

U.P. BIOTECH POLICY 2004

Department of Science & Technology, Government of Uttar Pradesh

1.0 VISION

- Uttar Pradesh to become more prosperous State through utilizing modern tools of biotechnology-bringing prosperity to farmers, generating employment in rural areas, food for all, Good health and clean environment.

2.0 MISSION

- Develop knowledge based economy, assure benefit of biotechnology to all section of the State and promote entrepreneurship in biotechnology based industries.

3.0 OBJECTIVES

- 3.1 To establish pre-eminent position of the State in the field of biotechnology.
- 3.2 To create awareness about the entre-preneurial and job opportunities in the field of biotechnology.
- 3.3 To attract bio-technology based industrial investment.
- 3.4 To develop and conserve bioresource for sustainable commercial use.
- 3.5 To harness existing R&D capabilities for industrial/ commercial developments in the State and to promote corporate funding and developing such knowledge.
- 3.6 To develop adequate institutional and related infrastructure for development, acquisition and dissemination of biotechnology through out the State.
- 3.7 To promote research and development and to establish centers of excellence in frontier area of biotechnology.

4.0 BIOTECHNOLOGY

Biotechnology, a frontier area of science offers numerous opportunities in the field of health care, agriculture and environ-ment. Along with information technology, biotechnology is considered as knowledge based technology which has great potential to improve the quality of life for poor and rich alike. The importance of Biotechnology has been recognized world over. Developed countries took initiative and invested in generating knowledge, have taken lead in the development of Bio-technology. The adoption rate of biotechnology in agriculture. Impacts such as reduced cost, increased output and decreased chemical use have persuaded farmers in USA and canada to adopt new techniques. These factors are critical in Indian context as well.

Department of Biotechnology, Government of India has provided great impetus in the form of infrastructure and human resource. The states in South and Maharashtra have utilized biotechnology in health care and agriculture and have attracted investment from a number of biotech industries from country and

abroad. Bangalore is considered as the most developed biotech city in the country and is followed by Mumbai/Pune belt and Hyderabad.

U.P., however, has not been able to apply biotechnology for its development, though significant expertise in terms of R&D institutions, human resource and agricultural diversity exists. Agriculture sector in U.P. has made significant progress. It is first amongst states in the production of wheat (25.9 million ton, 35% of total production in the country). The State ranks second in the production of sugarcane (122 million tons, 40%), fruits (8.5 million ton, 18%), potatoes (38%) and milk (12.9 million ton). Food production yield of the State is higher than the international levels of yield.

The state used about 2.5 million ton (22%) of nitrogenous fertilizers, 0.55 million ton (16%) of phosphatic fertilizers and 0.086 million ton (7.9%) of potassium based fertilizers in 1998-99. The bias for nitrogen in an unbalanced use of fertilizer is obvious. In spite of such consumption the productivity of crops is low. There is large gap between potential and actual yields of most crops.

There is large gap between potential and actual yields of most crops. The State has not been able to do much in the health, dairy and food sectors in spite of resources. Through application of tissue culture productivity of horticulture, floriculture and agriculture can be enhanced and made economically beneficial. With the application of Biotechnology in these areas it would be possible to enhance the productivity of food, milk and induce health care through nutraceuticals and pharmaceuticals.

Lucknow offers a multidisciplinary blend of excellent facilities and expertise in the area of biotechnology. Around 3000 highly qualified scientists are working in four CSIR laboratories and three ICAR laboratories in the city and many of them have earned national and international recognition. These institutes have excellent expertise and infrastructure in the area of biomedical sciences and drug development, toxicology and environmental protection, production of pest resistant plants, high yielding crop and fruit varieties.

Realizing the great potential of U.P., Lucknow has been declared as Biotechnology City of India during the 89th session of the Indian Science Congress at January 3, 2002. A biotechnology Park with the sponsorship of Department of Biotechnology, Govt. of India and the collaboration with Department of Science and Technology, U. P. Govt., CSIR and other agencies is being setup at Kursi Road Jankipuram, Lucknow on 8 acres of land proposed by the Department of Science and Technology, UP Govt. In order to provide forward linkages of the Park Biotech Networking Facilities will be developed by Council of Science & Technology, U.P. at agriculture farm of about 28 acres of U.P. State Institute of Rural Development, Bakshi Ka Talab, Lucknow. Also, an area of about 200 acres have been identified for setting up of Biotech Industries on

Lucknow-Kanpur road near Amousi Airport. This will be developed by UPSIDC as Biotech Industrial Park.

To harness benefits of biotechnology for the prosperity of the State, the Govt. of U.P. has charted a Biotech Policy. The State would encourage growth of R&D, development of manpower and resources in key areas like bioinformatics, plant and animal genetics by networking with the existing institutions, universities and medical institutes. It would also set up Centres for Excellence in human genetics, applied biotechnology, transgenic plants and animals, safety evaluation of Biotech products. The State would develop institutional mechanism to carry the fruits of Biotech R&D being pursued at research institutions and technology incubators of the Biotech Park to farmers for employment generation through tissue culture and macro-propagation. It would provide better quality and high yielding variety of crops and plants to farmers. The macro propagation technology will be extended to regional level in the State by transferring the technology to the farmers through their training.

Liberal incentives would be provided to biotech industries in the forms of exemptions from payment of entry tax on material for construction and equipment, on stamp duty and registration charges for specified period of time, exemption of electricity tax on captive power generation sets. A single window mechanism of clearance for biotech proposals would be set up to help biotech industries in setting up their R&D and production units in the State. The State would make provision of Cluster Development Fund/Venture Capital to help R&D in research institutions and industries and setting up of joint ventures.

The Department of Science & Technology, U.P. Govt. would be the Nodal Agency to implement the Biotech Policy. A Biotechnology Board under the Chairmanship of Hon'ble Chief Minister with Secretary, S&T as a Member Secretary would be constituted. The board will consist of senior officials from the Government as well as eminent representatives from industry and experts from the field of biotechnology.

The Board will have a Scientific Advisory Committee and Technology Resource Group for providing inputs for developing and fine tuning the Biotechnology Policy.

In order to make R&D useful & promote corporate funding for its development, Special Purpose Vehicle shall be constituted under Company Act.

5.0 INCENTIVES & CONCESSIONS WITH REGARD TO BIOTECHNOLOGY BASED INDUSTRIAL/COMMERCIAL DEVELOPMENT

5.1 Single Window Facility and Constitution of Biotechnology Development Board

- In order to complete all formalities and to provide permission letter, Single Window Facility shall be made available to bio-technological units.
- High powered Biotechnology Development Board under the chairmanship of Chief Minister of the state with Secretary / Principal Secretary, Department of Science and Technology, Government of U. P. as member Secretary shall be constituted for the same.

5.2 Relaxation of Taxes on Biotechnology based Products

- General facilities provided to the industries shall also be extended to Biotechnological units as declared by the State Government in the Industrial and service sector investment policy.
- The incentives provided to IT units according to 10th five year plan by Government of India shall also be extended to Biotechnology units by State Government.
- The units engaged on dissemination of Biotechnology based techniques and products like seeds, biofertilizers, improved genetic material etc. to farmers shall be considered eligible for providing subsidy on capital investment.
- All decisions of High Powered committee, Finance Ministry of Indian Government on tax requirement shall be accepted/ honoured by the State Government.

5.3 Relaxation on land for establishment of Biotechnological Unit

- Available government land of Gram Sabha & Nazool shall be given on lease for 99 years for establishment of Biotechnological units at market value.

5.4 Relaxation on entry tax

- Biotechnological units shall be exempted for entry tax for fifteen years, on capital goods including captive generation sets.

5.5 Relaxation on captive generation

- Captive generation sets installed by biotechnological units shall be exempted of electricity tax for 10 years.

5.6 Uninterrupted Power Supply

- Uninterrupted power supply shall be ensured by giving dedicated feeder to those biotechnological units, in which capital investment is more than Rs. 10 crores.
- Biotechnology units shall be kept out of power cuts. Biotechnology units may be considered in the category of R&D units for first 5 years and accordingly electricity tariff may be admissible.

5.7 Relaxation in Zonal Regulations

- Biotechnology units established in Bitech Parks / Biotech Industrial Areas shall be given exemption for Floor Area Ratio (FAR) to the extent of 50% to the prevailing norms; the aforesaid limit may be considered to be given to the extent of 25% to the units in other areas depending upon the merit with regard to population density, available resources, environmental aspects, etc.

5.8 Relaxation in Stamp Duty and Registration Fee

- 100 percent relaxation will be given on Registration fee and Stamp duty on establishment of Biotech units. Cent percent stamp duty shall be exempted to the units in the State. Nominal registration fees at the rate of Rs. 2/- per thousand to the maximum limit of Rs 5000/- shall be charged from the units in the State.

5.9 Pioneer Units

- Those Biotechnological units having investment of more than 10 crores shall be declared as Pioneer units and benefits equivalent to the other industry shall be given to biotech units.

5.10 Constitution of Biotechnology Development Cell

- Biotechnology Development Cell shall be constituted in the Council of Science & Technology, U.P. for providing technological guidance and support in CST (U.P.). IPR facility & website shall also be developed in the cell.
- Centres of excellence in frontier areas of biotechnology shall also be established.

5.11 Relaxation on Mega Projects

- Such projects where an investment of Rs. 50 Crores or more will be made either in expansion of existing unit or in setting up new unit, also such units which employ more than 250 people will be declared Mega Projects. Such project will be given relaxation under special package.

5.12 Simplified Labour Law

- Labour law shall be simplified in such a way so as to provide employment to women during evening hours.

5.13 For expansion, diversification and renewal of small scale industries, relaxation shall be given in registration fees. These companies shall be made available made stamp duties at minimum rates when working with State Government agencies on terms of

lease -cum-sales basis. Further, at the time of absolute sale deed, the rate of stamp duty shall be based on the value of the land existing at the time of lease. This concession shall be applicable to the companies in the bio-technology sector.

5.14 Provision of Cluster Development Fund / Venture Capital

- The Government of Uttar Pradesh will encourage setting up of cluster development fund and venture capital fund for Biotech industries with private participation. To ensure with, the State Government will provide necessary fund for investment as seed capital / venture capital. These funds will take care of critical gaps in a bio-technology; industry cluster by developing new capabilities, new technology products, and innovative business start ups and provide impetus to the development of enterprises.

5.15 Financing and Access to Capital

- Steady flow of funds on reasonable terms and at reasonable costs for proper development of Biotech companies. Government of Uttar Pradesh will facilitate providing appropriate funds to this sector through its various financing agencies (UPFC, PICUP) and other Government of India and International financial institutions.
- The financing institutions in biotechnology operation will look into the early stage funding.
- Realizing the need that investor's will have to commit resources to demonstrate the commercial potential of a discovery and that they would require further research and development, early stage financing of Rs. 50 lakhs to Rs 3.5 crores, at the concept stage, may be considered.

5.16 Encouragement to the Commercialization of R&D findings

- Their exists ample risk in converting fruitful pilot level R&D findings in their commerciali-zation, which are expensive as well. State Government shall pay adequate attention to provide financial support to such units having adequate production, marketing and distribution networks as to develop series of beneficial new projects in innovation cycle.

5.17 Establishment of Biotech Parks

- State of the art Biotechnology Parks shall be established at Noida & Lucknow

5.18 Privatization in Infrastructure Development

- In order to promote privatization in development of industrial area in the field of Biotechnology, 50% of the capital investment to the maximum limit of Rs 2.50 crores shall be given as subsidy, for which infrastructure development fund shall be developed.

5.19 **Biotech Park, Lucknow**

- Biotech Park, Lucknow has been established as an autonomous organization, for which U.P. Government has provided 8 acre land at Kursi Road, Lucknow. State of art facility of International standard and Techno economically viable pilot facilities with the support of Department of Biotechnology, Govt. of India, Council of Scientific and Industrial Research, Govt. of India, and Department of Science & Technology, Govt. of U.P. are being developed in the aforesaid premises. Forward linkages of the aforesaid park in the field of industry (in about 150-200 acre industrial area) on Lucknow-Kanpur Road, near Amausi Road) and in the field of agricultural & rural development (in about 28 acre land at Bakshi Ka Talab on Sitapur Road) are being created by the State Government. Following Incentives and concessions will be provided to the aforesaid park and to the other Biotech Industrial area/park/ facilities
- Entry tax on machinery / equipments / capital goods and on construction material shall be exempted for 15 years to the units in the park.
- Cent percent stamp duty shall be exempted to the units in the park. Nominal registration fees at the rate of Rs. 2/- per thousand to the maximum limit of Rs 5000/- shall be charged from the units in the park.
- In case of first lease as well as subsequent lease to biotech companies, concessions shall be available upon certification by the Department of Science & Technology, U.P. Government.
- 15% subsidy on capital investments to the maximum limit of Rs 30 lakhs shall be admissible to the new biotech units and to the expansion of existing units.