



सत्यमेव जयते

GOVERNMENT OF GUJARAT

# GUJARAT INDUSTRIAL POLICY 2015

## Industries and Mines Department

Industries Commissionerate

Government of Gujarat

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## LIST OF ABBREVIATIONS

|       |   |   |
|-------|---|---|
| CAGR  | : | Compounded Annual Growth Rate                           |
| CHC   | : | Community Health Centre                                 |
| CSR   | : | Corporate Social Responsibility                         |
| DC    | : | District Collectorate                                   |
| DET   | : | Directorate of Employment and Training                  |
| DIC   | : | District Industries Centre                              |
| DFC   | : | Dedicated Freight Corridor                              |
| DMIC  | : | Delhi Mumbai Industrial Corridor                        |
| DRDA  | : | District Rural Development Agency                       |
| DTE   | : | Directorate of Technical Education                      |
| EOU   | : | Export Oriented Unit                                    |
| FDI   | : | Foreign Direct Investment                               |
| FSI   | : | Floor Space Index                                       |
| GoG   | : | Government of Gujarat                                   |
| GDP   | : | Gross Domestic Product                                  |
| GIDC  | : | Gujarat Industrial Development Corporation              |
| GIFT  | : | Gujarat International Finance Tec City                  |
| GMB   | : | Gujarat Maritime Board                                  |
| IID   | : | Integrated Infrastructure Development                   |
| IR    | : | Investment Regions                                      |
| IA    | : | Industrial Areas  |
| MMTA  | : | Million Metric Tonnes per Annum                         |
| MSME  | : | Micro, Small & Medium Enterprise                        |
| PPP   | : | Public Private Partnership                              |
| PCPIR | : | Petroleum, Chemical and Petrochemical Investment Region |
| PHC   | : | Primary Health Centre                                   |
| R&D   | : | Research and Development                                |
| SIR   | : | Special Investment Region                               |
| SME   | : | Small and Medium Enterprise                             |

## 1. Intent and Objective of the Industrial Policy 2015

1. Government of Gujarat intends to create a healthy, conducive climate for conduct business and industrial production. This would include, inter alia; streamlined approval process, regional and economic linkages in the state, in-house skill development, thrust to labour-intensive industries, focus on sustainability and innovation with positive externalities for affiliate sectors.
2. The new industrial policy 2015 of Gujarat is a framework than a detailed blueprint, aimed at defining the broad contours of the government's mission towards augmenting the industrial development of the state.
3. It is aimed at explaining the government's approach and fundamental principles towards enabling industrial and business environment to interested stakeholders, corporates, industrialists, partner institutions besides being a reference point for further changes in specific resolutions.
4. The new Industrial Policy has the following broad idea:
  - a. Create the framework for industrial growth that empowers people and create jobs, thus leading to a snowballing effect in the economy
  - b. Create a roadmap in the State for improving its ability to facilitate business.
  - c. Provide a reference point for intra-governmental and public-private coordination of policies, laws and principles of economic development.
  - d. Simulate institutional learning that comprises state-industry interactions rather than a drawing board for mere allocation of resources and provision of permissions

## 2. Industrial Policy 2015

### 2.1. Background

The world had witnessed a deep economic crisis in the year 2008 with developed countries suffering a double dip recession and emerging economies suffering a slowdown. Most of these countries are still undergoing low or stagnant GDP growth due to lingering effects of the crisis coupled with high inflationary pressures. This does not bode well for global growth. Increasingly, Asia is being recognised as the region that can trigger a wave of economic activity with positive spill-over effects.

During FY2013-14, amid slow growth and high inflation, the Indian economy had to contend with serious challenges to external stability arising from an unsustainably high current account deficit (CAD), capital outflows and consequent exchange rate pressures. With a commitment to fiscal consolidation, strengthening of the monetary policy framework and better policy implementation by RBI and government, GDP growth is expected to be around 5.5 per cent in FY2014-15 up from the slow 5 per cent growth in

the preceding two years.<sup>1</sup> However, to secure a sustainable growth of at least 7 per cent over the medium term, microeconomic policies will need to work in tandem with a supportive macroeconomic regime. India's huge domestic market, increasing GDP growth, and the ability to withstand global recessionary trends make it an attractive destination for investments from world over.

Requirement for sustainable growth creates a need for employing efficient industrial processes which also helps alleviate the overall environmental damage. Also, the Government has a domestic mitigation goal of reducing emissions intensity of GDP by 20-25% by 2020 based on 2005 level. Also, the energy intensity of India's output has shown a declining trend owing to improvements in technology and energy efficiency.

### **Nation Wide Thrust to Domestic Manufacturing: "Make In India"**

Capitalising on these positive global sentiments, the Prime Minister of India has launched the ambitious program "Make In India" to boost domestic manufacturing and local business. The programme is based on the simple idea of making India a hub for efficient and competitive manufacturing that attracts domestic and foreign investors alike.

#### ***Zero Defect, Zero Effect***

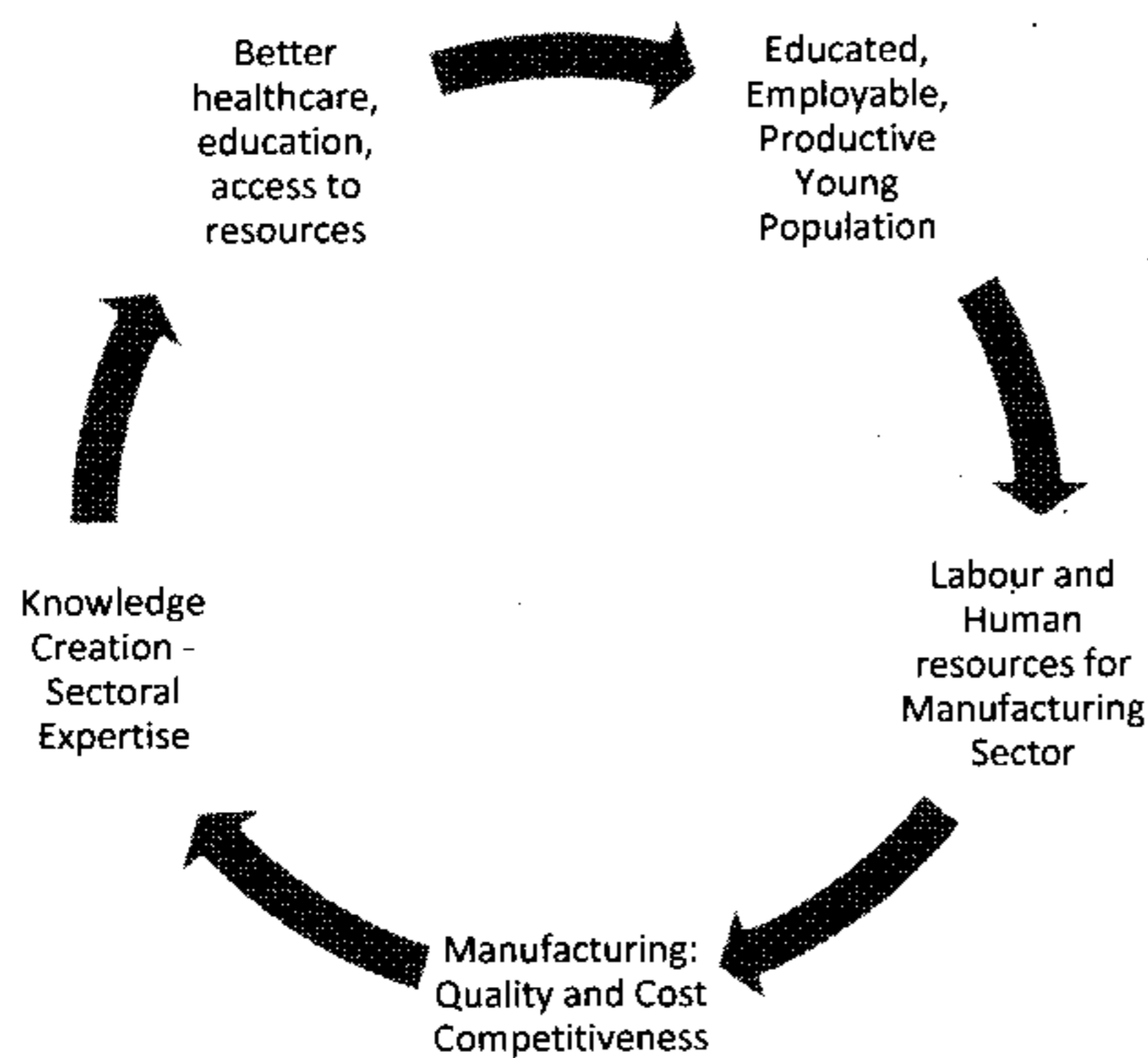
Manufacture products with little defects making them export-friendly, without negatively impacting the environment making them sustainable in the long run

Program focusses on formulating new directions for a robust economy and highlights three points for improving business environment:

1. Measures to enable, facilitate and streamline manufacturing businesses will be taken
2. Newer avenues for FDI in manufacturing will be ascertained
3. New industrial clusters for promoting advanced practices in manufacturing, like use of recycled water through zero liquid discharging systems will be created

Aiming to leverage the demographic dividend of a young, working population, the program focusses on improving the manufacturing scenario in the country.

<sup>1</sup>Reserve Bank of India Annual Report 2013-14



## Contribution to Economic, Social Well-Being of the Nation

India is poised to become the youngest country by 2020 with an average age of 29 years, accounting for 28% of the world's workforce. This means that the ratio of dependents to breadwinners would be significantly reduced in India in the future. A thriving manufacturing sector will create both white and blue collar jobs on a large scale preventing urbanisation-related problems resulting in development of regional expertise.

## Strategic Advantage in the Global Sphere

Leveraging the demographic dividend and abundance of natural resources, will result in cost-effective production. Adoption of "Zero defect" approaches lays stress on quality that makes the products globally competitive. With these strengths, a thriving manufacturing sector will change the perception of Indian manufacturing quality for the better, giving it a dominant and strategic advantage on the world map. In view of the objectives of 'Make in India' campaign; New Industrial policy of Gujarat would be tailored to encourage development of excellent infrastructure by the state with a focussed sector development approach and due respect to environment.

## 2.2. Gujarat: Shaping India's Economic Growth

Situated on the west coast of India, Gujarat is one of the leading industrialized states in the country. Its geographical area of about 2 lakh sq. km. accounts for 6% percent of the total area of India. With a coastline of 1600 km, it is well connected to all the major port-based trade routes, such as USA, Canada, Europe, Australia, China, Japan, Korea, Gulf & African countries and other major trade cities of the world by air route.

Gujarat contributes more than 7.5 percent to India's GDP and 18 percent to India's fixed capital. More than 10% of the country's factories are in Gujarat while its manufacturing sector contributes 28% to its GSDP. In spite of the global economic meltdown, Gujarat achieved an annual GSDP growth of 10% in 2005-13 which is more than the national average in the same period.<sup>2</sup>

The share of primary, secondary and tertiary sectors in the gross state domestic product has been reported at 17.9 percent, 35.1 percent and 47.0 percent respectively in 2012-13

<sup>2</sup> Socio Economic Review, 2013-14, Govt. of Gujarat, July 2014



at current prices.<sup>3</sup> Besides a robust primary economy, Gujarat is also one of the most industrialized states with dominance in many industry sectors such as textile, engineering, chemicals, petrochemicals, drugs and pharmaceuticals, dairy, cement, ceramics, gems and jewellery, auto & auto components, agro & food processing to name a few. In terms of raw material and products available, an impressive 91 percent of India's requirement of soda ash and 66 percent of its requirement of salt is produced by the state. Remarkably, chemical industries in Gujarat account for more than 35 percent of total chemical production in the country.

### **Focus of Gujarat's economy**

From the current position of a healthy economy, Gujarat can move on an accelerated high-growth trajectory. Gujarat's development vision will continue to emphasise on integrated & sustainable development, employment generation and inclusive growth.

The state is geared towards development of robust infrastructure that will form the base for spurring higher growth. There has been balanced development in the field of agriculture, manufacturing and services which has increased livelihood opportunities in the state. Among all other things, Gujarat intends to take up Climate change mitigation measures, utilise the large youth talent pool and tap ways to benefit from other natural resources.

More than 60% of Gujarat's population is in the age group of 15-59. A young population means a young workforce, which, in turn, implies a more innovative and entrepreneurial mind-set. The government focusses strongly not just on the employability but also on encouraging start-up incubators for developing entrepreneurial skills in the youth.

In the first phase of development, led by an entrepreneurial spirit and backed by the strong support of the Government, Gujarat emerged as a manufacturing powerhouse. In the next phase of development, the state intends to move towards facilitating employment-creation and value addition from available raw materials for producing finished products. The third phase of development ushers in a regime of new product development. The State will track the rapidly changing global economic scenario and ever changing business demands in fields of innovation. In this context, the Government intends to update the State's Industrial Policy. *The new Industrial Policy with its holistic approach towards investment, innovation, value addition and business would identify specific interventions across sectors which would be instrumental in generating employment and bringing about inclusive growth.*

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<sup>3</sup>Socio Economic Review, 2013-14, Govt. of Gujarat, July 2014

### 3. The Gujarat Vision

***'Gujarat' as a globally competitive and innovative industrial destination that stimulates sustainable development & promotes inclusive growth***

Given the inherent strengths of the State and the strong positioning both from national and international perspectives, and being in the forefront to promote excellence, the state of Gujarat has a dual vision:

By making Gujarat as an attractive "Total Business Destination", expedite the overall country's economic growth, thereby increasing the standard of living and prosperity among the people of Gujarat by giving them the opportunity for skilled employment and nurtured enterprises.

#### 3.1. Mission

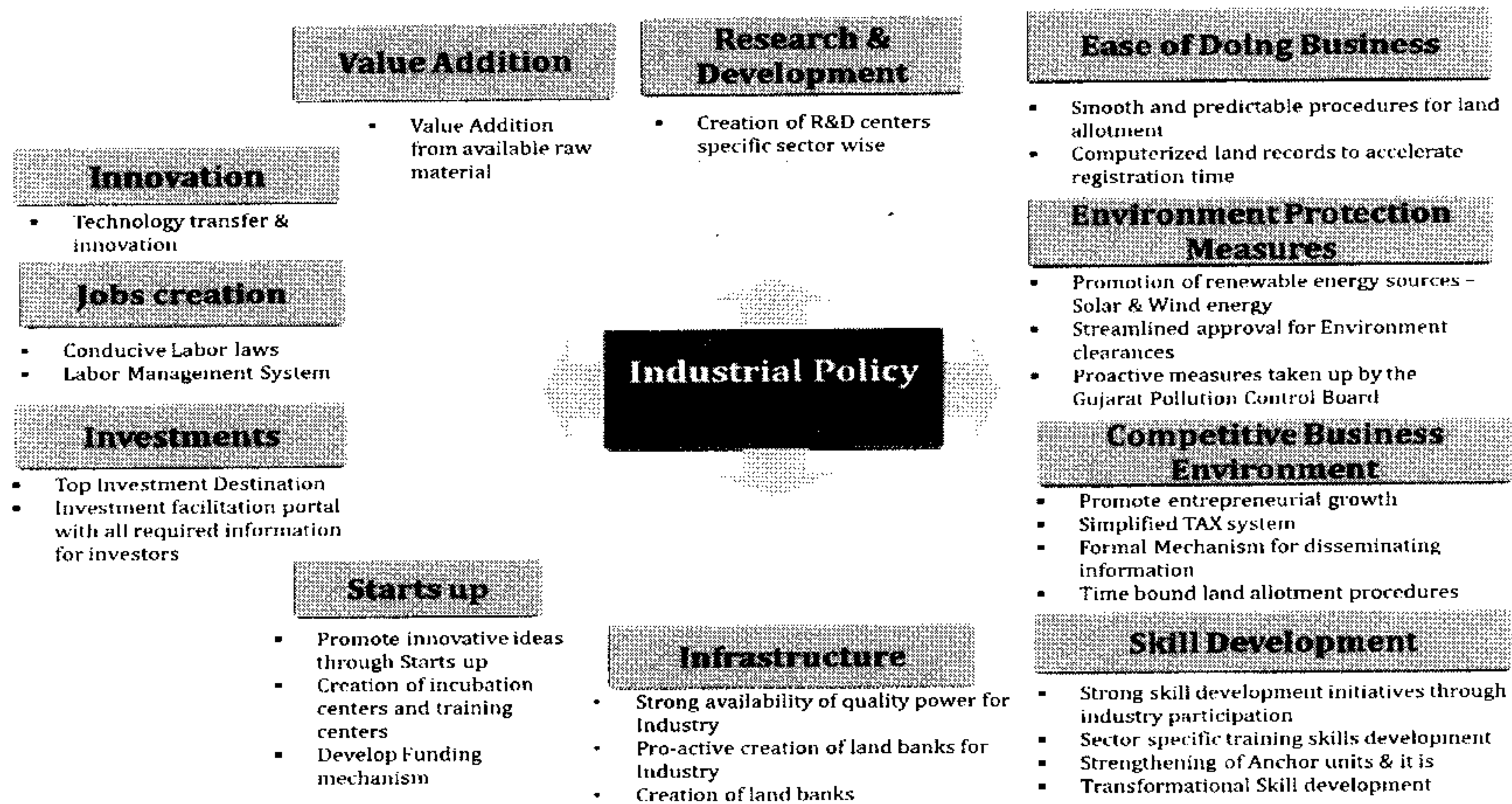
- To create employment opportunities for both skilled and unskilled workforce
- To become a Global hub for manufacturing
- To promote Ease of Doing Business to create business friendly environment
- To provide pro-active support to micro, small and medium enterprises
- To promote the spirit of innovation and incentivize entrepreneurship among youth by providing specific sector skills and seed capital
- Ensure effective implementation of the policies

#### 3.2. Strategy for achieving growth

The strategy for achieving growth seeks to promote collaboration among regional value chains by encouraging innovative activity and sector-specific interventions:

- Accelerating Development of Infrastructure
- Promoting labour intensive industries
- Focus approach for Industrially under-developed Areas
- Strengthening sector-specific skill development and vocational skills
- Encouraging Universities for start-ups & innovative product development
- Support technology up-gradation and research & development
- Promote trade facilitation & e-governance
- Support to Service sector enterprises
- Conducive labour reforms including more opportunity for Women
- Focus approach on 'Make in India' program
  - ✓ Improving business environment with stress on 'Ease of Doing Business'
  - ✓ Enable manufacturing processes
  - ✓ Zero effluent discharge plants
- To enhance last mile connectivity for strengthening development of infrastructure
- To promote specific sector approach & value addition in production
- To encourage the adoption of green, clean-energy business practices
- To promote innovation, start-ups & technology transfer

To facilitate investment into the State, major strategies for achieving growth have been identified.



### 3.1.1 Accelerating Development of Infrastructure

A sound infrastructure is the backbone of a healthy economy. The State already possesses excellent infrastructure which include the highest network density of roads, connectivity by rail to all parts of the country, an international airport and major and minor ports. The State will identify and develop required infrastructure in SIRs, GIDC estates or private industrial parks/ areas for which Last mile connectivity is a prime concern.

### 3.1.2 To promote labour intensive industries

The role of labour intensive industries is to enable Government & Private enterprises in different sectors to fully exploit the economic scenario generating maximum employment. The government intends to provide incentives for the following focus sectors: Garment, Apparels & Made-Ups industry, Agro and Food processing, Assembling enterprises and others similar sectors which will be defined from time to time. Separate & specific incentives would be earmarked for the development of labour intensive industries. Investment in this sector is likely to create vast opportunities for ancillary and downstream industries in the small, medium & large sector in the State.

### 3.1.3 Focus approach for industrially under-developed areas

Over the last two decades, the under-developed industrial areas of the state have shown remarkable improvement. This developmental change rode on the back of advantages that came from upliftment of socio economic conditions, 24x7 electricity supply, increased road and rail connectivity and spread of telecom network. The present policy will continue to focus for development of industrially under-developed areas.

### **3.1.4 Strengthen sector-specific skills and promote vocational skills**

With the state intending to be a frontrunner for attracting global investment, the employment opportunities generated would also be on lines of industry demand. The policy has laid emphasis on creation of opportunities that would directly augment employment in the State. The training module should be developed with close involvement of industry and other stakeholders in the planning and implementations stages for development of sector-specific skills. The policy strives to empower these centres by bestowing sufficient autonomy in its academic, administrative, and management areas. The policy recognises the need to develop 'Centres of Excellence' for sector-specific development of industries in the state.

### **3.1.5 Strengthen specific sector approach**

The industrial Policy aims to encourage the manufacturing sector to up-grade itself to using cutting-edge technology and innovative means to significantly add value and create products that command a niche position in the global markets. Building backward and forward linkages in the focus sectors will help in creating a strong multiplier effect in the economy, which would boost consumption and growth. The Government has identified Plastic industry as one of the specific sectors for focussed approach and would continue to identify more such sectors.

### **3.1.6 Develop linkages between University and Industries**

Collaboration between industry and universities brings in seamless access to the most advanced technology, academic research and comprehensive knowledge in a cost-effective manner as the universities possess a large pool of expertise. University-industry interaction covers a wide range of relationships which include seminars, workshops, training, contract research, consultancy, incubation, patenting, spin-offs and the ilk. These relationships generally involve research grants, donations for equipment and facilities, fellowships, scholarships and short-term modes of information exchange such as university sponsored training programs, symposia and technical publications and setting up of Incubation centers. The State Government will actively promote innovation/ start-ups and once the idea is commercialized, the innovator will be provided incentives through venture capital fund, marketing support and other means of assistance.

### **3.1.7 Support in technology up-gradation and research & development**

To attract investment and upgrade technology, the State Government has accorded priority to research and development activities. The policy envisages technology transfer and its integration with the other dimensions of the business to improve the competitiveness of the Industry.

### 3.1.8 Promote Trade facilitation & e-governance

Promotion of "Trade and E-Governance" means facilitation of foreign trade by way of promoting effective and efficient delivery of services by various regulatory agencies involved in Foreign Trade. Exporters/Importers would be enabled to avail services from these agencies in an online environment. Trade facilitation centres would be established in respective countries to attract more MSMEs or large enterprises. These facilitation centres, acting as Investment facilitation centers, would give complete information on the new initiatives and development in Gujarat State.

### 3.1.9 'Make in India' Campaign

The Make in India Campaign launched by the Hon'ble Prime Minister has formed an overarching, pervasive theme present in each area of Gujarat Industrial Policy 2015. Gujarat's Vision has embraced this landmark initiative and strives to implement it in letter and spirit as part of its Industrial growth strategy. Thus a strong emphasis has been made on improving the overall business environment, improvement in manufacturing and establishment of zero discharge plants which are key to the overall industrial development promoted through this policy.

### 3.1.10 Conducive Labour reforms

The Government strongly feels that a conducive labour environment, both in terms of availability of skilled labour force and in terms of a favourable legislative framework, will be very essential for the achievement of the intended objectives. Thus, an effort would be made to review and simplify existing rules. To increase transparency in inspections and enable entrepreneurs to focus on core issues of business, State Government will take steps to overcome the problems faced by enterprises. The state also intends to promote women employment by addressing inclusive growth and sustainable development.

## 4. Inclusive Growth & Development

After passing through various phases of growth, the state economy is set to enter the next stage which is marked by a high rate of expansion and a focus on 'inclusive growth'. Inclusive growth brings about equitable distribution of wealth and is necessary for sustainable development. The key components of this growth strategy include a sharp increase in rural investment, rural infrastructure and rural employment, besides development of backward industrial areas. The Industrial policy intends to promote labour intensive industries which will boost employment for a balanced regional development and for provisioning equal opportunity for all socio-economic groups particularly women, SC/ST population & under developed industrial areas etc.

## 5. Ease of Doing Business

Gujarat Industrial Policy 2015 focusses on 'Doing Business' in Gujarat ease that includes simplification of procedures, minimizing of waiting period and improvement of business environment. As part of this initiative to strengthen Gujarat's image as an investor friendly state, the Government will ensure that the investor is facilitated in the following manner:

**A. Strengthening the Single Window System:**

- a. The investor shall be facilitated to file all applications related to project at one point.
- b. A special cell will be set up at the Industries Commissionerate to act as a nodal office and involve the concerned departments wherever necessary with respect to investments as well as concerns and issues that the industry may have encountered.
- c. Details of procedures and formats for various approvals will be placed on website for easy reference of investors.
- d. Over a period of time, a time bound schedule for clearance of investor applications will be decided and all government agencies will work in coordination to ensure expeditious movement of applications.
- e. The Cell will become a repository of information regarding state infrastructure, information about investment application processes and issues being raised across the industry. Additionally, this cell will also feed into a platform for information dissemination and will provide additional information related to orders, rules & regulations.
- f. Coordination with the relevant departments and required updates will be provided to the investors through this System.
- g. A district level Committee will be constituted under the Chairmanship of Collector which will periodically review the status of pending applications with Single Window System and with the concerned departments.

**B. Simplification of Procedures:**

As part of good governance practices, there is a need to simplify various processes with respect to Industrial approval. A Committee under the chairmanship of the Chief Secretary and comprising of Secretaries of all concerned departments will be constituted. This Committee will identify areas which need rectification and amendments in the rules and submit a report to Government in three months.

**C. Chief Ministers' Cabinet Committee for Industrial Policy and Monitoring (CCCIPM):**

The State will constitute the Chief Ministers' Cabinet Committee for Industrial Promotion and Monitoring under the Chairmanship of Hon'ble Chief Minister. This Committee would. Inter-alia;

- a. Monitor projects as specified
- b. Resolve various interdepartmental issues
- c. Remove difficulties in the implementation and interpretation of this policy
- d. Sanction customized packages for industries in specialized areas and sectors covered under 'Make In India' campaign.

**6. Proposed policy objectives & framework**

The New Industrial Policy envisages Gujarat as a globally competitive and innovative industrial destination. The policy aims to build and expand on the existing growth pattern in the state. It will also encourage value addition in focus sectors. The policy measures proposed for the development of an integrated industrial base within the State can be achieved through the exploration of regional synergies in value-addition and enhancement of export competitiveness.



- Global Hub regional manufacturing & presence of excellent infrastructure
- Leverage Delhi Mumbai Industrial Corridor (DMIC), its influence area in Gujarat and focus development of Special Investment Regions (SIRs)
- Promote balanced regional development and Encourage Labour Intensive industries
- Facilitate centres of excellence for specialized sectors leading to skill enhancement
- Reward adoption of new technology and promote Innovation and Technology transfer
- Adopt Green practices and improve environmental infrastructure
- Proactive support for development of infrastructure
- Achieve higher economy, growth and higher development by providing additional support to MSME sector.

The interventions which have been proposed under the new industrial policy are discussed below:

### **6.1. Develop Global hub for manufacturing & excellent infrastructure**

The State has initiated several projects which will re-define India's economic journey and will put the country on the high-growth trajectory. Projects like GIFT City, DMIC/DFC, Dholera SIR, other SIRs and other large infrastructure projects will help cement the strong image of Gujarat as one of the most progressive and developed states in the world. Gujarat has been successful in connecting tribal, coastal, industrial and rural belts with the mainstream part triggering a wave of faster development as compared to that of other states of the country.

Gujarat has once again taken the lead in pioneering industrial development with the establishment of Special Investment Regions (SIR), along the Delhi-Mumbai Industrial corridor of which 38% falls within Gujarat. It has also taken the initiative in exploiting renewable sources of energy besides emerging as the Petro Capital of India. The new projects proposed include up-scaling the solar power project, exploring the potential for offshore windmill project around Gujarat coast and developing distribution of renewable energy through smart grids to be dovetailed with Government of India Policies.

### **6.2. Leverage Delhi Mumbai Industrial Corridor (DMIC), influence area in Gujarat and Special Investment Regions (SIRs)**

The state has evolved from developing Industrial estates by GIDC to creating specific sector/ product clusters to establishing SEZs to envisaging Delhi Mumbai Industrial Corridor (DMIC) and Special Investment Regions (SIRs). The State has already developed Petroleum, Chemical and Petrochemical Investment Region (PCPIR) at Dahej and Knowledge corridor at Gandhinagar. It is also in the process of developing Ahmedabad-Dholera Special Investment Region (SIR), Gujarat International Finance Tech city (GIFT) and Integrated Townships.

The most important infrastructure development is the Dedicated Freight Corridor (DFC) and the Delhi Mumbai Industrial Corridor (DMIC). About 38% of the proposed multi-modal axle load 1483 km western Dedicated Freight Corridor (DFC) between Delhi and Mumbai passes through Gujarat which offers opportunities to pursue high-intensity economic activity.

High impact nodes for development of Integrated Investment Regions and Multiproduct Industrial Areas have been identified along the corridor. The new industrial policy aims at leveraging various industrial areas in the region:

- Palanpur-Sidhpur- Mahesana Industrial Area
- Ahmedabad-Dholera Investment Region
- Vadodara-Ankleshwar Industrial Area
- Bharuch-Dahej Investment Region
- Surat-Navsari Industrial Area
- Valsad-Umbergaon Industrial Area

### **Special Investment Regions (SIRs)**

SIR Act 2009, intends to provide for establishment, operation, regulation and management of large size Investment Regions and Industrial Areas in the State of Gujarat. Out of total proposed SIRs in the State of Gujarat, **PCPIR-Dahej and Halol-Savli** have already been developed for sector-specific industries. To attract focus sector investments in SIRs, phase-wise implementation would be undertaken by developing 1000 hectares of suitable land as per the original master plan.

### **6.3. Facilitation of Large/Mega Projects**

The facilitation of large/ mega projects in the state would be applicable under the following framework:

- a) It will include core infrastructural projects like Roads, Logistics Parks, Utilities, Railway line, Express ways, Fast Passenger Trains/ High Speed Trains, and other such projects as may be decided by the Government from time to time. However, it will not include townships and residential or commercial projects. In addition, it may also include other innovative projects as may be decided by the Government from time to time.
- b) Large and Mega projects have a multiplier effect integral for employment generation and for inclusive growth. The development of large industries will attract ancillary and auxiliary industries in the SME sector leading to a positive domino effect in the economy. One fact we cannot overlook is intense competition to attract a project in nearby States. Any policy regime will have to take this into account. We have already outlined in this policy, contours of facilitation process. In view of the importance of such projects to the socio economic development of the state. A graded incentives structure has been devised for Large/ Mega projects for categories as detailed below:

#### **Three categories will define the graded structure:**

- 1) Cowalgi Taluka's & Talukas having existing investments of less than Rs. 10 crores
- 2) Talukas having existing investments between Rs. 10 crores and Rs. 1000 crores
- 3) Talukas having existing investments of more than Rs. 1000 crores.

#### **Further, projects will be classified into four categories:**

- 1) MSME – less than Rs. 10 crores



- 2) Large projects – Above Rs. 10 crores to Rs. 1000 crores
- 3) Mega Projects – Above Rs. 1000 crores to Rs. 4000 crores and
- 4) Ultra Mega projects – Above Rs. 4000 crores.

The incentives structure will be decided separately. This incentives will be applicable for new units and substantial expansion of existing units. The projects which are under implementation will not be eligible for incentive. Scheme would be applicable to sectors as decided by the Government.

## 6.4. Promoting balanced regional development

The new industrial policy emphasizes a need to ensure balanced regional development in Gujarat by means of adding value, facilitating linkages and leveraging regional advantages. Some regional factors, such as those related to physical features and geographical location cannot be easily altered, but there are others which can be strengthened by improving quality and access to education, by developing infrastructure and bettering power connectivity and by incorporating technology at different levels.

### 6.4.1 Development of Non-polluting Industries in under-developed & other emerging industrial areas

Over the last two decades, there has been a remarkable development in the under developed industrial areas of the state. This developmental change rode on the back of advantages that came from upliftment of socio economic conditions, 24x7 electricity supply, and road connectivity to remote villages, rail connectivity and spread of telecom network. Some time ago, Gujarat envisaged the concept of **RURBAN**: to provide urban-like amenities in larger villages while still retaining the rural soul of such places. All villages in Gujarat have already been electrified under Jyotigram. They have road and network connectivity. In the coming four years, in a concentrated effort, the government intends to strengthen drinking water supply, drainage facilities, and health and education amenities in these Rurban villages. Moreover, the focus would be on skill development, furthering cultural aspects, sports facilities and livelihood opportunities. This could lead to a better quality of life and a transformational regeneration in these villages.

For the under developed industrial areas, specific incentives have been envisaged in the policy which will create a platform for new areas of development and mobilize economic development by promoting non-polluting industries. The State Government would create a roadmap for sector-specific development based on local aspirations and conditions in each of the under developed regions. The policy will explore the potential of local primary resources and skills for creating opportunities through value addition and labour intensive industries.

### 6.4.2 Leveraging existing strengths & Resources

The state is suited for rapid industrial development as it has strengths of a long coastline, sturdy infrastructure, strong manufacturing base, entrepreneurial economy and pro-development mindset of its people and Government. For sustainable



development, it is necessary to ensure that the inherent advantages are identified and put to productive use. The new policy will bring a transformation in terms of expansion of industrial base aided by innovation and technology transfer and Value addition from available raw materials.

### 6.4.3 Promotion of Cluster Development in State

Clusters are geographic concentrations of competing and collaborating firms that tend to speed up economic development in an area by improving competitiveness, developing synergies and introducing innovation especially in the MSME sector. The MSMEs play an important role in Indian economy by contributing nearly 8% to the country's GDP, 45% of its manufacturing output and 40% of its exports. Socially, the sector is instrumental in giving employment to a large number of people thus creating social stability and local engagement, generating regional expertise in various domains. Considering its importance, the new industrial policy lays special emphasis on cluster development approach by providing special assistance schemes. The schemes would not only lay importance on softer interventions such as technology up-gradation with assistance from R&D Institutions/University, product design, quality improvement, common branding and marketing facilities, capacity building and productivity improvement; but also on harder interventions such as creation of cluster-specific common infrastructure and facilities, development of common facilities such as raw material or product warehouse, testing laboratory, R&D Institution, tool room facilities, incubation center, CFC, ITI extension center and other need-based facilities. This would enable the MSMEs to build capacities and take advantages of emerging global opportunities. The policy's prime focus is on augmenting the incomes of all people dependent on MSMEs and on making industry cluster stakeholders more responsive, efficient and competitive.

The provisions for financial assistance proposed in the New Industrial Policy are as follows:

- a) Assistance will be subject to preparation of a Comprehensive Development Plan for 5 years by the project cluster group
- b) Pecuniary assistance to nodal institutions/ hiring of experts.
- c) Clusters will be eligible for financial assistance as available under the Scheme of Critical Infrastructure

### 6.4.4 Agro and Food Processing

The policy also aims to establish direct and stronger linkages between the agri sector and the economic development in the State with an intention to develop Gujarat into a national agro hub. This would bring better returns to the farmers of the State. Therefore, giving impetus to the agro industries would improve the entire value chain.

GoG seeks to attract investment in Agri-business to provide a remunerative price to farmers, generate employment opportunities in rural areas and provide safe food products to the consumers.

There is a vast untapped potential for expanding food processing industry in the state which can be addressed by developing infrastructure to better the value of farm produce



and to limit wastage. To facilitate growth in this sector, the state is developing Food Parks and modern processing facility for fisheries which will enhance value addition.

Following activities will be incentivized:

- Hi-Tech Agriculture
- Organic farming
- Pre-farm gate value addition projects
- Agro processing and Agri-infrastructure projects
- Research for varietal development
- Post-harvest management
- Quality Certifications in entire value chain
- Setting up of Food testing Laboratories
- Export of fresh fruits, vegetables, flowers, live plants by air and sea route
- Participation in International Trade Fairs
- Setting up of Cold Chain
- Setting up of Irradiation, Logistics Park and Ware houses

The Agriculture Department is in the process of bringing out separate intervention on Agri&Food Processing industry for this sector.

#### **6.4.5 Promotion of Labour Intensive Industries**

Recognizing the state's development, Government of Gujarat intends to provide adequate thrust to labour intensive industries by provisioning specific packages catalytic to its industrial development. The government intends to provide incentives for the following focus sectors: Garment, Apparels & Made-Ups industry, Agro and Food processing & Assembling enterprises etc. and others similar sectors as defined from time to time.

Separate & specific payroll incentives are earmarked for the development of labour intensive industries. Additional payroll incentives will be given to women employees. Investment in this sector has created vast opportunities for ancillary and downstream industries in the small, medium & large sectors. Efforts will be made to promote any missing link in the entire value addition: All the necessary steps such as increased R&D in the specific sector development, design development, adoption of new production techniques, strategic tie ups with premier design institutes, would be facilitated.

#### **6.4.6 Promotion of Value Addition**

For sustainable development, it is necessary to ensure that one's existing and inherent advantages are identified and put to productive use. The new industrial policy seeks to promote industrial development by exploring the use of local primary resources. Gujarat is fortunate to have a strong domestic base in industry sectors such as **textile**, engineering, chemicals, petrochemicals, linen, drugs and pharmaceuticals, dairy, cement, minerals, ceramics, gems and jewellery, auto & auto components, agro & food processing etc. In some areas of production, it is the leading state in the country. The new policy will explore measures of growth that rely on value addition and new technology. In the existing Textile Policy, processing units would be added. Also, common dyeing & processing units would be incentivized in the Textile/ Apparel Parks.



A detailed study will be conducted by the State Government and subsequently, sectors eligible for incentives will be identified.

#### 6.4.7 Promotion of Marine Products

*To provide larger and improved livelihood opportunities to the populace in the 'Sagarkheda' Talukas*, marine products is one of the main areas of exploration. The bulk of the marine catch comprises oil sardines, followed by penaeid and non-penaeid shrimp, Indian mackerel, Bombay duck, croakers, smaller quantities of cephalopods, other sardines and threadfin breams.

There is a huge scope for investments in packaged products, marine processing plants, operations in preservation, processing and export of coastal fish for the private sector as it holds vast, untapped marine resources with a great export potential. Processing of fish into canned and frozen forms is carried out mostly for exports. Besides, there is an increased demand for processed and ready-to-eat marine products in the domestic and foreign market. Fish, has retained its position as the principal export item in quantity terms and the second largest export item in value terms.

Government will take an initiative for establishment of marine-based food parks through public private partnership. Government will also encourage investment in infrastructure for distribution and storage. The policy aims to facilitate the bringing in of large trawlers into Indian water's so that value addition of the catch can be encouraged in India. Similarly, preparation of Jetties for Deep Sea fishing trawlers in PPP mode will be encouraged.

Policy Measures designed for sustainable fisheries area are as follows

1. Promotion of Indian Ownership of Large trawlers
2. Promotion of Deep Sea Fishing
3. Improvement of quality & packaging of marine export products
4. The State will support to develop modern processing facility for marine products across the Coastal areas.

The Fisheries & Port Department will bring out a separate policy for this sector.

#### 6.4.8 Promotion of IT/ITeS & Electronics based Industries

Government of Gujarat has introduced a new IT policy that envisages providing a proactive and industry-friendly climate conducive for expansion of IT companies. Incentives and assistance will be provided for allotment of land, mega IT/ITeS projects, development of IT/ITeS Technology Park, registration/ stamp duty concession, lease rentals, Electricity Duty Exemption and Industrial Tariff for IT/ITeS.

The policy will also work towards establishing the state as a preferred IT destination for Micro, Small and Medium Enterprises (MSMEs) by providing assistance in interest rate subsidy, quality certification, technology acquisition fund, skill enhancement, R&D institutions, establishment of premier IT institutions, patent assistance, market development, simplification of labour laws, subsidy on Bandwidth for Connectivity (for BPOs/KPOs) and exemption from zoning regulations.



## Electronics Policy

Government of Gujarat has introduced a new Electronics policy (2014-19) with the aim of establishing a self-reliant Electronics System Design and Manufacturing (ESDM) Industry which caters to domestic needs besides gaining a foothold in the international market. The policy includes development of human resources, creation of local demand for electronic products, promotion of ESDM companies in the State, creation of eco system for innovation and promotion of R&D. The policy also includes incentives for clusters & anchor units, registration & stamp duty concession, uninterrupted availability of power tariff subsidy, VAT/CST Incentive, employment generation grant on EPF, single window clearance system. The incentives for ESDM MSMEs are interest subsidy, quality certification, technology acquisition fund, and support to R&D institutions, patent assistance, and market development assistance.

### 6.4.9 Promotion of Port and related activities

Gujarat's long coastline along with its excellent transport infrastructure has paved the way for port sector development in the state. The ports of Gujarat have been the gateway to northern hinterland of India and have benefited enormously from the domestic growth in the country. Projects like DMIC and DFC will further improve this transportation link. 38% of DMIC area falls in Gujarat and about 6 major growth nodes are being developed along the proposed corridors. A large part of this future traffic of northern states would be using Gujarat Ports due to logistical and locational advantage.

Concomitantly, state of Gujarat itself is developing many pioneering initiatives like SIRs, Port Cities, port based SEZs etc, under the "Port Led Development" approach. Understanding the need of industries, Gujarat ports are gearing up for the large capacity building in the future.

#### Development of Port Infrastructure

Gujarat Maritime Board has taken the lead in establishing a Port Policy in 1995 and catalysing private sector participation in Port Development. Gujarat's PPP models of captive jetties, private jetties, Private ports and Joint Sector Ports have been quite successful in creation of huge port capacities. Since establishment of GMB in 1982-83, traffic at Gujarat's non-ports has grown by annual growth rate of more than 15% (till 2013-14). Overall Gujarat's non-major ports together handle 74% of the total non-major port traffic of India. The capacity utilisation rate at Gujarat non-major ports has increased from 61% in 2003-04 to 80% in 2013-14, the international standard is 70%.

Gujarat is presently engaged in the number of pioneering initiatives. The state has made Vessel Traffic Management System (VTMS) operational in the Gulf of Kutch and Gulf of Khambhat. GMB is establishing an ambitious Integrated Port Management System (IPMS) that shall act as a single solution to GMB's information needs. Further, Gujarat is contemplating a state-of-the-art maritime university for providing shore side courses on topics like maritime transportation, policy & administration, management, safety, security and environment protection. The university will also have a focus on research activities. Courses shall be introduced in a phased manner.

The future strategy for the port sector includes Coastal Shipping/ Ro- Pax Ferry services, Greenfield port development, Mechanization of GMB Ports & Jetties, Bunkering facilities, Port mechanization by providing bulk handling facilities to improve discharge rate, Port connectivity, IPMS Compliance, Maritime Cluster Development, Maritime Education,



Ship Building and Ship Repair Docks, Port City Development, Port-based SEZ/ SIR and Revival of GMB ports and jetties. The Port Department will consider, review and revise its policy separately for the Sector.

#### **6.4.10 Promotion of Non-Conventional energy**

For the State to have an inclusive development model, its increasing energy requirements need to be decentralized and met through ecologically friendly renewable energy cutting down on its dependence on non-renewable energy sources.

The state's concept of RURBAN supposes a sustainable development model where energy requirements would be dealt with in a decentralized manner focussing more on non-conventional energy sources like solar, wind, tidal and geo-thermal energy. The State therefore plans to promote increasing use of renewable and environmental friendly sources of energy and is desirous of developing the first solar city in the world: Gandhinagar.

There are several factors that make the state suitable for development of non-renewable sources of energy: windy sites along its long coast line, sunshine for almost over 300 days in a year, biomass availability in view of the agricultural activities, etc. The State has a potential to harness 35,000 MW of Wind Power, 900 MW of Biomass Power and approximately 10,000 MW of Solar Power. With the conducive Wind Power Policy, the State already has an installed Wind farm capacity of 3447 MW, which in the next five years, is expected to reach 6000 MW. State will announce its initiative in Solar energy in tune with Government of India Policies.

#### **6.4.11 Promotion of Women Entrepreneurship/ women employment, SC/ST, SEBC& Physically Challenged Entrepreneurship**

The State Government identifies new projects and incentives in new industrial policy for providing incentives to women entrepreneurs, SC/ST, SEBC& Physically Challenged Entrepreneurship. Specific training courses shall also be introduced. Measures to encourage women participation would include additional Interest subsidy scheme, Assistance for Collateral free loans under CGTMSE scheme and Additional payroll incentives provided to generation of women employment. State Government is planning to establish exclusive Industrial Park for Women Entrepreneurs.

#### **6.4.12 Promotion of Young Entrepreneurs**

The policy proposes to encourage entrepreneurship in youth (<35 years) by way of skill development and idea encouragement. Importance will be given to the innovative content in the project rather than the investment required. It will consider granting additional interest subsidy to such projects. Specific courses to train Youth entrepreneurship will also be introduced.

### **7. Facilitate centres of excellence and specialized sectors for skill enhancement**

Accelerated economic growth has increased the demand for skilled and trained manpower. Therefore, the New Industrial policy lays a strong emphasis on expanding the skill base in the state. It will focus on quality training accreditation and certification.

Though the State has attracted large number of investments in the past, yet there has been a deficiency of sector-specific high-quality manpower. To address this issue, the State Government intends to develop trained manpower for focus sectors with greater investment from private sector. Therefore, the new industry policy aims to incentivize those investments which enhance the sector-specific skilled manpower base.

A large demand for skilled trained manpower is likely to emerge from manufacturing and services sector. The State Government intends to introduce industry-responsive short term/ long term/ modular courses in existing ITIs, Polytechnic and Engineering colleges with active user industry participation and involvement in formulating the course material and training needs. The innovation design Centres for Excellence will be set up for specific sectors and other sectors will be defined from time to time.

Anchor institutes would be selected with a view of new emerging sectors to formulate industry-responsive curricula, need-based training and relevant skill development for trainers. The policy encourages anchor institutes to impart additional training programs with a minimum duration of 40 hours and minimum number of 10 trainees.

### 7.1. Skilled manpower development

The Government of Gujarat intends to create a model for enhancing employability through short term bridge courses launched under PPP mode. It includes: Assistance to industry partner for machinery and equipment, Assistance for renovation/ refurbishing cost and Assistance to utilization of assets/ training infrastructure

### 7.2. Extension of Training Centres at GIDC Estates

Government of Gujarat will assist extension of training centres at GIDC estates. Centre for Entrepreneurship development (CED)/ Entrepreneurship Development Institute of India (EDI) will play a major role in conducting the training course and procurement of machinery and equipment for the same.

### 7.3. Anchor Institutes

GoG will select and support state-level anchor institutes for developing new training courses and benchmarking existing courses against international and national curricula. These anchor institutes would also have to assess the skill-demand gap specific to focus sectors. They will then develop appropriate training courses addressing those. The policy formulates the following:

- Encourage anchor institutes to impart sector-specific training related to focus sectors
- Each anchor institute will train 500 trainees per trainer and nodal institutes will train 1000 per annum
- Around 20 anchor institutes and 100 nodal institutes will be identified to impart specialized training courses in different sectors
- Grants will be provided to anchor institutes for providing additional training programs

- National level Institutes like IIT and IIM would be involved, on a professional basis, for mentoring and guiding the State Government

#### **7.4. Sector-specific skill development**

GoG will also encourage sector-specific institutions that can impart vocational skills in emerging sectors of biotechnology, marine & shipbuilding, mining, agri-business, food industry, aerospace and defence production, fisheries, imported wooden furniture manufacturing, solar and other non-conventional energy, petroleum and petrochemicals.

Need-based support will be provided for setting up national/ international level training Centres/ courses and related R&D activities. Awareness program/ seminar assistance will be provided once per year for all training courses. The policy also provides incentive to collaborate with Indian Diamond Institute (IDIs) to set up training centres at Ahmedabad (Bapunagar), Rajkot, Surat and Bhavnagar. Support for undertaking training to SMEs for skill enhancement will be extended.

#### **7.5. Institutional Arrangement for Market-driven curriculum**

An institutional arrangement in the form of Government – industry – academia fora at the apex level would be set up. This would aim to make the general curriculum dynamic and industry-responsive by catering to the needs of the market.

### **8. Increasing the efficiency of the Institutions catalysing Industrial Development**

Information provisioning or sharing with an investor through development of a strong and transparent institutional setup, is an integral part of State Industrial development initiative. At the local level, District Industries Centres (DIC) have been modernized and information kiosks have been set up in each DIC. The State Government would focus on its role as a facilitator for bringing competitiveness among districts in Gujarat. The Government will also conduct census and study reports as required for development of the State.

#### **8.1. Facilitating Investor Interest**

'Ease of Doing Business' will create strong information dissemination system in terms of quick responses to queries, application clearances, zero red-tapism, availability of adequate land for facilitating industrial and infrastructure development etc. To ensure an efficient institutional framework for facilitating industrial development, the new Industrial Policy suggests the following interventions.

#### **8.2. Developing Trade Facilitation Centres**





GoG will set up trade facilitation centre desk in five countries – USA, Singapore, Japan, Canada and China etc. These centres will provide detailed information to industrialists of their country about the new developments and policies taking place in the State of Gujarat.

### **8.3. Investor Support System (ISS)**

GoG will strengthen the information dissemination mechanism by developing an Investor Support System (ISS). The ISS software will be designed to aid entrepreneurs in identifying suitable investment locations based on critical parameters such as land availability, gas and power availability, proximity to ports and airports etc. The software will also give updated information on the availability of infrastructure in terms of rail, road connectivity, location of industrial estates, industrial parks, Special Economic Zones, power, grid and substations etc.

### **8.4. Developing Sector-Specific Industrial Zones/ Areas**

GoG intends to declare industrial areas/zones across the state as focus sectors for development. This will help the investors and in effect, industrial development by providing information regarding citing of projects and by creating an enabling infrastructure.

### **8.5. Identification and Agglomeration of Public Land Banks**

The Government will identify vacant government land that can be used for the purpose of Land Banks for industry in industrial areas/zones. The policy intends to undertake an advance valuation of such parcels of government land which would subsequently be allotted to investors on the recommendation of the Industries Department. Processes relating to land like non-agriculture conversion and change in tenure will be further simplified for ease in project implementation.

### **8.6. Developing a Web- based portal for Entrepreneurs**

The state intends to operationalise the policy by developing a web-based application portal with enhanced tracking, monitoring and feedback generating capabilities to further assist entrepreneurs in processing their applications in a time-bound and streamlined manner.

### **8.7. Strengthen Industrial Extension Bureau**

The GoG will also strengthen the Industrial Extension Bureau, the District Industries Centres and related offices in order to enhance their facilitator and information dissemination capabilities.

### **8.8. Gujarat Industrial Development Corporation (GIDC)**

GIDC will acquire additional land near existing industrial estates and promote new estates to make land available to new industries. GIDC will simplify its rules in the allotment of plots as well as other approvals required by existing Industrial Units in the Estates.

### **8.9. Establish Special Investment Regions (SIR)**

Land will be made available in the Investment Regions along the DMIC Corridor. A Special Investment Region Act will be introduced to enable planned development.



### 8.10. Regularly conduct sessions to address concerns

To play a more pro-active role and to ensure that the needs of the industries are adequately addressed, a grievance addressing session for the Industries could be set up with the Industries Commissioner at the helm. These sessions may be conducted on a frequent basis wherein industries can request for a timely intervention by the Government.

### 8.11. Improving the extent of Environmental Compliance

GOG would extend support to the Gujarat Pollution Control Board (GPCB) for improving, optimizing, automating and upgrading the scope and quality of its activities for an improved environmental compliance. To regulate Industrial Development as per environment laws, GoG would support the GPCB with the following interventions.

1. Industrial Zoning
  - a. Zoning on the basis of environmental aspects, existing and proposed infrastructure including Environment; and land availability would be carried out. This would help the investor in selecting appropriate location from an environment point of view and enable GPCB to process the NOC application faster.
2. Strengthen Third Party Audit
  - a. Support to GPCB for third party audit and its follow up would be provided. This would enable better compliance with environmental laws.

### 8.12. Provide Access to Sector Expertise

This support would lead to generation of Scientific Reports and taking up of Pilot Projects on Cleaner Production and Technology, Safety, Human Health and Environment through Institutions recognized by GoG / GoI.

## 9. Reward adoption of new technology and promotion of Innovation and Technology transfer

### 9.1. Start Ups – Innovation

Research and innovation contribute directly to our level of prosperity and the well-being of individuals and society. A young population means a young workforce, which, in turn, implies a more innovative and entrepreneurial mind-set. For the first time, the Government of Gujarat is introducing the concept of promoting Start-ups at the idea stage. The state needs to strengthen scientific and technology ecosystems that would further motivate start ups. The main objective of this policy is to promote individual innovators take up projects which will help them increase their income besides leading to a phenomenon of scaling-up innovation bottom-up. As a result, many of these start-ups would be transform new knowledge or new ideas for products and processes into tangible, marketable applications. Start-ups are likely to bring in new solutions and challenge established paradigms.

