co-developer and landowners shall recover their investment in the project through sale/ lease of industrial plots. Land sale/ lease rates shall be decided based on cost of funds available for the project and expected return on investment.

5. Asked return on investment for the project along with various quality parameters shall be basis of selecting co-developer through a transparent bidding process (QCBS).
6. Industrial plots developed through the policy shall be available for booking/ sales exclusively through UPSIC website. UPSIC shall develop a geographic information system (GIS) based system of booking plots for the purpose.
7. The co-developer/landowner are entitled for marketing of the developed industrial area / plots. The rates of developed industrial area for sale shall be decided according to the demand of the prevalent market.
8. All payments should also be done on UPSIC website which should be connected to project specific escrow accounts. Checks should also be credited to project specific escrow accounts.
9. Revenue sharing from plot sales shall be done commensurate to stakeholders share in the project i.e. 5% for UPSIC and 95% for co-developer and landowners as per their share in the project.
10. For first five years, including the construction period, co-developer will take care Operations and Maintenance (O&M) of the industrial area. Post that, co-developer shall transfer O&M to a SPV composed of owners of plots in the industrial area.
11. Till the time co-developer is taking care of O&M of an industrial area, entire O&M amount shall be transferred to co-developer on monthly basis.

7. Key Role of Primary Stakeholders

► Uttar Pradesh Small Industries Corporation: -

The Uttar Pradesh Small Industries Corporation, Government of UP will support the Landowner and developer on the following aspects –

- a. The Corporation Will Facilitate the developer and Landowner in fulfilling all conditions as mentioned in the Uttar Pradesh MSME Policy 2017

- b. The Corporation will facilitate the Landowner in getting the Change in Land Use. The fees were ever applicable will be borne by the Landowner.
- c. The Corporation will scrutinize the Detailed Project Report Submitted by the Codeveloper and after technical vetting of the DPR, Corporation will approve the same.
- d. The Corporation will be responsible for the motoring of the project as per the defined implementation Schedule defined in Detailed Project Report
- e. The Department will assist/ handhold the developer/ units in obtaining various clearances from Government of UP. But the Charges involved will be borne by the Codeveloper wherever applicable viz. –
 - i. Property Registration
 - ii. Building Plan Approval
 - iii. NOC from Fire Department (prior to commencement of construction activities) or Provisional
 - iv. NOC for Tree Felling (if required)
 - v. Power Connection
 - vi. Water Connection
 - vii. Road Cutting Permissions (if required)
 - viii. Registration under The Factories Act, 1948
 - ix. Consent to Establish Under Air and Water Act (NOC)
 - x. Authorization under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
 - xi. Consent to Operate under the Water (Prevention and Control of Pollution) Act, 1974
 - xii. Consent to Operate under the Air (Prevention and Control of Pollution) Act, 1981
 - xiii. Registration under The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
 - xiv. Registration of establishment under the Inter State Migrant Workmen (RE/CS) Act, 1979 (if required)
 - xv. Registration under Motor Transport Act
 - xvi. License for contractors under provision of The Contracts Labour (Regulation and Abolition) Act, 1970
 - xvii. Registration of principal employer's establishment under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

► **Landowner: -**

- A. The landowner(s) shall make the land available for industrial area development

- B. Landowner shall conduct the "Change in Ownership" of the land direct and/or indirect legal or beneficial ownership of aggregate holding of the land.
- C. The landowner with the ownership of the maximum land bank in the consortium of landowners shall develop the inter-agreement of the transfer of their shares of land.
- D. After the signing of Tri-party agreement between Landowner, UPSIC and Co-developer. The landowner will transfer the land in the name of the Special Purpose Vehicle (Private Limited Company/ Partnership firm/ Limited Liability Partnership form) formed for the execution of the Project under a condition that if the project do not execute for the period of 2 years as per the DPR implementation Schedule (excepted by UPSIC/Committee) than the land will be transferred back to landowner and charges incurred will be borne by Codeveloper

► Co-developer

- A. The Co-developer will prepare the Detailed Project Report and Submit the application to UPSIC.
- B. The co-developer shall perform the following in the below mentioned phases-

Project Phase	Key Activities to be undertaken
Pre- Planning Phase	Make capital available for the project
	Financial Closure with Lenders
	Obtain all necessary approvals
Planning Phase	Conduct Branding and Marketing activities to attract buyers
Interim Phase/Construction Phase	Undertake all the necessary steps, including construction activities for – <ul style="list-style-type: none"> i. To engineer, procure, finance, construct, operate and maintain the Project Facilities ii. Environment management and monitoring
	To exercise and/ or enjoy the rights, powers, benefits, privileges, authorizations and entitlements granted under this Agreement including undertaking of activities defined in Scope of Work
Operations & Maintenance Phase	<ul style="list-style-type: none"> i. Necessary Operation and maintenance of the facilities including solid waste management. ii. Billing of all management charges (user charges) iii. Share revenue with UPSIC as per the equity of the stakeholders.

► Buyer

- i. The buyer shall make payment for purchasing the plots
- ii. The buyer shall Provide O&M fees
- iii. Landowner shall conduct the "Change in Ownership" of the land direct and/or indirect legal or beneficial ownership of aggregate holding of the land.

The landowner with the ownership of the maximum land bank in the consortium of landowners shall develop the inter-agreement of the transfer of their shares of land

8. Land Allotment Process

- 1. Application must be made online/offline in prescribed application form as per norms.
- 2. After receiving the application, a letter of intent (LOI) issued to applicant within 15 days from receiving complete document. Applicant must fulfil all conditions of LOI within 30 days.
- 3. After completion of formalities mentioned in LOI a Letter of Allotment is issued within 7 days.
- 4. Applicant must sign a Lease/ Sales Deed within 30 days of Issue of Allotment order.
- 5. Executed Lease/ Sales deed must be registered and submit to UPSIC within 30 days.
- 6. After submission of registered Lease/ Sales Deed possession of plot is given within 7 days.
- 7. Unit must come in production within two years in case of micro and small-scale unit, within three years in case of medium and within four years in case large scale unit from the date of taking over the possession of allotted land.
- 8. In case of Anchor Unit, not more than 40% of the saleable land can be allotted to single anchor unit

*****END*****
