

UTTAR PRADESH FOREIGN DIRECT INVESTMENT (FDI) FORTUNE GLOBAL 500 & FORTUNE INDIA 500 COMPANIES' INVESTMENT PROMOTION POLICY-2023



New India's Growth Engine



“ Uttar Pradesh, with its inherent strengths, present demographics, and future growth potential is an attractive investment destination. Fueled by major governance reforms, a robust law and order environment, progressive policies and cutting-edge infrastructure including logistics facilities, airports, expressways, metro, industrial corridors, the state has successfully created an investment-friendly climate. Being home to a population of 240 million people, Uttar Pradesh is the largest consumer and labour market in India. UP aims to be a major contributor by surging ahead to become a 1-trillion dollar economy. In a first-of-its-kind initiative in the country, the state government recently launched a new Foreign Direct Investment (FDI) policy to incentivize FDI and attract investments from Fortune Global 500 and Fortune India 500 Companies, with an aim to boost the state’s economic landscape. The state government’s FDI policy reflects its dedication to streamlining processes, reducing bureaucratic hurdles, and offering attractive incentives to welcome investments from Fortune 500 companies. Uttar Pradesh is committed to ensuring a seamless experience for investors, from the initial stages of setup to the successful operation of businesses. I heartfully invite the global investors to come and invest in UP that is all set to power New India.

”

Yogi Adityanath

Hon'ble Chief Minister
Government of Uttar Pradesh



DISCLAIMER

This U.P. Foreign Direct Investment (FDI) Fortune Global 500 & Fortune India 500 Companies' Investment Promotion Policy-2023 document has been translated from Original Hindi purely to facilitate non-Hindi users and for wider reach. Although utmost care has been taken to ensure the accuracy of translation, yet in case of any differences in interpretation of provisions provided herein, the 'Original' gazzetted Hindi version will prevail.

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Uttar Pradesh Foreign Direct Investment (FDI), Fortune Global 500 and Fortune India 500 Companies' Investment Promotion Policy 2023

1. As compared to loans or other borrowings, Foreign Direct Investment (FDI) is a better medium to mobilize financial resources for the economic development of the state. The Government of Uttar Pradesh has set a target of boosting the Gross Domestic Product (GDP) to 1 Trillion US dollars. Achieving this goal necessitates a substantial increase in the manufacturing sector's contribution to the GDP, from roughly 25% to 50%. For this, it is necessary that prominent foreign companies invest in the state's manufacturing sector. FDI, which allows foreign companies or foreign governments to invest, plays a very crucial role in the development of both developing and emerging markets.

FDI not only ushers in new technologies and improved work culture in the state, but also generates new employment opportunities. Moreover, Fortune 500 companies, which consist of major players both nationally and globally, if established in the state, would not only create employment opportunities but would also cultivate vital value-chains and supply-chains. This in turn, would contribute to multidimensional development within the state. Consequently, both FDI and investments from Fortune-500 companies will enhance the skills and competence of the state's workforce, leading to a direct and positive impact. It will also bring in the latest technology into the state and further boost the state's exports of manufactured goods and services.

2. Foreign Direct Investment will facilitate the investment of foreign financial resources into the state, ultimately spurring the development of the state. This inflow of foreign exchange would lead to a significant increase in the foreign exchange reserves within the state. Moreover, FDI will cultivate a competitive environment, and thereby inspiring not only industries within the state but also across the country to enhance their processes and products and nurture innovation.
3. The investment environment in the state is progressively improving and there has been an exponential growth in investment intents in the state. According to the latest report from the Reserve Bank of India, industries located in Uttar Pradesh have achieved a remarkable feat by securing the top position in the country in terms of obtaining bank funds for their projects in the fiscal year 2022-23. Uttar Pradesh's share in this regard has surged from a mere 1.13% in 2013-14 to 16.2% in 2022-23. The study was part of "Private Corporate Investment Outlook" published in the RBI Bulletin.

In fact, the Global Investors Summit 2023 organized by the state government recently, attracted investment proposals of about ₹33.5 lakh crore, which underscores the fact that Uttar Pradesh is now perceived as the best state by investors.

4. Over the last 6 years, Uttar Pradesh has achieved several significant milestones in its pursuit of development. For example, in 2017, Uttar Pradesh held the 12th position in the Ease of Doing Business rankings in the country, it scaled up to the second position in 2019 and presently features as an 'Achiever' state. Moreover, Uttar Pradesh, which was ranked 5th in the country in terms of GDP, has now ascended to the second spot. In the last 5 years,

a substantial 3.14 crore people have successfully been lifted out of poverty and Uttar Pradesh leads the nation in effectively implementing 41 schemes rolled out by the Government of India.

5. It is a matter of concern that while Uttar Pradesh has taken giant leaps in economic development and progress, the state is still ranked 11th in attracting foreign direct investment. It is also worth considering that only 14 Fortune 500 companies are established in the state, while in the state of Tamil Nadu this number is 75. This shows that although the state has attracted investors, it is still lagging in the establishment of large scale industries.
6. In the last 23 years, spanning from 2000 to 2023, India has successfully attracted a total FDI of 919 billion US dollars. In the last 9 years alone, this figure has reached 595 billion US dollars, accounting for nearly 65% of the total FDI received during these 23 years. In fact, in 2022, India was ranked 7th globally in terms of attracting FDI.

The following table presents the FDI received in India across various years:

Serial No.	Year	FDI (Billion US\$)
1.	2014-15	45.15
2.	2016-17	60.22
3.	2021-22	83.57
4.	2022-23	70.97

Details of FDI received from different countries during the fiscal year 2022-23 are as follows:

Serial No.	Year	FDI Received (%)
1.	Mauritius	26
2.	Singapore	23
3.	United States of America	9
4.	Netherlands	7
5.	Japan	6

Sector-wise details of FDI received during the fiscal year 2022-23 are as follows:

Serial No	Sectors	FDI Received (%)
1.	Finance Insurance BPO	16
2.	Computer Hardware/Software	15
3.	Trading	6
4.	Automobile	5

State-wise details of the total FDI received in the country during the fiscal year 2022-23 are as follows:

Serial No	States	FDI Received (%)
1.	Maharashtra	29
2.	Karnataka	24
3.	Gujarat	17
4.	Delhi	13
5.	Tamil Nadu	5

7. Details of FDI received in various states from October 2019 to December 2022 are as follows:-

Scenario of Foreign Direct Investment (FDI) in India and Uttar Pradesh:

FDI received in various states, Uttar Pradesh and India from October 2019 to December 2022.

States	Rank	Total FDI over the period (Amount in ₹ Crore)	Total FDI (%)
Maharashtra	1	3,74,092	27.9
Karnataka	2	3,21,444	23.9
Gujarat	3	2,34,315	17.5
Delhi	4	1,78,424	13.3
Tamil Nadu	5	61,796	4.6
Uttar Pradesh	11	9,435	0.7
India		13,42,387	100

Detailed breakdown of FDI received in India & Uttar Pradesh from October 2019 to December 2022.

Period	Total FDI in India	FDI in UP	FDI received (%) in UP
Oct'19- Sep' 20	3,96,170	3,417.94	0.86
Oct'20- Sep' 21	4,47,886	2,108.33	0.47
Oct'21- Sep' 22	4,17,414	3,676.35	0.88
Oct'22- Dec' 22	80,917	231.90	0.28

8. In order to attract FDI and investments from Fortune Global and Fortune India 500 companies in the manufacturing and service sectors within the state, it is imperative to

enhance the competitiveness of land availability for industrial and service purposes. The prevailing rates for industrial land in the state are currently high. Hence, in order to attract FDI and investments from Fortune Global and Fortune India 500 companies, the first requirement is to provide land at concessional rates. Only through this approach can we facilitate FDI and encourage investments in manufacturing facilities and service institutions.

9. The main objective of this policy is to attract more Foreign Direct Investment (FDI) in Uttar Pradesh, seeking investments from globally renowned companies.

A) Eligible Projects:

Following manufacturing and service units will be eligible for incentives (under service sectors mentioned in section 8.3 of Uttar Pradesh Industrial Investment and Employment Promotion Policy 2022)

- Foreign Direct Investment (FDI) projects with capital investment above ₹100 crore subject to the list of Permitted & Prohibited sectors mentioned in the FDI Policy of Government of India.
 - Projects involving capital investment of more than ₹100 crore by companies included in the updated list of Fortune Global 500 and Fortune India 500 published till the date of application (excluding public sector/government units).
- a) FDI, Fortune Global 500 and Fortune India 500 companies investing in the above mentioned sectors which will not be eligible under this policy, are detailed in Annexure 1.

B) Effective date means the date of promulgation of this policy.

C) Effective period means the period commencing from the effective date and extending until the policy remains in effect, which is 5 years, unless modified or revoked by the State Government through an amendment.

D) Eligible capital investment means capital investment made under the provisions of Uttar Pradesh Industrial Investment and Employment Promotion Policy-2022, in which cost of land, cost of construction of dormitory/common housing facilities for workers and construction of effluent treatment plant/common effluent treatment plant or any other waste management system is not included. For calculation of eligible capital investment, Uttar Pradesh Industrial Investment and Employment Promotion Policy-2022 provisions made under paragraph 12.1.12 will be applicable.

E) All other definitions will be applicable as per Chapter 12 of Industrial Investment & Employment Promotion Policy 2022 notified vide Industrial Development Section 6 Government Order No 21/2023/ 1307/ 77-6-23-2(M)/2022, dated 04.11.2022, unless otherwise mentioned in this policy.

10. Land will be allotted to the eligible projects mentioned above at concessional rates as compared to the current allotment rates of Industrial Development Authorities. The above front end land subsidy is proposed in two ways-

(i) The State Government will issue directions to development authorities to allot an area equivalent to 50% of the Gram Samaj land that has been made available to them

free of cost, to eligible projects at the land acquisition cost determined by the authority.

- (ii) In other cases, the upfront land subsidy will be provided according to the land allotment cost set by Industrial Development Authorities. Subsequently, this land subsidy will later be reimbursed to the authorities by the state government. The rate of land subsidy for Paschimanchal and Madhyanchal will be 75%, while for Bundelkhand and Purvanchal, it will be 80%.
11. The company/entity receiving front end land subsidy will have to mortgage the land allotted by the authority in favour of the authority till it becomes operational/starts commercial production. In case the authority fails to commence operations/commercial production within the stipulated time, the authority will reclaim the front end land subsidy from the company/entity, along with 12% interest.
12. Excluding the cost of land, Eligible Capital Investment (ECI) will be provided capital subsidy under the annual ceiling of ₹100 crore in 7 equal annual installments at the following rates:--
- i) 25% of the eligible capital investment in Gautam Buddha Nagar and Ghaziabad
 - ii) 30% of the eligible capital investment in Paschimchal (excluding Gautam Buddha Nagar and Ghaziabad) and Madhyanchal
 - iii) 35% of the eligible capital investment in Bundelkhand and Purvanchal.

The Gross Capacity Utilisation Multiple (GCM) and Boosters as defined in the Uttar Pradesh Industrial Investment and Employment Promotion Policy-2022 will not be applicable under this policy.

13. Under this scheme, net SGST reimbursement will be provided to eligible projects at the rate of 100%, equivalent to the maximum limit of eligible capital investment (excluding land cost). However, the amount to be received as capital subsidy will be deducted from the eligible capital investment when calculating the maximum limit. This incentive will be granted for a period of 10 years, subject to an annual ceiling of 10% of the Eligible Capital Investment (ECI).
14. If the company faces an Inverted Tax Structure, due to which it is neither able to utilise the ITC (Input Tax Credit) on capital goods for payment of output tax nor able to obtain a refund of the same, in that case, the state government will refund the input SGST paid on capital goods within the standard investment period, to the extent input tax credit is admissible under UP-GST Act-2017. The company shall have to reverse the input tax credit from the SGST credit ledger to the limit of refund amount. The above refund shall be provided in 5 equal annual installments from the date of commercial production. In this case, the company shall not be given the net SGST reimbursement. Hence the company will have to consider either Net SGST reimbursement or SGST refund on capital goods.
15. The area-wise exemption will be permissible on the Stamp Duty and Registration fee as provided in Uttar Pradesh Industrial Investment & Employment Promotion Policy 2022.
16. 100% exemption in electricity duty will be admissible for 5 years.
17. Under this scheme, the Government of Uttar Pradesh will reimburse the cost of training a maximum of 500 persons to the extent of ₹5,000 per person per month for a period of

- 5 years for each eligible project. The reimbursement of the training cost provided to the company will be permissible for only those persons who are domiciles of Uttar Pradesh.
18. A capital subsidy (one time) for setting up Effluent Treatment Plant and Common Effluent Treatment Plant at the plant premises will be provided at the rate of 50% of the cost of setting up such facility or ₹ 2.5 crore, whichever is lower. The said subsidy will be disbursed in lump sum on the commencement of operation of the effluent treatment plant within the unit's premises.
 19. 10% of the development cost of housing/dormitory for workers and related common facility within a radius of 10 km of the premises of the eligible projects or ₹10 crore, whichever is lower, will be provided in 7 equal annual installments.
 20. Firms shifting their existing plants from their international or domestic locations to Uttar Pradesh will be provided 50% reimbursement of transportation cost up to a maximum of ₹2 crore per unit on import of manufacturing equipment. This incentive amount will be provided in lump sum after the commencement of commercial operations.
 21. Patent Registration fees shall be reimbursed as a one-time benefit at a rate of 75% of the expenses in a single instalment subject to a maximum limit of ₹10 lakh for acquiring domestic patents and ₹20 lakh for acquiring international patents.
 22. The Government will reimburse 25% of the cost of setting up such Standalone R&D Centre subject to a maximum of ₹10 crore, provided –
 - a) Such R&D Centres must have a minimum Eligible Capital Investment of ₹20 crore.
 - b) It must have a clearly demarcated facility inside or outside an industrial unit.
 - c) It must be Registered with the Department of Scientific and Industrial Research, Government of India (DSIR).
 - d) The subsidy will be provided in installments of 50% on approval of the project, next 25% after 3 years of approval and last 25% on achievement of the committed results in 5 years.
 23. Private companies shall be encouraged to set up Centres of Excellence (CoE). Towards this, a financial grant shall be provided up to 50% of the project cost up to an overall ceiling of ₹10 crore per project.
 - a) Grants will be provided only to such Centres of Excellence which are not entitled to any benefits under any of the policies of the Government of Uttar Pradesh. However, dovetailing with the policies of the Government of India shall be allowed.
 - b) Such Centres for Excellence must be registered with the Department of Scientific and Industrial Research (DSIR), Government of India.
 - c) Such CoEs that are working in the areas like resource efficiency, circular economy, quality improvement and Industry-4.0 will also be promoted. The above CoEs shall facilitate R&D, testing, technology acquisition and other facilities to industries in the state.
 24. The company will have to consider only one option out of standalone Research & Development Centers or Centers of Excellence to receive financial grant.

25. This policy cannot be dovetailed with any other policy/scheme in the state. However, with the schemes/policies of the Government of India, dovetailing shall be allowed. All incentives specified in this policy may be availed in addition to the incentives available under any scheme/policy of the Government of India.
26. This policy will be applicable to those units which have started their capital investment (first date of investment) on or after the notification of this policy.
27. Eligible investment period shall be in accordance with the Industrial Investment and Employment Promotion Policy-2022, provided no other provision has been made in any sectoral policy.
28. For service sector units, the condition of maximum 30% of capital investment in 'Land and Building' will not be applicable for calculation of eligible capital investment (as per Industrial Investment and Employment Promotion Policy-2022). It is noteworthy that land component will not be considered as eligible capital investment in any way.
29. Ineligible capital investment for service sector units will be applicable as per Industrial Investment and Employment Promotion Policy-2022. In accordance with the Industrial Investment and Employment Promotion Policy-2022, necessary components (investments) for delivering the main services or products of the unit for the determination of capital investment and eligible capital investment shall be considered, e.g. plant and machinery (including computers, equipment, hardware and related fixed assets etc.), building construction, software and other essential infrastructure facilities.
30. The implementation of this policy will be in accordance with the Industrial Investment and Employment Incentive Policy-2022, unless otherwise mentioned for incentives specifically provided in this policy.
31. Applications for Front End Land Subsidy shall be received at Invest UP, where it will be evaluated by the evaluation committee and put-up for review & recommendation at the Empowered Committee set-up at the level of Infrastructure & Industrial Development Commissioner (IIDC), Government of Uttar Pradesh u/s 5.3.1 of the Rules for Industrial Investment and Employment Promotion Policy-2022 notified on 14.04.2023.

The Empowered Committee is composed as follows:

Infrastructure and Industrial Development Commissioner, Government of Uttar Pradesh	Chairman
Additional Chief Secretary/Principal Secretary, Infrastructure and Industrial Development Department, Government of Uttar Pradesh	Member
Additional Chief Secretary/Principal Secretary, Finance Department, Government of Uttar Pradesh	Member
Additional Chief Secretary/Principal Secretary, Law Department , Government of Uttar Pradesh	Member

Continued...

Additional Chief Secretary/Principal Secretary, Commercial Tax Department , Government of Uttar Pradesh	Member
Additional Chief Secretary/Principal Secretary, Stamp and Registration Department , Government of Uttar Pradesh	Member
Additional Chief Secretary/Principal Secretary, Planning Department, Government of Uttar Pradesh	Member
Additional Chief Secretary/Principal Secretary MSME Department, Government of Uttar Pradesh	Member
Chief Executive Officer (CEO), UPSIDA/UPEIDA/NOIDA/ GNOIDA/YEIDA/GIDA	Member
Managing Director, PICUP	Member
Chief Executive Officer, Invest UP	Member Secretary

Thereafter, the Industrial Development Authority to which the application for allotment of land has been made will allot the land at the concessional rates provided under the policy. It is to be noted that all the terms and conditions of the concerned authority for land allotment shall be fulfilled by the applicant.

32. Invest UP shall be the nodal agency for receiving applications and processing the applications for 'Letter of Comfort (LOC)' and 'Disbursement' under this policy. The evaluation committee constituted in Invest UP under the Industrial Investment and Employment Promotion Policy-2022 will review the applications and related documents submitted under this scheme for completeness and relevance.
33. Post evaluation, the applications for LoC and Disbursement shall be reviewed and recommended by the Empowered Committee set up at the level of Infrastructure & Industrial Development Commissioner (IIDC), Government of Uttar Pradesh u/s 5.3.1 of the Rules for Industrial Investment and Employment Promotion Policy-2022 notified on 14.04.2023., the applications will be reviewed and recommended by the authorized committee constituted at the level of Infrastructure and Industrial Development Commissioner. Empowered Committee shall be the 'Recommending Authority' under this Scheme.
34. On the recommendation of the Empowered Committee, the applications will be sent for approval to the Hon'ble Cabinet of Ministers. The Hon'ble Cabinet of Ministers shall be the ultimate 'Sanctioning Authority' under this scheme. In case of disbursement of incentives, only the first and last instalments shall be sent to the Hon'ble Cabinet of Ministers for the final approval. The disbursement of subsequent instalments shall be processed in a similar manner but shall be approved at the level of relevant Recommending Authority itself.

Annexure 1

Negative List

1. Production of tobacco products, such as gutka and pan masala etc
2. Production of alcoholic or aerated drinks/non-alcoholic beverages, including carbonated products, distillers, vineries, bottling and canning plants
3. Production of vanaspati ghee, pure oil, expeller oil, solvent extraction industries, and oil factories
4. All iron and steel industries, excluding composite steel plants with investments exceeding ₹100 crore
5. Production of cement, clinker and grinder
6. Production of brick/tile kilns
7. Purification of petroleum products
8. Mining and quarrying
9. Firecracker manufacturing enterprise
10. Production of plastic carry bags with a thickness of less than 40 microns
11. Warehousing & Logistics and Private Industrial Parks
12. Other industries to be notified by the State Government from time to time for inclusion in this list



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