

Ref No. 7B/7825

15 July 2009

The Chairman
13th Finance Commission
Govt. of India

Subject: IIA Memorandum to 13th Finance Commission Visiting Lucknow on 15th July 09.

Dear Sir,

At the outset Indian Industries Association (IIA) an apex body of MSME welcome you and the Members of 13th Finance Commission to Uttar Pradesh.

U.P. is the biggest State of India having about 1/6th of the Countries population and 5th biggest state in terms of Land Area. The Gross State Domestic Product of U.P. also stands at No.2 after Maharashtra. Industrial Growth in U.P has been leading compared to National Growth till mid eighties but declaimed thereafter. We do not intend to go for the reasons for this decline however would like to appreciate the efforts of the present State Govt. to boost the process of industrialization and introduce desired reforms. For example the present Govt. implemented VAT as soon as it took over charge and announced a mega infrastructure project i.e. Ganga Express Way. We are aware about the efforts of the State Govt. to improve the situation of availability of power to the industry and implementation of web enabled Single table System to facilitate the entrepreneurs.

The State of Uttar Pradesh therefore needs special support from Govt. of India also to boost the industrial Growth in the State. IIA therefore recommend the following to the Finance Commission to consider favorably:-

1. **Support for infrastructure development in Industrial Estates setup by Directorate of Industries U.P.**

Directorate of Industries, Govt. of U.P have set up about 60 Industrial Estates in different parts of U.P specially for Small Scale Industries. The condition of physical infrastructure in these estates such as Roads, Drainage, Electrical infrastructure etc needs heavy investment. Directorate of Industries do not have enough funds to improve the situation and occupants are also not able to afford the initial expenditure. Though, once the infrastructure is developed it can be maintained by the occupants through co-operatives or by the local bodies through the maintenance tax charged from the occupants. We therefore recommend the Hon'ble Finance Commission to consider one time grant of Rs. 200 Crores for development of the infrastructure in these 60 Industrial Estates.

2. **Electrical System Upgradation**

Govt of U.P. announced un-interrupted power supply to industries on the feeders which have more than 75% industrial load. Govt. have been able to implement this

announcement for the feeders coming out of 133 KV substations. However, Govt. is not able to provide this facility on feeders coming out of 33 KV substations due to some unavoidable reasons. To provide the facility of independent feeders from 33 KV substations also, the Power utilities need to deploy remote switching and other technical upgradation. Electrical infrastructure & Systems ie. Lines & Transformers etc also need up gradation in the State. The cash starved Power utilities need financial Support for doing so. We recommend that Govt. of India may provide suitable financial support for this important infrastructure to the State.

3. **Infrastructure Development in Handicraft clusters**

Uttar Pradesh is known for its handicrafts all over the world. Handicraft Natural Clusters exists at Bhadoi, Aligarh, Khurja, Moradabad, Agra, Saharanpur, Varanasi, Firozabad etc. From all these clusters huge export is being transacted every year. Exports can be increased further if infrastructure of these towns is improved such that the importers feel comfortable to visit these places. The infrastructure augmentation needs heavy investment to make them attractive for the visitors. We recommend that Govt. of India may share the cost of development of infrastructure in these towns.

4. **Air Ports**

In U.P. we have only two Airports i.e at Lucknow & Varanasi. Even Lucknow Air Port is not connected properly domestically. We propose that Govt. of India may support up gradation of Lucknow Air Port as international Air Port and set up new Civil Air Ports at Moradabad, Agra & Kanpur.

Apart from the above, IIA support implementation of GST from April 2010 . IIA is working on the recommendations to be submitted to the Empowered Committee of the Finance Ministers of the States.

Thanking you,

Yours truly,

Anil Gupta
President

Copy to : Hon'ble Members of 13th Finance Commission.

Anil Gupta