Uttar Pradesh Pharmaceutical Industry Policy, 2018

1. Introduction

Indian economy is looked upon as one of the world’s fastest growing large economies reaping high demographic dividend. It continues to be a bright spot in the world with an average GDP growth rate of 7% for last three years (2014-15 to 2016-17). The Manufacturing sector forms the base of this economic growth and India poises to be a manufacturing hub of global recognition.

The Pharmaceutical Industry in India is robust and thriving. The Indian pharmaceutical market is the third largest in terms of volume and thirteen largest in terms of value. It is the second largest market in Asia for pharmaceuticals and accounts for nearly 3% of the global pharmaceutical industry in value terms and 10% in volume. The annual turnover of the Industry in 2015-16 was INR 2,04,627.15 Cr. The industry has witnessed a robust growth, registering a growth of 29% in FY 2015-16.

By 2020 India is expected to be 6th largest market globally. The Indian Pharmaceutical sector is largely fuelled by exports and is the 3rd largest foreign exchange earner for India. In 2015-16, the exports of Drugs, Pharmaceuticals and Fine Chemicals amounted to INR 1,09,770 Cr in India. India exports medicines to nearly more than 220 nations across the globe.

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<th>Pharmaceutical Exports from India</th>
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<td>Category wise (INR Cr)</td>
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<td>Category</td>
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<td>Bulk Drugs &amp; Drug Intermediates</td>
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In the generics market, India exports 20% of global generics, making it the largest provider of generic medicines globally\(^1\). Indian medical device market is expected to be of INR 53,300 Cr in 2020. India is one of the top 20 global medical device markets and the 4\textsuperscript{th} largest medical device market in Asia\(^2\).

After 100% FDI has been allowed through automatic route for Greenfield pharmaceuticals projects, and 74\% FDI has been allowed through automatic route for Brownfield pharma projects, the Pharmaceutical industry has become most attractive sector for investments and in gaining competitive edge in global market. The sector attracted FDI worth INR 77.631 crores between April 2000 and June 2017\(^3\), which was 4\% of total FDI inflows in India. Major foreign investors include Johnson and Johnson, P\&G, NIPRO and Otsuka, amongst others.

India is one the most cost effective manufacturer of drugs and pharmaceuticals in the world, owing to the abundance of natural resources and availability of cheap labour in the country. The country produces diverse range of products, and the healthcare market is rapidly expanding here.

Taking forward the Make in India vision of Government of India, State Government of Uttar Pradesh has launched its Industrial Investment and Employment Policy (IIEP) 2017, which is expected to expedite industrialisation in the State and boost investments. The State is committed towards strengthening its foothold in Drugs and Pharmaceutical sector so as to create a promising ecosystem to maximum the inherent potential of the state in this sector and generate mass employment opportunities.

2. **Advantage Uttar Pradesh**

Uttar Pradesh is India’s 3\textsuperscript{rd} largest economy and largest consumer market with population size of over 200 million. With the highest population among all Indian states, Uttar Pradesh offers to be the biggest market for pharmaceuticals. With increase in the middle class population most of the people can afford quality healthcare, thereby creating higher demand for pharmaceutical sector. The State has a 3-tier public healthcare infrastructure, comprising primary health centres (PHCs),

\(^1\) Make in India - Achievement Report – Pharmaceutical Sector (2017); DIPP.
\(^2\) Annual Plan (2016-17), Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers
\(^3\) DIPP Statistics, June 2017. Refer [http://dipp.nic.in/sites/default/files/FDI_FactSheet_June2017_2_0.pdf](http://dipp.nic.in/sites/default/files/FDI_FactSheet_June2017_2_0.pdf)
health units, community health centres (CHCs) & sub-centres. Uttar Pradesh has 262 Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) centres which is the highest among all the States.

UP is amongst the top five manufacturing states of India and has the second highest number of Micro, Small and Medium Enterprises in India. The exports from the state recorded 13.26% CAGR in last five years (2012-17). It has favourable factors of production to facilitate development of pharma sector including availability of raw material and skilled, unskilled labour.

2.1. Enabling Ecosystem

2.1.1. Raw Material base and growing Industry

The State has second highest number of MSME’s in the country and has a considerable chemical and medicinal raw material base. There are around 450 pharmaceutical units in the State, of which majority are into formulation\(^4\), mostly located in the Western region of the state in Ghaziabad, GB Nagar, and in Lucknow, Kanpur.

<table>
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<tr>
<th>Exports of Pharmaceutical Products from Uttar Pradesh (INR Crores)</th>
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<td>2015-16</td>
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<td>2016-17</td>
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Source: Department of Export Promotion, Govt of Uttar Pradesh

Uttar Pradesh has nearly 17% market share of national sale in terms of value, with a turnover of about INR 90,000 crore in pharma sector (2014-15)\(^5\). There are about 76000 pharmacists and 71,000 retail pharmacies in U.P. The industrial panorama in the state is encouraging and reflects potential for considerable growth in the pharma sector.

2.1.2. Availability of Labour and Strong R&D base

The State has perennial supply of skilled and unskilled manpower and prestigious research institutes and Department of Pharmaceutics. The Abdul Kalam Technical University of Uttar Pradesh has 100 colleges providing B.Pharma degree and 64 colleges providing M.Pharma degree\(^6\). Uttar Pradesh has prestigious research institutes like-

- CDRI-Central Drug Research Institute, Lucknow
- National Institute of Pharmaceutical Education and Research, Raibareli
- Indian Institute of Toxicology Research (IITR), Lucknow

\(^4\) Information derived from Directory of Pharmaceuticals Manufacturing units in India (2007), NPPA, GoI.


\(^6\) Annual Report (2016), Dr. A.P.J. Abdul Kalam Technical University.
• Central Institute of Medicinal and Aromatic Plants, Lucknow
• Biological Sciences and Bioengineering Department, IIT- Kanpur
• Biotechnology Department, MNNIT-Allahabad
• Indian Institute of Technology – Banaras Hindu University (IIT BHU)

2.1.3. Connectivity Advantage

As Indian pharmaceutical industry is the export oriented, Uttar Pradesh has suitable export facilitating infrastructure.

**Roads**
- 48 National Highways, 8.5% of the total National Highway (NH) network
- 6,991Km of state highways
- Travel time to Agra from NCR reduced to 2.5 hours
- Located on Golden Quadrilateral
- Agra–Lucknow Expressway
- Lucknow–Ballia Expressway
- Four laning of district roads

**Inland Waterways**
- Approx 32% of National Waterway-1 (Allahabad-Haldia) catchment area

**Railways**
- Excellent existing metro infrastructure
- Upcoming Multi-city metro rail projects, coming up at Lucknow, Kanpur, Meerut, Varanasi
- Largest railway network in the country spanning over 8,949 km

**Aviation**
- Major airports operational at Lucknow, Allahabad, Gorakhpur and Varanasi
- International airports at Varanasi and Lucknow connecting Middle East and South-east Asia.
- Upcoming international airport at Jewar and Kushinagar

**Industrial Corridors**
- DMIC
  - 8.5% of DMIC catchment area across 12 districts of UP.
  - Potential for industrial produce to reach port within 14 hours
- EDFC
  - Uttar Pradesh has highest share of around 57% of EDFC, spread across 1,049 km to facilitate uninterrupted transportation of Goods to Sea ports.
Logistics Infrastructure

- Existing logistics infrastructure Moradabad rail linked combined domestic and EXIM terminal, Rail linked Pvt Freight Terminal and Inland Container Depot in Kanpur, ICD at Dadri Terminal and Kanpur ICD.
- Three multi modal logistics/ transport hubs are proposed at Noida, Boraki and Varanasi.

3. About Policy

The State is emerging as a top industrial destination with investment friendly reformatory policy approach. This policy takes ahead the vision and objectives of State’s Industrial Investment and Employment Promotion Policy 2017 and provides attractive incentives to develop supporting ecosystem for a competitive Pharma industry in Uttar Pradesh.

The policy aims at building up competencies of research, development and commercialization in pharmaceutical sector, capable of harnessing the true potential of the sector in a sustainable way by utilizing the knowledge and skilled manpower from premier institutions to provide quality and affordable healthcare services.

3.1. Objectives

- To promote establishment of specialized Pharmaceutical Parks with best-in-class infrastructure and technology.
- To encourage cutting-edge pharmaceutical research, build world-class infrastructure and attract world’s best talent to contribute to the State’s development.
- To promote creation of Intellectual Property (IP) in the pharmaceutical sector by facilitating R&D institutions and contributing more funds to R&D in the pharmaceutical sector
- To promote AYUSH healthcare through promotion of R&D and manufacturing of AYUSH healthcare products
- To encourage the human resource development for readily employable manpower to pharmaceutical sectors.

3.2. Period of the policy

- This policy will come into effect on the date of its notification and will remain in force for the period of 5 years.
- If at any stage a situation arises which necessitates any amendment or supersession of the policy, only the cabinet will be authorised to approve such amendments/ supersession.
In case of any amendment in this policy, if any package of incentives is already committed by the state government to any unit, will not be withdrawn and the unit will continue to remain entitled to the benefits.

3.3. Definitions

1. **MSME Units** - Projects with capital investment as approved under Govt of India’s MSMED Act 2006.
2. **Large Units** - Projects with capital investment over that of MSME units but less than INR 200 crores.
3. **Mega Units** – Projects with capital investment of or more than INR 200 crores or providing atleast 500 direct employment.
4. **Horizontal Pharma Park** – Private parks developed over minimum 10 acres, which is allotted to atleast 5 units, and 60% of which is occupied within one year of Park construction during the policy period.
5. **Vertical Pharma Park** – Private parks developed like a tower or group of towers on minimum area 3 acres of land, which is allotted to atleast 3 units, and 60% of which is occupied within a year of park construction during the policy period.
6. **Greenfield Pharma Park** developed on or more than 100 acres of land shall be eligible for incentives under Private Pharma Park incentives.

**NOTE** – Atleast 10% of both Horizontal and Vertical Pharma Park, and atleast 20% of Greenfield Pharma park must be utilised for environment protection and conservation.

4. Policy Framework

4.1. Developing Infrastructure

4.1.1. **Focus on Pharma Park and Clusters** – State of Uttar Pradesh will strive to provide quality infrastructure and support base for establishment and growth of pharma industry in UP. The policy intends to identify land parcels and develop Parks and Clusters, for manufacturing allopathy, ayush and homeopathy products and for Medical devices and equipment. These parks and clusters will be equipped with ready-to-use infrastructural facilities such as common testing laboratories, diagnostic centres, power station, cold storages, common facility centres, effluent treatment plants and other basic amenities built on ‘walk to work’ concept. The State will encourage the developers to build quality testing facilities meeting requirement of API/Formulation Lab and standards of Quality Council of India. The policy promotes setting up labs duly certified by QCI in the state.
4.1.2. **Focus on Mega Projects and SMEs**— Through this policy, the state puts high impetus on creating manufacturing giants to compete global standards in international market. These mega projects create wide opportunities for ancillaries, downstream and SME units. Therefore, the policy provides to attract Mega projects through special incentives and concessions, while also, the policy support the SMEs to grab the opportunities in the booming sector. Special packages of incentives and concessions have been designed for SMEs units in the sector under this policy.

4.1.3. **Encouraging Domestic Pharma manufacturing**— For encouraging end to end drug manufacturing in the State, preference would be given to state government procurement for drugs/formulations produced using Active Pharma Ingredients (API) and KSM manufactured within Uttar Pradesh.

4.1.4. **Supporting Infrastructure**—
   A. **API/Formulation Lab** - API & Formulations is backbone for the Drug applications in Pharmaceutical Industry. Such a lab would resolve the challenges such as excessive logistics time and distance. Government will setup vaccine testing facility, vivarium, animal quarantine and bio-security facility near <Lucknow> in due consultation with Pharma Council of India. This facility will enhance the presence of research and development activity in the value chain.
   B. **Cold-chain facilities** - Government will encourage industries in creating a distribution network of temperature controlled transportation for temperature sensitive pharmaceuticals throughout the supply chain. Purchase of refrigerated vans by industry for captive use will be considered as part of capital investment of the unit.

4.2. **Promoting AYUSH and Phytomedicine**
   In order to promote indigenous medicine, Units manufacturing AYUSH healthcare products will be given preference in land allotment. In order to safeguard the traditional knowledge special marketing incentives and for patent filing and certification will be provided to units manufacturing Ayush healthcare products. Similarly, the State will promote Phytopharmaceutical Drugs to encourage alternative medicine and will provide incentives to research and production units to develop market for these products.

4.3. **Research & Development**—
   4.3.1. The strength of pharmaceutical sector largely depends on advancement of R&D in the sector overtime. Innovation is must for sustained development of the pharma sector to meet emerging global trends. Uttar Pradesh is also home to world’s reputed research centres in the sector,
and existing education & research base, which provides immense knowledge and have potential for innovations in bio-tech and pharma sector.

The State aims at providing financial support to the research proposals for R&D and innovation in bio-tech and pharma sector, through the existing education institutes and pharma companies in Uttar Pradesh to drive cost efficiencies. The policy aims at building a strong industry interface in this context. Research projects, clinical trial projects taken up in collaboration with Industry and Institutions will be patronised. Also, the policy will assist in acquiring Patent, and protecting Intellectual Property Rights.

4.3.2. **Technology Transfer** – Owing to poor industry linkages existing traditionally in the sector, Government of Uttar Pradesh aims at building technical capacity of the sector through technology transfer. Technology Development and Upgradation are necessary sustained growth of the sector. The policy patronises technology acquisition in this context. A separate fund would be created for this purpose under State Level Technology Transfer Cell (STTC). Details are mentioned in Section 9 of this policy.

4.4. **Human Resource Development**

4.4.1. **Education** - Uttar Pradesh has largest working age population in India. Also, to cope with growing demand for highly trained manpower in bio-tech and pharma sector, the State Government will support Higher Education and Skill Development in the sector. State Government will augment the capacity of existing Universities, Colleges and Institutions and encourage setting up of Pharma Colleges across various districts in this regards.

Government of Uttar Pradesh shall encourage Universities/ Institutes/ Industries/ Agencies to establish Pharmaceutical Branches and Pharmaceutical Colleges and conduct specialized Long-term and short-term, Diploma, UG, PG courses in Medicinal chemistry, Pharmaceutical Analysis, Pharmacology & Toxicology, Pharmaceutics, Regulatory Toxicology and Management courses in Pharma business management, entrepreneurship development to enhance the competitiveness of Pharmaceutical industry.

4.4.2. **Skill Development** - In order to provide industry specific skills finishing schools will be established in association with industry in educational/R&D institute to make the students employable and industry ready. Such schools will be developed in rural areas of the state on priority, to generate opportunities for rural youth. Also industrial training
centres providing sector specific courses in Pharmaceutical sector would be established in rural areas. In addition to this, Women students/trainees and scientists will be encouraged.

4.4.3. Innovations and Start up – State will encourage innovations through new ventures in Pharmaceutical sector. In order to promote Startups in pharmaceutical sector, the state will use the Startup Fund set up under State’s Start up Policy 2017. Incubators at educational institutions, medical colleges and universities would be set up. The policy provides provisions to help start-ups in pharma sector to scale up their business models.

4.5. Ecosystem Support

4.5.1. Conducive Business Environment – Govt of Uttar Pradesh will make sincere efforts to meet requirements of entrepreneurs in the sector. The policy not only incentivises setting up business in Pharma sector but also ensures a conducive business environment to attract investors as mentioned under State’s Industrial Investment and Employment Promotion Policy 2017.

4.5.2. Simplified Procedures and Ease in Labour laws – The sector in knowledge based and in order to attract and smoothen processes in development of the industry in state, the policy ensures single window clearances to Pharmaceutical Industry. The policy also looks forward to ensure high quality standards and modern testing facilities. In this context, proper infrastructure support and ease in labour laws subject to adequate safety measures will be ensured in Uttar Pradesh.

4.5.3. Encourage Public Private Partnership (PPP) – In order to increase the efficiency, and for optimal utilisation of resources, Govt of UP will encourage investments in PPP projects for developing world class pharma clusters and research and testing facilities in the state.

4.5.4. Eco friendly approach – Since pharma industry produces waste and effluent, this policy aims at promoting the pharma sector in Uttar Pradesh with an eco-friendly approach. Special incentives will be given for effluent treatment and environment protection.

4.5.5. Good Practices – It is important to build a regulatory system which is scientific, transparent, efficient and dedicated to the safety of consumers and environment. The Policy is committed to ensuring safety of the products and processes generated through research so that they are eventually accepted by the end user. Good Manufacturing and Good
Laboratory Practices (GMP, GLP) will be encouraged in this context. Therefore, working concerned agencies will be ensured to conform the safety, standardisation and reliability of the products.

5. Private Pharmaceutical Parks

Govt of Uttar Pradesh will strive to set up Pharmaceutical Parks in the state, especially in areas with strong ecosystem support for the sector. Focus districts under this policy for setting up Pharma Parks will include GB Nagar, Kanpur, Jhansi, Gorakhpur and Varanasi. These parks will provide ‘plug-and-play’ industrial infrastructure allowing companies to focus on their core business, and therefore will comprise –

- Manufacturing area,
- Testing area,
- Cold storages and warehousing,
- Common facility centres, hostel areas
- Other facilities such as standalone power station, sewage treatment plant, etc.

The developers of defined **Horizontal Pharma Park, Vertical Pharma Park and Greenfield Pharma Park** shall be eligible for incentives under State’s Industrial Investment and Employment Promotion Policy (UPIIEPP) 2017–

5.1. Interest subsidy in the form of reimbursement of interest of up to 50% of annual interest on the loan taken to buy land, calculated on the basis of prevalent circle rate, for 7 years subject to a maximum ceiling of INR 50 lacs per annum per Pharma park.

5.2. Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building infrastructure such as self use roads, drainage, etc. in the pharma park subject to INR 10 crore per year with an overall ceiling of INR 50 crore per Pharma park.

5.3. Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building Hostel/Dormitory Housing for workers in the industrial parks/ estates subject INR 5 crore per year with an overall ceiling of INR 30 crore per Pharma park.

5.4. 100% reimbursement on stamp duty on the purchase of land by the developer and 50% reimbursement on stamp duty to individual buyers (first) will be provided on purchase of plot in the Pharma parks.
6. Industrial Policy Incentives

In order to encourage industrial investment in the pharmaceutical sector, the State government will provide concessions, subsidies and financial assistance to promote industrial development in pharmaceutical sector.

For this purpose following incentives as under State’s Industrial Investment and Employment Promotion Policy 2017 will be extended to eligible new pharmaceutical units on case to case basis, and units undertaking expansion and diversification,

6.1. Capital interest subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for procurement of plant & machinery, subject to annual ceiling of INR 50lacs per annum per unit.

6.2. Infrastructure Interest Subsidy – Units setup in Pharma sector in the state, will for a maximum period of 5 years be reimbursed the amount of interest at the rate of 5% payable on loan taken by them for developing infrastructural amenities for self-use like sewage and water drainage, erection of power line, transformer and power feeder, subject to maximum INR 1 crore.

6.3. Industry Research Subsidy to the extent of 5% per annum for 5 years in form of reimbursement on loan taken for industrial research, quality improvement and setting up testing labs, quality certification labs and tool rooms, subject to an overall ceiling of INR 1 crore.

6.4. Electricity duty exemption – 100% exemption for 10 years to all new units.

6.5. Stamp Duty Incentive – 100% Stamp duty reimbursement to all new units.

6.6. Tax reimbursement – 100% SGST reimbursement to all new units eligible under this policy for 10 years.

6.7. EPF reimbursement facility to the extent of 50% of employer’s contribution to all such new units providing direct employment to 100 or more unskilled workers. Units generating minimum employment to 200 direct workers including skilled and unskilled will be provided 10% additional EPF reimbursement facility on employer’s contribution. Other than this, the new pharma units will be eligible for 75% EPF reimbursement towards female workers for next 3 years, after 3 years of setting up the unit under this policy.

6.8. Mandi Fee exemption – In consonance to UP IIEPP 2017, all new pharma units will be eligible for mandi fee exemption on purchase of raw material for 5 years.
7. Environment Protection Subsidy
Since the pharmaceutical industry is polluting and chemical waste intensive, it is important to induce the pharma units to adopt environment protection, conservation and de-polluting manufacturing practices.

7.1. Setting up Common Purpose ETPs - For adopting zero effluent /waste water discharge facilities at Pharma Parks/ Clusters (Common Effluent Treatment Plant, Incinerator, etc.), the developer will be eligible for additional environment protection infrastructure interest subsidy of INR 5 crore or 50% of cost of such common facilities, whichever is less, provided the developer has availed the infrastructure interest subsidy. The cost of such infrastructure should be computed separately.

7.2. Zero Waste Incentive - New individual pharma units eligible under this policy, adopting water recycling/ harvesting and zero discharge technology shall be eligible for environment protection infrastructure interest subsidy of INR 50 lacs or 50% of capital cost, whichever is less. Cost of such infrastructure should be computed separately. The reimbursement would be made on producing a certificate from State Pollution Control Board (SPCB), Uttar Pradesh to this effect.

8. R&D Support
8.1. Support R&D institutes - New R&D institutes or facility set up for biotech and pharma sector in prescribed areas, particularly focusing on Translational Research, will be provided capital interest subsidy in form of reimbursement upto 60% on interest loan taken to set up such facility, including shared industrial testing facilities, excluding land & building cost, subject to a maximum ceiling of INR50 Lacs per project.

8.2. For Industry linked Clinical Trials, 75% reimbursement of the total expenditure incurred subject to maximum INR 1 crore per clinical trial to R&D institutes situated within Uttar Pradesh in a financial year.

8.3. Assistance for contract/ sponsored research work for biotech and pharmaceutical projects from any industrial unit / industry association to recognized R&D institution/university/ colleges in Uttar Pradesh approved by UGC/Government/AICTE will be considered at 50% of the eligible project cost, excluding cost of land and building, subject to a maximum of INR 50 Lacs per project in a financial year to institutes situated within Uttar Pradesh.
9. **Technology Acquisition Fund**

Government of Uttar Pradesh will establish a technology acquisition and development fund with corpus amount of INR 10 crores, for acquisition of high impact technologies patented not earlier than 3 years as mentioned in Section 4.3.2 of this policy. This acquisition should result in either localization of manufacturing or generate large scale employment. The fund will be limited to MSME units in Pharma sector and will be put to use in reimbursing atleast 20% of technology acquisition costs limited to INR 20 Lacs per unit.

9.1. **Uttar Pradesh Pharmaceutical Development Cell** will be set up in this regards for technical guidance and support. The Cell will consist of representatives from concerned departments and experts from different areas of Pharmaceutical and Biotechnology. The matter referred by the regulatory committees and others will be taken up by the Cell from time to time. UP Pharmaceutical Development Cell will operate with the following mandate:

- To promote, support and facilitate the overall development of Pharmaceutical and Biotechnology in the State.
- To facilitate the infrastructure development, research, innovation and human resource development.
- To facilitate regional, national and international networking for promotion of Pharmaceutical and biotechnology.
- To facilitate the development of data bank and resource centres.
- To facilitate creation of scientific awareness, socio-ethical acceptance, adoption and application of Pharmaceutical and biotechnology.
- To oversee the implementation of the Policy and also help in removal of bottlenecks.

9.2. **Uttar Pradesh Pharmaceutical Development Board** under the Chairmanship of Infrastructure and Industrial Development Commissioner (IIDC) will be set-up for governing the decisions in context to the list of technologies to be approved for acquisition. The Board will seek advice from Pharma Development Cell and approve the technologies and beneficiaries under the Technology Acquisition and Development Fund.
10. **Patent Filing and Quality Certification**

10.1. **Patent Filing fees** will be reimbursement up to 100% of actual filing costs on awarded patents subject to a maximum of INR 1lac for domestic patents, and upto 50% of actual filing costs on awarded patents, subject to maximum INR 5 Lacs for international patents. Units manufacturing AYUSH and Phytopharma medicine will be eligible for full reimbursement of actual patent filing costs on awarded patents over the policy period.

10.2. **Quality certification** – Eligible units under this policy will be reimbursed 75% of cost incurred for ISO certification subject to maximum INR 75,000 per unit in a financial year, and 50% of cost incurred for BIS certification, subject to maximum INR 20,000 per unit in a financial year. Units manufacturing AYUSH products will be eligible for 100% reimbursement towards cost incurred for quality certification over the period of this policy.

11. **Capacity Building**

11.1 **Pharmaceutical Incubators** - Government will set up Incubators in Government Pharmacy Colleges, Universities and will also set up Incubators in partnership with private sector. These incubators will be eligible to following incentives as under State’s Start-up Policy 2017,

11.1.1. **Capital Grants** for setting an incubator in form of reimbursement upto 75% in case of Govt hosts, and upto 50% in case of other hosts, subject to maximum INR 1crore.

11.1.2. **Rebate on lease/Rental Space** – Reimbursement upto 25% of lease/rental charges on the space used by incubator for operations upto maximum INR 10lacs per year, for a period of 5years.

11.1.3. 100% reimbursement of Stamp duty and registration fees paid on sale/lease/ transfer of land and office space for first transaction.

11.1.4. 100% reimbursement of electricity duty for a period of 5years.

11.1.5. **Mentorship Assistance** of INR 2lacs per mentor, covering expenses incurred on coaching, guiding, travelling, lodging etc.

11.2. **Skill development incentives** – Skill training related to Pharma sector will be linked to State Skill Development Mission, and INR 20,000 per trainee or 50% of the cost of trainings, whichever is less, conducted by private sector training providers will be reimbursed on training atleast 500 trainees, 120hours each over the period of this policy.
12. **Marketing Support**

12.1. **MSME units** – MSMEs in Pharma sector will be eligible for reimbursement of 50% of cost of participation in international exhibitions/fairs, with a maximum amount of INR 5lac, up to maximum of 10 MSME units per year as prescribed by Govt of Uttar Pradesh.

12.2. **Market for AYUSH and Phytomedicine** – Units manufacturing AYUSH or Phytomedicine, as prescribed by Govt of Uttar Pradesh, shall be reimbursed 75% of cost of participation in international exhibitions/fairs subject to maximum INR 5lacs per event in a year, and will be reimbursed 50% of cost of participation in domestic exhibitions/fairs subject to maximum INR 2lacs per event in a year.

**NOTE**-
A. All incentives in the form of reimbursement, subsidies, exemptions etc., will be subject to a maximum of 100% of fixed capital investment made by MSME, Large units in Pharma sector.

B. All incentives for eligible mega projects in the form of reimbursement, subsidies, exemptions etc., will be subject to a maximum of 200% of fixed capital investment made by Mega units in Pharma sector.

13. **Ease of Business**

Taking forward the vision and mission of State’s Industrial Investment and Employment Promotion (IIEP) Policy, 2017, this policy also ensures ease of business and ensures conducive business environment in the state.

13.1. **Quality Assurance**- Administrative machinery will be strengthened by providing additional manpower and modern facilities in terms of appointing more Drug Testing Laboratories with adequate state of the art testing equipment.

13.2. **Single Window** – All required approvals to Pharma units shall be provided under one roof through single window system of the state. One officer not below the rank of Assistant Commissioner may be designated to assist application submission/processing and issuance of licence/clearances. He/She shall work as nodal officer.

13.3. **Power supply**- State will ensure reliable uninterrupted power supply and 24*7 operations
13.4. **Ease in Labour laws** – Since the sector is knowledge based, in order to ensure continuity in operations ease in the labour laws in terms of working hours, work schedules, etc. will be provided. The units will be allowed to operate in three shifts, including permission for women employees, subject to approved precautionary measures taken to ensure safety of employees at workplace.

13.5. **Industrial Security** – Government of Uttar Pradesh will provide safe and secure industrial environment in the state.

14. **Policy Implementation**

Department of Infrastructure and Industrial Development will be nodal department for implementation and monitoring of this policy.

14.1. **Policy Implementation Unit (PIU)** will be set up under the Infrastructure and Industrial Development Commissioner and Principal Secretary, Department of Infrastructure and Industrial Development. The PIU shall take decisions on matters pertaining to effective and successful implementation of UP Pharmaceutical Industry Policy 2018. The Unit shall be responsible for providing recommendation and approval for incentives applicable to units defined under this policy, and shall provide timely grievance redressal. The Policy Implementation Unit will comprise of Nodal Officers from Department of Biotechnology, Department of Science and Technology, and Department of Food and Drug Administration.

14.2. **Empowered Committee** under the chairmanship of Chief Secretary/an officer delegated by him, shall oversee the development of UP Pharmaceutical Industry Policy 2018 and monitor the implementation of the same. The Principal Secretaries/Secretaries of different departments will be its member. Secretary of Infrastructure and Industrial Development Department will be the Coordinating Secretary of the Committee. Representatives of the Industry Associations will be invitee member.

Note – Pharma units availing incentives from any other policy or those sanctioned by the departments of the State government, will also be entitled to avail incentives/benefits mentioned in this policy provided the same kind of benefits/incentives are not being availed from any other policy.