

UTTARAKHAND TO FOCUS ON INDUSTRY IN HILLS

About 11 new industrial hubs will be developed with modern infrastructure

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After heavy industrialisation in the plains, the Uttarakhand government has shifted its entire focus to the hills, amending the existing policy to attract small manufacturing units there.

A total of 11 new industrial hubs will be developed, with the government promising modern infrastructure complete with a slew of sops under the 2008 hill industrial policy.

Besides, the government has also decided to bring four new areas – Sahaspur and Raipur in Dehradun district and Ramnagar and Haldwani in Nainital district – under the policy, despite their being in the plains.

Chief Minister B C Khanduri wants the hill policy to focus more on the development of the backward hill region, stating that the government would prefer the growth of small industries to large ones. “We have enough industries in the plains, now we want to shift our focus entirely to the hills,” Khanduri said.

Uttarakhand is currently witnessing sluggishness in the industrial sector after the expiry of the hill-based excise exemption under the concessional industrial package (CIP) expired on March 31, 2010. Besides big industries, the CIP was responsible for healthy growth of the SME sector during the past six to seven years.

Since 2009, industries have not been showing any enthusiasm towards the hill state, with



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the government repeatedly urging the Centre to renew the tax incentives for a few more years.

Though Uttarakhand has been able to attract an investment of ₹218 crore in the hills, manufacturing industry has maintained a distance from the backward areas, mainly due to poor connectivity and lack of infrastructure in the hills.

“We will be releasing a large budget to promote industries in the hills,” said Principal Secretary, Industries,

₹60 lakh. The government will also offer six per cent interest subsidy up to a maximum of ₹5 lakh, a subsidy in electricity bills up to 75 per cent and reimbursement of VAT. It is also offering viability gap funding.

The government has amended the hill industrial development policy after obtaining suggestions from industrial associations.

The Indian Industries Association (IAU), a key body of SMEs in the hill state, has welcomed the amendments in the hill policy, saying it would promote new investments. “We want the government to focus on the preservation of handicrafts, handlooms and khadi by infusing modern techniques to devise new products,” said Pankaj Gupta, president of IAU.

The IAU said the khadi and handicrafts sector needs to be leveraged for use in the fashion and interior design industry by creating linkages with top fashion designers through aggressive marketing.

It said cluster development needs to be encouraged in the state, particularly in new industrial areas, and that this can be done by creating dedicated industrial parks.

CII has called for the creation of a SME renewable fund for technology upgradation. It has also called for creation of a common marketing and branding fund for MSMEs and asked the government to set up a MSME facilitation council to facilitate the resolution of problems, said Dr S Farooq, chairman of the CII's state council.

Rakesh Sharma.

The government is offering a series of sops under the Special Integrated Industrial Promotion Policy-2008 for the hilly and remote areas of Uttarakhand. These sops include stamp duty exemption on land purchase, industrial estates on two acres for private developers, and reimbursement of 50 per cent of the cost of infrastructure development (up to a maximum of ₹50 lakh).

The capital investment subsidy has been doubled to