

Uttar Pradesh Oxygen Production Promotion Scheme 2021

1. Background

As the country is heavily struck by the second wave of COVID19, particularly fuelled by the new 2021 strain of the virus, there is severe medical crisis related to health infrastructure that has emerged during this pandemic. Shortage of medical oxygen has become most eminent threat in treatment of patients and Uttar Pradesh is also grappled with this shortage of medical oxygen.

As on date, the State of Uttar Pradesh has a total Liquid Medical Oxygen (LMO) requirement of around 1638 MT per day which includes 496 MT of daily requirement for Cryogenic Tanks of Medical Colleges / Hospitals, around 962 MT of daily requirement by the re- fillers and 180MT daily requirement to meet the Home Isolation demand. On the supply side, the state has a total oxygen production capacity of around 408 MT and limited by the capacity to fill cylinders per day, the effective production of LMO in the State on 2nd May was around 360 MT. In addition, the state has a daily offtake of around 894MT of LMO allocated by the Government of India.

Based on the recommendation of the EG-II, vide D. O. No. 17/S(HFW)/MO/2021 dated 18th April, 2021, Government of India has prohibited supply of Oxygen for industrial purposes by manufacturers and suppliers w.e.f. 22.04.2021, which has been effectively implemented in the State. Diversion of industrial oxygen for medical purposes coupled with various other efforts taken by Government of India and Government of Uttar Pradesh has lessened the pressure on supply of oxygen. However, there is need to ramp up the entire ecosystem of oxygen production to meet the increasing demand.

Therefore, this policy has been introduced with an aim to leverage the opportunities of oxygen manufacturing and to make Uttar Pradesh “Atma-Nirbhar” in the production of oxygen – both for medical and industrial purposes.

2. Objectives:

The primary objectives of the policy may be listed as below -

- 2.1. To substantially increase production of Oxygen in Uttar Pradesh and thereby make oxygen available to contain the health crisis caused by Covid19
- 2.2. To facilitate and promote investments in Oxygen manufacturing in UP while creating employment opportunities
- 2.3. To establish Uttar Pradesh as a self-dependant State in production of Oxygen.

3. Definitions:

- 3.1. “Admissibility date” means the date to be used for drawl of incentives under this policy. It is the date on which the ‘enterprise’ has commenced the commercial production; It is clarified that only such enterprise which have come into production after the effective date shall be eligible for benefits;
- 3.2. “Eligible Enterprise” means an industrial undertaking, engaged in Oxygen generation/ Liquefied Oxygen generation or manufacturing of zeolite, Oxygen

Cylinder, oxygen concentrators & auxiliary devices, Oxygen storage & transportation equipment including cryogenic tankers and ISO tankers with a capital investing of more than Rs 50 crores. Enterprises producing industrial oxygen will not be disentitled from incentives under this policy.

- 3.3. “Effective date” means the date of notification of this policy
- 3.4. “Effective period” means the 30 months period starting from the date of notification of this policy
- 3.5. “Expansion/diversification” means, where an existing industrial undertaking increases its gross block by at least 25% through new capital investment;
- 3.6. “Capital investment” means the investment made in land, building, plant and machinery, utilities, tools and equipment and other such assets as are required to manufacture the end product within permissible investment period, including the following costs –

A	Land	The actual purchase price as per the registered document of the land shall be considered as the cost of land for the project, plus stamp duty and registration fee. In case, the land is allotted by U.P. State Industrial Development Corporation (UPSIDC) or an Authority, the actual allotment price paid shall be considered as the cost of land. A maximum of 10% of total “capital investment” will be taken into account as the “Land” component of capital investment.
B	Building	Building means a new building constructed for the project, including administrative building. The cost of new buildings constructed for installation of plant and machinery, research & development activities, in-house testing facilities, storage facilities, and other buildings related to the manufacturing process, shall be considered as per the actual expenditure incurred. A maximum of 10% of total “capital investment” will be taken into account as the “Building” component of capital investment.
C	Other construction	Other construction means construction such as compound wall and gates, security cabins, internal roads, bore well, water tanks, internal pipeline network for water and gas, and other related constructions.
D	Plant & Machinery	Plant and machinery means new indigenous/imported plant and machinery, utilities, including cost of transportation, foundation, erection, installation and electrification. The electrification cost will include the cost of sub-station and transformer. Such other tools and equipment, which are helpful for production, shall also be included. Plant and Machinery shall include: 1. Plant for generation of non-conventional energy. 2. Vehicles used for transportation only within the premises of the industrial unit, and material handling equipment used exclusively in transporting goods within such premises. 3. Plant for captive power generation. 4. Plant for pollution control measures 5. Cylinders and storage tanks for oxygen storage and transportation 6. Cryogenic oxygen tankers
E	Infrastructure facilities	Such new roads, sewer lines, water drainage, power lines, infrastructure (including such other facilities essential for operation of unit), which link the enterprise’s premises with the main infrastructure trunk lines.

	Provided that if an applicant has applied for benefits of capital interest subsidy and infrastructure interest subsidy, then the heads, included under one kind of benefit, shall be excluded from the other categories of facility/facilities requested, while computing the eligibility for benefits.
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- 3.7. “Eligible Capital Investment” means the Capital Investment as has been made by an Enterprise during the Effective Period of the policy. In case, Capital Investment by the enterprise has started prior to the Effective Date, at least 80% of Capital Investment should have been made during the Effective Period of the policy and the same Capital Investment (made in the Effective Period) will be considered as the Eligible Capital Investment. Similarly, in case, investment in land is made prior to the Effective date, although the unit will be eligible under the policy, however, such investment in land shall not be eligible for any incentives.
- 3.8. “Nodal Agency” means Infrastructure & Industrial Development Department’s investment promotion & facilitation agency - Invest UP

4. Fiscal package

An eligible enterprise would qualify for following incentives:

- 4.1. **Capital Subsidy** at following rates will be provided to eligible units in 3 equal yearly instalments post commencement of commercial operations (admissibility date) by the unit.

Bundelkhand & Poorvanchal districts	Madhyanchal district	Paschimanchal districts
25%	20%	15%

- 4.2. **Reimbursement of Stamp duty** at the rate of 100% in Bundelkhand & Poorvanchal, 75% in Madhyanchal and 50% in Paschimanchal.

5. Implementation of the Policy

- 5.1. The Nodal Agency shall administer the implementation of the policy. All applications for incentives shall be submitted to the Nodal Agency.
- 5.2. Under this Policy applications shall be accepted only for 6 months from the effective date.
- 5.3. The Nodal Agency will process and after necessary evaluation will put up the applications with clear recommendations through Infrastructure & Industrial Development Department (IIDD), Government of Uttar Pradesh before the High Level Committee.
- 5.4. A High level Committee (HLC) under the Chairmanship of Infrastructure & Industrial Development Commissioner (IIDC) shall be constituted with following as members:
- 1) Additional Chief Secretary/ Principal Secretary, IIDD

- 2) Additional Chief Secretary/ Principal Secretary, MSMED
- 3) Additional Chief Secretary/ Principal Secretary, FSDA
- 4) Additional Chief Secretary/ Principal Secretary, Finance Deptt
- 5) Additional Chief Secretary/ Principal Secretary, Stamp & Registration Deptt
- 6) Additional Chief Secretary/ Principal Secretary, Law Deptt
- 7) Additional Chief Secretary/ Principal Secretary, Power
- 8) Secretary, IIDD– Member Secretary/ Convener

Representatives of the applicants will be invited in the meetings of the committee; however, procedure of sanction will not be hindered on account of non-attendance of applicant.

- 5.5. After the recommendations of the High Level Committee, the proposals for issuing the 'Letter of Comfort' as well as the disbursal of the benefits will be presented for final approval as per the following –
 - 5.5.1. For proposals with capital investment upto Rs 100 Crores to Hon'ble Minister, Infrastructure & Industrial Development Department; and
 - 5.5.2. For proposals with capital investment more than Rs 100 Crores to Hon'ble Cabinet
- 5.6. Dovetailing with Central Government policies and schemes would be allowed under the Policy. However total incentives from all the schemes put together shall not exceed 100% of the Eligible Capital Investment (GoUP financial assistance shall be reduced to that extent). Investors shall have to submit declaration of types and quantum of incentives availed/ to be availed by them under Central Government policies. However, such dovetailing shall not be allowed with State Government policies and schemes.
- 5.7. The implementation of the policy will be reviewed from time to time. In case of any clarity required on interpretation of the policy, shall be done on the recommendation of the High Level Committee after the approval of Hon'ble Minister, Infrastructure & Industrial Development Department. Further, in case of any change required in the structure of the policy, shall be done on the recommendation of High Level Committee after approval by the Hon'ble Cabinet.
- 5.8. Detailed procedures, forms and other conditions shall be notified through a separate Government order.
