

# **Industrial Policy – 2009**

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## INDEX

Sr.	Particulars	Page
<b>1</b>	<b>Industrial Policy - 2009</b>	
	1.1 Introduction	6
	1.2 Background	6
	1.2.1 Gujarat: Engine of Economic Growth in India	7
<b>2</b>	<b>The Gujarat Vision</b>	8
<b>3</b>	<b>Objectives</b>	9
	3.1 Investment Facilitation	9
	3.2 Employment Generation and Employability Enhancement	9
	3.3 Adherence to High Quality Standards	10
<b>4</b>	<b>Interventions Proposed Under The New Industrial Policy</b>	11
	<b>4.1</b> Promotion of geographical strengths to ensure balanced development	11
	4.1.1 Creation of opportunities for vigorous industrial and economic activity in the declared backward talukas	11
	4.1.2 Special Investment Regions – convergence of Industrial, Social and Urban Infrastructure. Leverage DMIC and the influence area in Gujarat	12
	4.1.3 Facilitate Mega Projects	13
	<b>4.2</b> Leveraging existing Strengths and Resources	14
	4.2.1 Promotion of Cluster Development in the State	14
	4.2.2 Promotion of Textile and Apparels	15
	4.2.3 Promotion of Gems & Jewellery	15
	4.2.4 Promotion of Agri – Business	17
	4.2.5 Promotion of Fisheries Development	17
	4.2.6 Promotion of IT/ITes Industries	18
	4.2.7 Promotion of Port and Related Industries	19
	4.2.8 Promotion of Non-Conventional Energy	19
	4.2.9 Promotion of Women Entrepreneurship	20
	<b>4.3</b> Increasing the efficiency of the Institutions catalyzing Industrial Development	20

	4.3.1 Investor Facilitation	20
	4.3.1.1 Investor Support System (ISS)	21
	4.3.1.2 Industrial Zones / Areas	21
	4.3.1.3 Land Banks	21
	4.3.1.4 Framework - Administrative Guideline	21
	4.3.1.5 Web Based Portal (WAP)	21
	4.3.1.6 Investment Monitoring System	21
	4.3.1.7 Strengthen Industrial Extension Bureau	22
	4.3.1.8 GIDC	22
	4.3.1.9 SIR	22
	4.3.1.10 Feedback & Grievance Redressal System.	22
	4.3.2 Improving the Efficiency of Environmental Compliance	22
	4.3.2.1 Industrial Zoning	22
	4.3.2.2 Third Party Audit	22
	4.3.2.3 Capacity Building	22
	4.3.2.4 Access to Expertise	22
	4.3.2.5 Automated Monitoring – Better Objectivity & Compliance	23
	<b>4.4 Improving Infrastructure available in the State</b>	23
	4.4.1 Upgrading Industrial Infrastructure	23
	4.4.2 New Industrial Estates in Focus Sectors	23
	4.4.3 Promote New Industrial Estate Development through PPP in the existing Industrial areas	23
	4.4.4 Provide efficient Logistic Services for Industrial Growth	24
	4.4.5 Infrastructure Development for IT Industries	25
	4.4.6 Development of Port Infrastructure	25
	4.4.7 Improvement of Hinterland Connectivity	27
	4.4.8 Augmenting the Power Requirements of the State	27
	<b>4.5 Enhancement of Technical Competence and Manpower</b>	28
	4.5.1 Skilled Manpower Development	29
	4.5.2 Training Extension Centers	29
	4.5.3 Anchor Institutes	29
	4.5.4 Specialized Skill Development	29

	4.5.5 Incubation Centre for Youth	29
	4.5.6 Apparel & Textile	29
	4.5.7 SME Skill Enhancement	30
	4.5.8 Institutional Arrangement for Market-driven Curriculum	30
	<b>4.6 Creation of Labour Market Efficiencies</b>	30
	4.6.1 Rehabilitation of Sick Units	30
	4.6.2 Assistance to Mainstream the Informal Sector	30
	<b>4.7 Rewarding Adoption of New Technology, Business Sophistication and Innovation</b>	32
	4.7.1 Research & Development	32
	4.7.2 Enhance Competitiveness of SMEs	32
	(i) Improving Sophistication of SMEs	32
	(ii) Awards and Recognition	32
	(iii) Technology support	33
	(iv) Market Development Incentives	33
	(v) Support to Ancillary (Vendor) & Auxiliary Industries	34
	(vi) Quality Certification	34
	(vii) Energy & Water Conservation	34
	(viii) Venture Capital Assistance	35
	<b>4.8 Improving Environmental Infrastructure</b>	35
	<b>4.9 Promoting Holistic Development</b>	36
	<b>4.10 Responsiveness to Changing Domestic and Global Environment</b>	37

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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
SBM	: Single Buoy Mooring
SIR	: Special Investment Region
SME	: Small and Medium Enterprise

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# 1 INDUSTRIAL POLICY - 2009

## 1.1 Introduction

The state of Gujarat has been one of the highly industrialised states in India. With its reputation of being a highly investor-friendly state, the state has had a proven track record of attracting high volumes of investment and as a result, becoming the **most favoured investment destination** in India. The changes in the economic order of the world today with an on going meltdown has resulted in global investors exploring newer investment destinations where the investments would be safe and would fetch assured returns. Having exhibited a relatively strong fundamental economic base, with India not being significantly impacted due to the economic crisis, investors globally are looking towards India for relocating their investments. In the backdrop of these developments, the Government of Gujarat has felt it important and necessary to review and update the state's Industrial Policy. The new Industrial Policy with its holistic approach would identify specific interventions across sectors which would facilitate in fostering significant growth and in the process attract global investments.

## 1.2 Background

In the context of the major economies of the world being caught in the grip of a global meltdown which has far reaching destabilising impact on the economic activity the world over, the need for ensuring a sustained and accelerated growth is greatly felt and needed. In the current economic scenario, the relatively high growth rates being achieved by the Asian economies have drawn global attention, with Asia now being increasingly recognised to provide the much required trigger to the world economy. With India and China expected to register growth rates of 9.5% and 7.5% respectively during fiscal year 2009-10, these two economies together are expected to provide the much needed impetus to the Asian and global economy.

While India and China also have been impacted by the global economic meltdown, it is largely held that the policy measures adopted by these two countries have resulted in the ability of both withstanding and countering the global recessionary trends, as they fundamentally being strong. These two economies have largely been insulated from the fall out of the volatile global markets. This is especially true in the case of India where on account of it being a largely domestic-driven economy with limited foreign trade dependence, and limited exposure to the global markets, (the pace of economic growth though has reduced) is anticipated to sustain and bounce back. Today India is the 2<sup>nd</sup> fastest growing economy and 4<sup>th</sup> largest in terms of Purchasing Power Parity (PPP). Additionally by 2015, India is expected to become the 5<sup>th</sup> largest consumer market. India's large market and a diversified industrial base, is expected to help to a 9% growth trajectory and overcome the global financial crisis.

The combined factors of a huge domestic market, minimal dependence on exports for GDP growth, and the ability to withstand the global recessionary trends, make India an attractive destination for investments globally. The current financial crisis is expected to witness a shift or relocation in the allocation of capital and production activities to economies which are likely to exhibit sustained economic growth, and in this context, India is seen as a highly **favoured investment destination** and one of the most attractive countries for global retailers.

The new industrial policy for the state of Gujarat takes into account the context of the current global melt down. Given the strong and accelerated growth and development exhibited by the state over the recent years, Gujarat is expected to be one of the key drivers for growth in the Indian economy. The state has proved itself to be a region of excellence where focused attention has been given to ensure that the growth witnessed in the state is sustainable. The Industrial Policy of Gujarat should therefore be tailored with a premise that the state is the **most preferred destination** for investment not only by domestic but also by multinational companies.

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### 1.2.1 Gujarat: Engine of Economic Growth in India

Situated on the west coast of India, Gujarat is one of the leading industrialised states in the country. It covers a geographical area of 1,96,024 sq km accounting for 5.96% of the total area of India. Led by entrepreneurial spirit and unfaltering support of the State Government, Gujarat has emerged as a manufacturing powerhouse with world class production capabilities and facilities. Gujarat accounts for 22%<sup>1</sup> of the country's total investment. In fact, the economic activity in Gujarat is based on a strong edifice of manufacturing sector. The state contributes 15.59%<sup>2</sup> to the total value of output added by manufacturing sector in the country.

Gujarat has achieved tremendous growth in the industrial sector and as a result, has emerged as one of the leading industrialized states in India contributing nearly 16.1%<sup>3</sup> to the country's industrial output. The State economy has recorded an average annual growth rate of 10.4% for the 10<sup>th</sup> Five Year Plan period (2002-2007) as against a target of 10.2% as set out by Planning Commission of India. India had achieved growth rate of 7.6% during this plan period. Gujarat also has achieved annual GSDP growth of 15.81% in 2006-07.

Looking to the growth potential of Gujarat, Planning Commission of India had set a new high of an annual average growth target of 11.2% which is again highest among the states of India, during Eleventh Five Year Plan (2007-12). To achieve this growth target, growth of industrial and manufacturing sectors has to be raised to 14% and growth of services, sector is to be raised to 10.5%.<sup>4</sup> These targets are the highest among all the states. Hence, for India to achieve its overall annual growth target nearing to 9% and industrial growth of 12.6%, Gujarat shall need to accept a responsibility to serve as the growth engine of India.

Gujarat has been one of the states which has seen very high level of capital formation. The state has been a place where excellence has been identified, encouraged and rewarded. The state has been in the forefront of ensuring that excellent levels of support infrastructure are provided to the domestic and international investors. In addition, the Government of Gujarat has played a very proactive role in encouraging private sector participation in infrastructure projects through PPP mode. The development which has been planned in the state has always been a policy-led inclusive development approach which has eventually attached a very high importance to the need for ensuring sustainable development. The new Industrial Policy would therefore capitalise on the inherent entrepreneurial characteristics of the state. The new Industrial Policy in addition to addressing a wide range of areas of intervention would also give adequate thrust to ensuring holistic development in the state. In this context, the Government of Gujarat in addition to facilitating PPP projects would also make the corporate entities, partners to several holistic development activities and thereby promote "Creation of Wealth with Social Health" (Corporate Social Responsibility) in the state.

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<sup>1</sup> Reserve Bank of India Report August 2008

<sup>2</sup> Socio Economic Review, 2008

<sup>3</sup> Based on Annual Survey of Industries 2001 – 02 data. Gujarat as a % of India = 16.3% (Output) and 15.42% (NVA)

<sup>4</sup> Development Programme 2008-09

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## 2 THE GUJARAT VISION

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 vision for the state of Gujarat could be:

- Business - a way of life with Government facilitating and encouraging investment and holistic growth
- Achieving highest levels in human development indicators in the country.
- Attaining high standards of quality with the 'Made in Gujarat' brand receiving international recognition

In line with the above mentioned parameters, the Vision for the state could be summarised as:

**“Gujarat aspires to become a beacon of comprehensive social and economic development”**



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### 3 THE OBJECTIVES

With the primary focus of making Gujarat the most attractive investment destination of not only in India, but also that of the world, the Government of Gujarat (GoG) is now announcing a new Industrial Policy. The new industrial policy has been formulated in line with the vision that has been framed for the state. The primary policy objectives are as under:

1. Facilitate investments in the state
2. Employment generation and Employability enhancement
3. Adherence to high quality standards

In order to facilitate investment into the state, certain pre-requisites are called for. The same have been adequately addressed in the new Industrial Policy.

#### 3.1 Investment Facilitation

The primary aim of the policy is to make the state a global investment destination. The policy aims to ensure that conducive conditions are created so that the state attracts high end investments. In addition to attracting bulk investments it would also be ensured that the investments so made meet the socio-economic development goals of Gujarat. The investments would therefore be directed and planned in a way so that the state should witness not only excellent levels of growth but also sustainable and inclusive development as the end result. It is widely held that the prevailing global economic downturn would result in a relocation of capital to safer investment destinations and in that context, the policy aims at attracting substantial amount of this capital in the state.

A special effort is envisaged to ensure that the investments so facilitated would directly benefit the informal and the social sectors. The investments would require a competitive environment for factors of production to function with efficiency and thereby foster innovations in the industrial economy of the state. Since authentic information regarding the investment opportunities in the state is the beginning point, the new Industrial Policy provides for dissemination of information to make it readily available in relevant format in the most user-friendly manner employing the latest available technologies.

Since the availability of land with right kind of infrastructure is the key to competitive operations, adequate provisioning would also have to be made so as to provide the land in an appropriate manner. The policy adequately dwells upon this important aspect. For both attracting investment and for facilitating its efficient functioning, it is critical that support and related infrastructure facilities are adequately provided for in the State. The policy thereby indicates the necessary provisioning and the facilitation which would be made by the Government departments and through private entrepreneurs under Public Private Partnership (PPP) framework in the area of facilities like power, water, gas, road, railway, port connectivity, communications, quality human resources in adequate number etc. Since choice for investment is also directly governed by factors of overall physical and social quality of life in the state, adequate interventions have been planned and proposed therein for the purpose.

#### 3.2 Employment Generation and Employability Enhancement

With the state intending to be a frontrunner in attracting global investment, the employment opportunities generated would also be on the lines of other global cities. The policy has laid emphasis on creation of opportunities which would directly augment the levels of employment in the state. The state of Gujarat with its strong presence across a wide spectrum of industrial activities offers ample employment opportunities. Government strongly holds the opinion that increase in gainful employment would ensure that the benefits of investment are shared by the people of the state. The measures to increase

employment levels have been designed keeping in mind the need to ensure that the objective of regional balancing is achieved.

Though the state has been witnessing very high levels of industrial activity, employment generation activities have not kept pace with the same. Employment opportunities at each level of economic activity would be aimed to be created. The policy recognises the need to develop trained manpower and therefore has laid substantial focus on increasing the skill sets among the manpower which would have a direct and positive impact on employment generation and productivity levels in the state.

The policy envisages an institutional mechanism in the form of Industry academia fora at local levels with a combination of Government - industry - academia fora at the apex level in a manner that general syllabus and curriculum are subjected to dynamic review for them to be industry-responsive and market-driven. The policy seeks to encourage development of sector-specific training institutes as well. These initiatives highlighted under the policy would help ensuring employment generation opportunities in a sustainable manner and substantial improvement in employability.

Generation of employment opportunities to be spread across the state would be encouraged in the new policy. In the process, it is also intended that the socio-economic growth experienced by the state would lead to achieving Human Development Indicators which would result in the state being benchmarked at a national and international level. By expanding investments across sectors and the region and supplementing it with a strong government administrative set up, state would be able to have a high degree of Human Development Index. The policy thereby meets the dual objectives of attracting investments into the state and also ensuring that these are linked to balanced regional growth.

### 3.3 Adherence to High Quality Standards

In addition to these focus areas, the policy also seeks to ensure that Brand Gujarat is made synonymous with high quality standards and high levels of excellence on a global platform. GoG recognises that while ensuring production of high quality output in the state, no compromise is made in the process of production. Best Manufacturing Practices would be adopted in terms of compliance of environmental norms, labour laws etc.. All the necessary safeguards would be ensured so that the end product with the tag of 'Made in Gujarat' would be internationally recognised and the processes adopted be internationally benchmarked as well. The policy aims to be comprehensive in nature and scope to give special focus and encouragement in setting up mechanisms to track the latest in technology and innovation. Research and Development would be encouraged to prepare the environment for attracting and ushering in the next generation of investments and talent.

Pursuing the policy of achieving excellence, adoption of Quality Standards in the State would be vigorously pursued. Conscious effort will be made to institutionalize quality upgradation programmes with an appropriate system of recognition through annual awards. While quality and price competitiveness in product and services would be promoted to make quality the identity and hallmark of all that is sourced from Gujarat, quality would also be sought to permeate other connected aspects of the economic activity viz, the producer, the environment, and the quality of resultant development. It is through such a comprehensive approach towards quality that would make the industrial development **balanced, sustainable and inclusive**.

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## 4 PROPOSED INTERVENTIONS

In order to achieve the vision envisaged for the state of Gujarat and the resultant objectives, sector intervention strategy at certain macro and micro level is required. The new Industrial Policy has been formulated with the aim of supplementing the existing growth pattern in the state and augmenting the same by way of well thought out and sustainable policy measures. These policies aim at ensuring maximum utilisation of the existing natural resource base and maximising sector specific facilitation.

While aiming Gujarat to be an internationally favoured investment destination under the New Industrial Policy, the GoG has been conscious of the need to ensure that the state's regional and global competitiveness is substantially enhanced. Accordingly, all the policy measures proposed are presented along the parameters used to measure global competitiveness, viz:

- Promoting geographical strengths to ensure balanced regional development
- Leveraging existing strengths and resources
- Increasing the efficiency of institutions catalyzing industrial development
- Upgrading infrastructure available in the state
- Enhancing of Technical Competence and Manpower
- Creating labour market efficiencies
- Rewarding adoption of new technologies, business sophistication and innovation
- Improving Environmental Infrastructure
- Promoting holistic development
- Responding to changing domestic and global environment.

All the above parameters act as major determinants to the investment attractiveness and sustainability of a location vying for a place in the global arena. The new Industrial Policy has taken them into account and has designed interventions to make Gujarat a most favoured global investment destination.

The interventions which have been proposed under the new Industrial Policy are discussed below:

### 4.1 Promoting geographical strengths to ensure balanced development

One of the clear focuses of the new Industrial policy would be to facilitate and ensure a sustainable and balanced development in Gujarat.

#### 4.1.1 Creation of opportunities for vigorous industrial and economic activities in the declared backward talukas

The policy seeks to ensure that planned interventions are made in order to facilitate balanced regional development. The policy intends to facilitate development by leveraging the potential for value addition based on local skills and resources in the area to catalyse economic activity in the declared backward talukas in the state. For the backward talukas, specific development plan would be worked out where skill formation and upgradation would be a crucial component.

GIDC would be expected to play a key role in the development of the backward regions of Gujarat. GIDC would identify a compact block for development based on local aspirations in each of the backward regions. In addition to area identification, an appropriate development plan for the region in line with the overall development efforts in the state would also have to be worked out.

#### **4.1.2 Special Investment Regions – convergence of Industrial, Social and Urban Infrastructure. Leverage DMIC and the influence area in Gujarat**

The State has transformed from the development of industrial estates by GIDC to the emergence of product clusters and development of Special Economic Zones which will continue to attract investment. Of late there has been emergence of Investment Regions around Delhi-Mumbai Industrial Corridor (DMIC). The State Government has planned to develop Ahmedabad - Dholera Special Investment Region (SIR), Petroleum, Chemical and Petrochemical Investment Region (PCPIR), Gujarat International Finance Tech City (GIFT), Knowledge Corridor and Integrated Townships. The State Government intends to proactively develop globally benchmarked infrastructure in all these regions. For the purpose, both the PPP and VGF model will be encouraged.

Social and Urban Infrastructure is important to sustain industrial development. The State Government intends to encourage investment in social and urban infrastructure sectors in the Investment Regions, Hubs and Industrial Parks. There will be linkages between industrial infrastructure and social & urban infrastructure in the vicinity of industrial area in order to make available urban infrastructure and improve quality of life of the people.

An important infrastructure development envisaged for Gujarat is the development of a Dedicated Freight Corridor (DFC) and the associated development of the Delhi Mumbai Industrial Corridor (DMIC). The proposed Multi-modal High Axle Load Western Dedicated Freight Corridor (DFC) between Delhi and Mumbai covers an overall length of 1483 km with end terminals at Tughlakabad and Dadri in the National Capital Region of Delhi and Jawaharlal Nehru Port at Mumbai. A substantial length constituting 38% passes through Gujarat.

The proposed high-speed connectivity between Delhi and Mumbai offers immense opportunities for development of an industrial corridor along the alignment of the connecting infrastructure. A band of 150 km (Influence region) has been chosen on both the sides of the Freight Corridor to be developed as the Delhi-Mumbai Industrial Corridor. The vision for DMIC is to create strong economic base in this bandwidth.

Globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments and attain sustainable development are the objectives proposed to be achieved. In addition to the influence region, DMIC would also include development of requisite feeder rail/road connectivity to hinterland/markets and select ports along the western coast.

High impact/market driven nodes - Integrated Investment Regions (IRs) and Industrial Areas (IAs) have been identified along the corridor to provide transparent and investment-friendly facility regimes. These regions are proposed to be self-sustained industrial townships with world-class infrastructure, road and rail connectivity for freight movement to and from ports and logistic hubs, served by domestic/international air connectivity, reliable power, quality social infrastructure to provide a globally competitive environment conducive for setting up businesses.

For the first phase of development, the nodes identified for Gujarat include the Investment region of Ahmedabad-Dholera and the industrial area of Vadodara-Ankleshwar. However, the Bharuch-Dahej Petroleum, Chemical and Petrochemical Investment Region (PCPIR) and the Palanpur-Mehsana Industrial area have been decided to be developed by the State Government coinciding with the DMIC Phase I development.

The DFC corridor with significant influence area estimated to cover 62% of the geographical area of the state and comprising the cities of Ahmedabad, Vadodara, and Surat. offers opportunities to pursue high intensity economic activity.

The Special Investment Regions (SIRs) identified for Gujarat offer scope for a range of industrial activities. The new Industrial policy aims at leveraging from various industrial areas identified in the region as under:

- 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

Depending upon their locational advantages and growth potential of the region, projects of the nature of Export-Oriented Units/SEZ, Integrated Agro/Food Processing Zone, Integrated Logistics Hub, Integrated Townships, Greenfield Ports, Biotech Hubs, Knowledge Cities, Power Plants etc would be developed. The GoG intends to leverage upon the immense industrial development activity which the region is envisaged to witness in the times to come.

### Special Investment Regions

The development would be as per pre-specified plan and industrial units intending to set up units in these industrial regions would have to adhere to these pre-specified plans. The Government will come up with a legal framework for development of SIRs.

### 4.1.3 Facilitation to Mega Projects

To ensure that the state transforms into a global investment destination, development by way of establishment of several mega projects is considered necessary. The GoG intends to promote and facilitate mega projects in a few critical sectors which would have multiplier effect and would be integral to the employment generation activity and inclusive development in the state. Large and Mega projects promote ancillary and auxiliary industries in the SME sector. Thus facilitating development of mega projects is being envisaged as a key strategy to trigger large scale economic activity in related sectors. The huge employment generation opportunities the mega projects tend to offer, the facilitation for promotion of mega projects in the state would be largely applicable under the following framework:

- a. Promotion of mega projects in focus sectors which may include auto and auto components, ship building & ship repairs, semi conductor fabrication and industries having Nanotechnology applications, MRO hub for aircrafts and such other projects as may be decided by the Government will be encouraged. It will also include the Projects in the core infrastructure sector like Metro Rail Line, Logistic Parks, Railway Line, Express Ways, Fast Passenger Trains, High Speed Trains and such other category of Projects as decided by the Government. However, it will not include townships and residential or commercial projects. In addition, it may also include Innovative Projects as may be decided by the Government. In the focus sectors as above, the units having investment of **Rs 1000 crore** and employment of **2000** will be defined as Mega Units. Whereas in Core Infrastructure Sector, the units having investment of **Rs. 5000 crore** will be treated as Mega Units.
- b. For financial benefits to the Mega Projects, the cases will be decided on merit of the case.
- c. In the eventuality of mega projects requiring support of ancillary units and if the same is to be extended by SMEs, then for setting up such units, GIDC would identify land and the incentives which are otherwise extended to the SME sector would be applicable to these ancillary units also.

- d Detailed O&M and third party quality check mechanism will have to be set up as an integral part of the project to claim assistance from Govt.
- e The State Government may make special dispensation for the land tenure conversion for Mega Projects as above.

The state government may also mandate GIDC to catalyze Mega Projects in various regions where the development of sector-specific mega projects would be taken up. With the GoG laying strong emphasis on developing infrastructure in the state by way of following PPP initiatives, the development of these industrial estates would be pursued by GIDC by considering mega projects as anchor clients. Thus the development of the mega projects would also open up opportunities of developing infrastructure along with the private sector. Keeping in view the large scale economic development which would be triggered off by these mega projects, the GoG would make special provisions to facilitate the land tenure conversion process.

## 4.2 Leveraging existing Strengths and Resources

For sustainable development, it is considered necessary to ensure that the existing and inherent advantages are identified and put to productive use. The new Industrial policy seeks to promote industrial development in the state to optimally use the existing resource base of the state. The strengths of the state in terms of physical advantages such as long coast line, strong manufacturing base, excellent levels of support infrastructure, high base of entrepreneurial economy, policy-driven government etc would all be used to promote industrial development in the state. The new policy has identified and developed a strategy which would promote industrial development in the state in a planned manner and to do so, a few focus sectors have also been identified. These sectors would benefit from special packages which would be extended to them by GoG for encouraging their growth and development further. The focus sectors that have been identified are that of Textiles and Apparels, Gems and Jewellery, innovative projects, mega projects, informal sector, agri-business, fisheries, IT/ Knowledge-based industries, port and related industries and power sector (non-conventional energy). Important interventions which would be needed for each of these sectors have been listed in the new Industrial Policy. The interventions so proposed are discussed in detail below:

### 4.2.1 Promotion of Cluster Development in the State

Cluster based approach is increasingly being recognized as sustainable, cost-effective and an inclusive strategy to ensure competitiveness and improvement of Micro, Small and Medium Enterprises (MSMEs). The importance of MSMEs for Indian economy in terms of their contribution to employment, exports and regional development is very significant. Considering the importance, Gujarat would lay special emphasis on cluster development approach in the New Industrial Policy by announcing scheme for assistance to clusters. The scheme would not only lay importance on softer interventions such as capacity building of cluster enterprises through marketing initiatives, technology upgradation initiatives, quality improvement and training/skill upgradation initiatives; but also focus on harder interventions such as creation of cluster-specific common infrastructure and facilities, incubation center, CFC, ITI extension centre and other need-based facilities. This would enable the MSMEs to build their capacities in the clusters, take the advantages of emerging global opportunities, enhance the competitiveness of cluster by facilitating creation of critical common support infrastructure, ensure creation of sustainable employment opportunities and augment the income levels of people working/dependant on MSMEs and make the industry associations/cluster stakeholders more responsive, participatory and empower them to participate in Public-Private Partnership (PPP) initiatives to compete globally.

The financial assistance proposed in New Industrial Policy are as follow:

- (a) The Govt. would extend financial assistance (including assistance from GoI) to cluster development with a ceiling for the period of 3 to 5 years.
- (b) Financial assistance to nodal institutions/hiring of experts.

(c) Cluster Advisory Institution (CAI) to be constituted for proper development of cluster.

(d) **They will also be provided partial financial assistance for Last Mile connectivity.**

#### 4.2.2 Promotion of Textiles and Apparels

Recognising the state's country-wide presence in the sector of Textile and Apparel segment, the GoG intends to provide adequate thrust to the sector by way of developing specific package which would make the sector an important catalyst to the industrial and economic development for the state. However, it is also considered important that the textiles and apparels produced in Gujarat should necessarily have a global reach. On an international level, the textiles and apparels from Gujarat should have a unique and international brand appeal in itself. The proposed interventions are as under:

- a) Strong presence in the entire value chain: The State Government intends to promote the entire textile chain from farm to fibre to fabric to fashion and foreign trade. The new Industrial policy seeks to build the expertise of the state in the entire value chain, wherein a comprehensive and inclusive development could be fostered. Forward and backward linkages would be created in a manner that the farmers grow the necessary raw materials, the transformation of raw material to finished fabric would take place separately, also engaging professional designers to produce textiles and garments in line with the demands in the domestic and international market. Large scale production of garments involving the cottage to large production units would be encouraged.
- b) 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 area of textile/fabric development, design development, adoption of new production techniques, strategic tie ups with premier design institutes, etc would be facilitated.
- c) The State Government also intends to re-establish the spinning and weaving sector by providing enabling environment.
- d) Credit link financial support by way of interest subsidy to spinning, weaving, knitting, apparel and machine carpeting will be offered.
- e) The Apparel sector will continue to be a focus sector and the existing support for training will continue. Training support would also continue for the power loom sector.
- f) The support to technical textile manufacturing activity will be continued. Efforts will be made to make Gujarat a hub for production of technical textile.
- g) GoG will also provide support for technology acquisition and upgradation.
- h) Support for setting up of Ginning/Weaving/Knitting/Technical Textile/Apparel Park under GIDB structured scheme in PPP mode with Viability Gap Funding. The ownership of land in case of Govt. Land however, will remain with the public entity.

#### 4.2.3 Promotion of Gems and Jewellery

There has been international recognition for the gems and jewellery that are exported out of India. Gujarat being an important player in the segment, it is considered important that the state builds a global reputation for its gems and jewellery industry. The gems and jewellery from Gujarat should appeal to the customers in the international market.

The Gems and Jewellery sector has witnessed impressive growth in the recent years. This is one of the critical sectors in the state on account of the opportunities offered by way of large scale employment generation. The state intends to further its dominance in the diamond processing sector and would look

towards providing an industry status to the Gems and Jewellery sector. The state would build on the international demand for the diamonds and other gems which are processed in the state. The specific interventions which have been proposed for this sector under the new Industrial Policy include the following:

- a. **Jewellery Parks** will be encouraged by the state. In line with industrial parks which are set up for several products in the country where a range of related activities are facilitated and developed, The new Industrial policy seeks to develop a Jewellery Park in the state on PPP basis with option of viability gap funding. The ownership of land in case of Govt. Land would, however remain with the public entity.
- b. Credit linked financial support by way of interest subsidy to Modern Jewellery units.
- c. Government would encourage setting up of national/international level Gems & Jewellery institutions in the state: like other sectors where an elaborate system of R&D activities are undertaken and institutions thus set up would also provide technical and design-related support to the industry, GoG envisages setting up and development of a similar such institute in the state where extensive research relating to various aspects of gems and jewellery making are undertaken.
- d. Government would also encourage the establishment of Hallmark Certification Centres and Gems Testing Centres in line with the underlying objective of GoG to ensure that only high quality goods and services are produced in Gujarat. It is proposed that for establishing the quality of various gems and jewels that are processed and designed in the state, Gems Testing Centres and Hallmark Certification Centres are set up. Both in the domestic and in the international market of gems and jewellery, the demand for certified jewels and gems for their authenticity and purity have increased and customers attach a high value to the same. These testing centres would ensure that the units in the state engage in production of only quality gems and jewellery.
- e. All **safety measures** as well as protection from occupational hazards will be under focus in Jewellery sector: The new Industrial Policy would ensure that all the units in the state which are in the business of gems processing and jewellery making would adopt all the pre-requisite safety conditions. Adequate measures would have to be taken by these units to ensure employee safety, good standards of work environment, use of clean technologies, no use of child labour, etc. Assistance would be provided to units which adopt new technologies which minimise occupational hazards. Since the government acknowledges the need to have safe work environment for all those employed in various industries, it would ensure that necessary checks are kept in place and adequate monitoring and supervisory systems are kept in place to check the same.
- f. GoG will also promote biennial international conferences as a part of VGGIS
- g. This is a labour-intensive sector. In order to help the workers to tide over temporary mismatches in labour supply and demand in the sector, State Government will frame a scheme for **insurance coverage** with the participation of employers and with the cooperation of Insurance Companies.
- h. The sector is highly export-oriented and has been paying substantial amount towards customs duty and other charges. The State Government will request the Central Government to frame the Scheme on the lines of Textile Workers' Rehabilitation Scheme to give relief to the workers who are temporarily unemployed due to closure of the units.
- i. Steps will be taken to have initiatives in PPP mode to make Gujarat a **Global Leader in Gems & Jewellery** by benchmarking with the best.



#### 4.2.4 Promotion of Agri- Business

The new Industrial Policy of the state aims at promoting inclusive growth and sustainable Development in the state. The economic growth and development which are envisaged for the state would also have significant and important contribution to be made by the agricultural sector in the state.

Instead of developing at the expense of agricultural growth, the development being planned for the state foresees an overall growth on account of agriculture sector.

Given the overall growth trajectory which has been maintained by the agriculture sector in the state, the industrial policy aims at establishing direct and stronger linkages between the agriculture sector and the industrial development in the state. Between the period of 2002-03 and 2006-07, the agriculture sector grew at a CAGR of 12.27%. Given the high growth rate, the vision for the agriculture in the state has been that of developing Gujarat into a national agro hub. To facilitate and ensure growth in the agro business, the GoG seeks to create an enabling environment conducive to attracting investment in Agribusiness so as to provide remunerative price to the farmers, generate employment opportunities in rural areas and provide safe food products to the consumers.

The main crops include Groundnut, Sesame Seeds, Cotton, Wheat, Rice, Maize, Pigeon Pea, Green gram, Gram, Sugarcane, Mango, Banana, Sapota, Lime, Guava, Tomato, Onion, Cumin, Garlic, Isabgul and Fennel. It is proposed to create an enabling environment for growth of agri business to be facilitated which also would provide adequate incentives to fill in the specific gap in the value chain for catalyzing investment. In the context of this broad framework, the policy interventions which are planned and proposed for this sector include:

Financial assistance to attract the investment in Hi-Tech Agriculture, pre-farm gate value addition projects, Agro processing and Agri infrastructure projects, Research for varietal development and 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 will be provided. With such an elaborate intervention being planned in the value chain of agro production and processing, the state government aims at providing a significant impetus to this sector and ensure a sustained growth. Also the output from this sector would be directed to further processing.

The Agriculture Department will bring out a detailed policy separately for this Sector.

#### 4.2.5 Promotion of Fisheries Development

Gujarat has the longest coastline in the country and the fisheries sector accounts for around 1% of State Gross Domestic Product, yet however forms an important component of the rural coastal economy, by way of generating income, employment, livelihood and food security more specifically for the people in the coastal area. Fishing being a very important activity with a large potential for wealth generation, a policy is called for to realise the vision of creating wealth by proper exploitation of Fish stocks off Gujarat waters. It is also considered important to enhance fish production through culture methods for providing appropriate opportunities to the stakeholders.

The GoG has played a proactive role in addressing major issues pertaining to the fisheries sector in the state. The Government is actively working towards developing and implementing policies which would ensure that the this industry develops into a sustainable activity. In addition, a wide range of issues leading to better livelihoods and living conditions to the fishermen community, strengthening marketing chain both export and domestic, utilization of inland waters and other resources to optimize fish production, construction/upgradation of fishing harbours/landing centres into world class fishing ports, wealth-based approaches to fisheries management, creating more employment opportunities, increased foreign earnings through value added fish products, effective co-management and fishing strategy for preservation of natural ecological conditions of coastal and inland areas, integrated brackish water

fishing projects through SEZ, and conservation and recouplement of fishery resources. The policy measures which have been designed to address the development of fisheries in the state are:

- a. Promoting ornamental fish production to generate employment
- b. Strengthening the legal framework and ensure effective implementation of existing rules and regulations.
- c. Providing financial assistance for converting the trawlers into tuna liners.
- d. Providing incentives to the trawlers to go for deep sea fishing beyond 100 meters depth contour.
- e. Upgrading and creating world class fishing harbours/fishing ports under PPP mode.
- f. Establishing SEZ for integrated brackish water fishing and develop aqua parks.
- g. Establishing hatcheries to meet with the requirement of fish seeds.
- h. Facilitating development of cold storage facilities. Cold storage plants would be set up on a large scale and for setting up these plants, GIDC can facilitate in identifying suitable land.
- i. Providing incentives to Corporations/Municipalities/women's groups/co-operatives to construct hygienic fish markets.
- j. Ensuring welfare of Fishermen.

The Fisheries Department will bring out a detailed policy separately for the Sector.

#### **4.2.6 Promotion of IT/ITeS Industries**

The GoG has been taking important initiatives in the recent past for the purpose of facilitating and promoting development of IT and ITES industries in the state. ITES industries would include knowledge-based units which are involved in processing of outsourced activities in the area of legal outsourcing, engineering outsourcing, medical outsourcing and other similar key knowledge-based outsourced processing.

- a) Special incentives for mega-IT/ITES projects (Investment above Rs. 50 Crore) creating employment above a minimum threshold level.
- b) Nomination of one escort officer for each IT mega project including IT Parks.
- c) IT Infrastructure Promotion: Financial assistance to IT park developer; Stamp duty exemption for IT park developers; Additional floor space index (FSI) allowed for IT/ITES parks in urban centres;
- d) State shall facilitate a grant of SEZ status to IT industry/ IT parks subject to the provision of SEZ Act/ rules.
- e) All new IT units exempted from the payment of electricity duty for a period of five years and exemption from power cuts;
- f) Stamp duty exemption to units in IT Parks and IT SEZ;
- g) Exemption of IT/ITeS units from zoning regulations;
- h) Waiver of 'no objection certificate' from Gujarat Pollution Control Board" for IT/ ITes units engaged in provision and production of "IT services and IT software".
- i) Simplification of labour laws - Permission to have 24/7 operations + women to work at night
- j) Self certification-cum-consolidated annual return scheme
- k) Gujarat IT Venture Fund, set up to provide venture capital for development of IT/ ITeS and IT products industry.

**Future Focus Areas:**

- Continuous government support for enhancement and development of quality manpower (HRD) for the IT/ ITeS industry e.g. Need to invite Private Universities to set up campuses in Gujarat; focus on quality English education.
- Strengthening of cyber crime detection cell for security purposes
- Single Window Clearance system

The Science & Technology Department will bring out a detailed policy separately for the Sector.

**4.2.7 Promotion of Port and Related Industries**

The State of Gujarat is blessed with the longest coastline in the country. It has a rich and ancient maritime history. With the opening up of economy and globalization, the opportunities for socio-economic development in a maritime State are immense. Many a country has harnessed the coastline for achieving great economic heights. The State of Gujarat realizes and recognizes the potential that its long coast line holds. With the coming up of DFC and DMIC projects with the possibility of multi modal connectivity with the existing and proposed ports, Gujarat is set to emerge as the coastal capital of the country catering to the vast northern hinterland both for export and import and also offering a very advantageous destination for investment to industries that require materials to be imported or exported. In addition the port-led development throws open many other opportunities like ship building/repairing, ship breaking, bunkering facility, coastal shipping, training ships, marine ship building parks (probable stretches), ship recycling, logistics & services etc.

With the realization of the port potential, a new and ultra modern Gujarat can emerge along its coast. In this connection, the Department of Ports has already taken a number of initiatives.

The **Department of Port and Transport** will consider, review and revise its policy in this regard separately.

**4.2.8 Promotion of Non-Conventional Energy**

For the State to have an inclusive development model, its increasing energy requirements need to be decentralized. For the development to be sustainable, the energy needs in the future should increasingly be met through ecologically friendly renewable energy. Its dependence on ecologically degrading non-sustainable and non-renewable energy sources should be reduced. The concept of **rurban** given by this State to the world principally supposes an inclusive and sustainable development model where the energy requirements would also need to be met with, in a decentralized manner. The non conventional energy sources like solar, wind, tidal and geo-thermal with which the State of Gujarat is blessed, can be harnessed to help operationalizing the concept of **rurban** in the years to come. The State therefore plans to promote increasing use of renewable and environmental friendly sources of energy. The State is desirous of giving to the world the first solar city in the State capital of Gandhinagar.

The State of Gujarat has very limited hydro potential and therefore, promotion of non-conventional energy resources assumes more importance. These non-conventional sources of energy on the cutting edge of technology stage are not yet in a position to compete with the conventional sources of energy and therefore would require State support/intervention up to a point when they become technically and economically competitive.

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The State of Gujarat is blessed with several natural resources of energy, such as - windy sites along its long coast line, sunshine hours for almost over 300 days in a year, biomass availability in view of the agricultural activities, etc..

The State has a potential to harness 10,000 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 1350 MW, which in the next five years, is expected to reach 5350 MW.

It is envisaged that during the next five years, power generation capacity of approx. 500 MW through various solar technologies, which are presently at a nascent stage of development, could be set up in the State through private sector participation, for which a State Policy is being framed.

Similarly, a capacity of 500 MW of power generation is anticipated through direct combustion of Biomass, for which the GERC has already decided the tariff of Rs. 3.08 / KWh.

Over the next five years, the energy generation through renewable sources is targeted to be 10% of the total energy generation in the State.

The Department of Energy & Petrochemicals will come out with a detailed policy in this regard.

#### **4.2.9 Promotion of Women Entrepreneurship**

Government is very keen to promote women entrepreneurs and therefore, will give priority to projects promoted by women entrepreneurs in granting clearances. It will consider grant of additional interest subsidy to such projects. Specific courses to train women in entrepreneurship will also be introduced.

### **4.3 Increasing the efficiency of the Institutions Catalyzing Industrial Development**

The GoG recognises that investments would flow only into regions which possess a strong, efficient and transparent institutional set up. Information and facilitation being an important aspect had been addressed in the Gujarat Industrial Policy 2003 especially to provide information in all relevant fields to new as well as existing entrepreneurs. At the district level, District Industries Centres (DIC) has been modernized and information kiosks have been set up in each DIC, providing latest information on industrial development and relevant aspects. The State Government intends to continue to focus on its role as a **facilitator** and bringing competitiveness among districts in promoting industries in Gujarat.

#### **4.3.1 Investor Facilitation**

For attracting investments into the state and for ensuring that these are allocated efficiently wherein the maximum returns are repeated using the cleanest of technologies, it is necessary that the state has a strong information dissemination system and the administration be industry-friendly in terms of quick responses to queries, application clearances, zero red-tapism, availability of adequate land for facilitating industrial development, etc. In order to ensure an efficient institutional framework for facilitating industrial development, the new Industrial Policy suggests the following interventions:

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#### **4.3.1.1 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 assist entrepreneurs in identifying suitable investment locations based on critical parameters such as land requirement, gas and power availability, proximity to ports and airports etc.

The software will also provide detailed information on the availability of infrastructure up to the taluka level in terms of rail and road connectivity, location of GIDC Estates, Industrial Parks, Special Economic Zones, power & gas grids, substations etc.

#### **4.3.1.2 Industrial Zones / Areas**

GoG intends to declare industrial areas/zones across the state focussing sectors for development. This will help the investors and in turn industrial development by providing guidance regarding siting of projects as well as enabling coordinated and planned development of infrastructure through concerned departments.

#### **4.3.1.3 Land Banks**

The Government will identify government land for the purpose of Land Banks for industry in industrial areas/zones. It is planned 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.

The processes relating to land like non-agriculture conversion and change in tenure will further be simplified.

#### **4.3.1.4 Framework - Administrative Guidelines**

The GoG further intends to facilitate investment by introducing a framework, initially in the form of administrative guidelines, aimed at streamlining the government interface and making it more transparent, accessible and investor-friendly whereby the investor would need to submit a comprehensive application at one single place and receive permissions/clearances from there itself within a predetermined time limit.

#### **4.3.1.5 Web-based Portal (WBP)**

To operationalize the framework – Administrative guidelines, a web-based application portal with enhanced tracking, monitoring and feedback capabilities to further assist entrepreneurs and facilitate speedy and time bound processing of applications will be created.

#### **4.3.1.6 Investment Monitoring System (IMS)**

The State Government has introduced an online system for monitoring of approvals including that of MoUs. The system enables effective interface between the entrepreneur, the Industries Commissionerate, various line departments and the District Collectorates.

#### **4.3.1.7 Strengthen Industrial Extension Bureau**

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

#### **4.3.1.8 GIDC**

GIDC will acquire additional land near existing industrial estates and promote new estates to make the land available to new industries.

#### **4.3.1.9 Special Investment Region (SIR)**

In addition, land will be made available in the Investment Regions being developed along the DMIC Corridor. A Special Investment Region Act will be introduced to enable planned development.

#### **4.3.1.10 Feedback & Grievance Redressal System**

In order to play a more proactive role and ensuring that the needs of the industries are adequately addressed, a grievance addressing session for the Industries may be set up with the Industries Commissioner being at the helm of it. These sessions may be conducted on a frequent basis wherein industries can air their grievances and request for a timely intervention by the Government.

### **4.3.2 Improving the efficiency of Environmental Compliance**

GoG would extend support to the GPCB for improving, optimizing, automating and upgrading the scope and quality of its activities. This would enable GPCB to facilitate the Present and Prospective Investors to carry on with their business with improved environmental compliance. With the intent that Industrial Development be guided and monitored efficiently as per the environment laws, the GoG would support the GPCB with the following interventions:

#### **4.3.2.1 Industrial Zoning**

Zoning on the basis of environmental aspects, existing and proposed infrastructure including Environmental Infrastructure and land availability would be carried out. This would help the investor in selecting appropriate location from the environment point of view and enable GPCB to process the NOC application faster.

#### **4.3.2.2 Third Party Audit**

Support to GPCB for third party audit and its follow up would be provided. This would enable better compliance with environmental laws, besides strengthening the third party audits.

#### **4.3.2.3 Capacity Building**

Support to GPCB in partnership with GEMI to start ITI / Polytechnics / Engineering courses on Environment Management and in-house training of personnel would be provided. This would help in capacity building of professionals working in the field of environment management. The in-house training would lead to skill upgradation of the technical manpower working with GPCB and related organizations.

#### **4.3.2.4 Access to 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. Of late, safety and human health have become integral aspects of the environment management and thus such studies/reports would help in better understanding, eventually leading to improved environment management.

#### **4.3.2.5 Automated Monitoring – Better Objectivity & Compliance**

Monitoring of Air/Water/Land Pollution levels through sensors in vulnerable areas would be initiated. This would help to generate data on pollution prevention and better environmental compliance would make us globally more competitive. Moreover, it would raise the objectivity of the people engaged in pollution control business and encourage them to behave in a more disciplined and responsible manner, keeping ethical values of environment in their pursuit. This will enhance the image of the state of choice for more business and also as promising investment destination.

### **4.4 Improving Infrastructure available in the State**

The new industrial policy seeks to create adequate provisions which aim at upgrading and improvising upon the status of infrastructure in the state. Infrastructure which is critical for the efficient functioning of industries has been focused upon in the policy. As per the policy, the onus of industrial infrastructure improvisation largely lies with the GoG and the GIDC.

#### **4.4.1 Upgrading Industrial infrastructure**

The basic infrastructure in the existing industrial estates including those with GIDC and approved large projects/Industry require refurbishing and up-gradation. The new industrial policy would intervene in the following areas:

- a) Provision of assistance for upgrading both GIDC and non-GIDC industrial estates: In the recent years GIDC has taken up the responsibility of upgrading the infrastructure at these industrial estates, and some of the measures taken up include categorisation of existing estates, facelift of the current infrastructure, leveraging from critical infrastructure development scheme, and implementation of appropriate cost recovery mechanism. Since there are large industrial estates under the purview of GIDC, and also outside of it, provisions in the form of assistance in improving their status have been made. The estates have been graded as A, B, and C grades based on quality benchmarked infrastructure facilities available in them. The new Industrial Policy aims at providing financial assistance for upgradation of infrastructure. The financial assistance extended would be subject to a review of the current status of infrastructure (grading), and thereby estimation of the costs/investments which would be required therein. Approved large projects/industries would be assisted for providing last mile connectivity.
- b) Assistance would be disbursed provided O&M arrangements are setup and would be based on outcomes judged through third party quality checks.

#### **4.4.2 New Industrial Estates for Focus Sectors**

There is a need to develop new industrial estates in focus sectors to promote sector specific economic activity and generate employment. The New Industrial Policy addresses this aspect and provides for financial assistance for infrastructure development in these new estates in focus sectors. The financial assistance will be subject to the Estate having quality benchmarked facilities as per the gradation, a minimum of 25 hectares area, setting up of O&M mechanism, reserving at least 50% area for SMEs and third party quality check. The State Government will give Stamp Duty reimbursement on the cost of land.

#### **4.4.3 Promote new Industrial Estate Development through PPP in the existing industrial areas**

The new Industrial Policy addresses the need for development of new industrial estates within the industrial areas. The state of Gujarat having a vast experience in the arena of developing infrastructure projects on a PPP basis would be able to facilitate development of the new industrial estates within the PPP framework. The GoG has a proven track record of encouraging and facilitating private sector

participation in the development of infrastructure facilities in the state. Given this fact, the new policy suggests a proactive role to be played by GIDC/GIDB in the development of new industrial estates. The suggested interventions include:

#### **BOT concession for development of estates**

Since the development of the estates is proposed to be taken up on a PPP basis, it has been recommended in the policy that a Build Operate Transfer (BOT) model be adopted and a concession based on this model of PPP framework would be adopted. Viability Gap Funding would be made available through GIDB.

It may also be noted here that for the PPP projects, government land would be exclusively with Government/Public entity. No government land would be made available to the private party under this dispensation. However, no such restriction would be placed on non-Govt. land.

#### **4.4.4 Provide efficient logistic services for industrial growth**

For the nature of industrial development which is being envisaged for the state, the provision of best-in-class logistic practices are critical. For logistics to be effective, it is necessary that the issues of security and reliability, product movement, information movement service time and service cost are adequately and properly addressed. In the case of Gujarat, the areas where logistic intervention are highly critical are in the areas of material handling/loading/unloading, Transportation, Warehouse/storage management, and Compilation/documentation. Mechanization improves the efficiency of logistic processes and often has positive consequences to efficiency, costs and quality of logistic processes. The areas of reverse logistics, packaging etc would need to be sufficiently addressed in such a way that efficient handling of materials may be facilitated. The other critical area which falls under the broad purview of improved logistic support is that of the area of transportation services. The draft logistics policy for Gujarat has laid a substantial emphasis on all the aspects of transportation which has a direct bearing on the logistic services of the state. The GoG would support the logistic industry by way of “investment-linked connectivity commitment”. The GoG is in addition pursuing important initiatives which would ensure that the road transport would meet with the requirements of speed and time factors. GoG is also contemplating development of Transport Nagars etc.

In the light of the need to develop a strong logistic sector, following interventions have been proposed in the new Industrial Policy:

1. GIDB, R&B, UDD, GMB etc. to identify and structure PPP projects: Suitable projects which would facilitate development of infrastructure required for logistic development would be identified by GIDB, R&B, UDD, GMB and on the basis of their feasibility, PPP projects would be developed. The technical and financial feasibility assessment of the identified projects would have to be taken up and the options of PPP which are best suited would be suggested to structure the projects accordingly. In bid out project viability gap funding would be provided.
2. In the highly intense industrial area, GIDC/GMB/GIDB would identify multi-institutional facilities like Warehousing Zone (WZs) etc. to be encouraged for development on a PPP basis.
3. In non bid out PPP projects, the same will be taken up by respective departments through a separate SPV. SPV will recover user charges for these projects
4. It is also planned to develop four green field logistic parks linked with road, rail, port and air connectivity by 2010 and four more Parks by 2012.



5. For the PPP projects, government land would be exclusively with Government/Public entity. No government land would be made available to the private party under this dispensation. However, no such restriction would be placed on non-Govt. land.

#### 4.4.5 Infrastructure development for IT industries

Gujarat has been one of the forerunner states to have implemented e-governance policies and projects. Recognizing the fact that IT drives employment and income for the state, the state government had notified an IT policy for the state in November 2006. This policy intends to promote rapid expansion and growth of the knowledge-based economy in the state. Accordingly it planned to attract investments in IT sector to achieve a turnover of Rs. 5000 crore and create employment opportunities for about 2,00,000 persons in five years. The Government intends to strengthen Fibre Optic network to improve data transmission. The state at present has the highest tele-density in the country with the longest OFC network (over 55,000 km). Substantial developments are underway in the state for development of Information Technology related projects. The implementation of following IT and SEZs projects are underway in the Ahmedabad-Gandhinagar-Vadodara region.

- A mega-financial services hub, Gujarat International Finance Tec city (GIFT) is being developed through private sector participation over an area of 2000 acres at Gandhinagar.
- There are about 11 SEZs in IT/ ITeS sectors under various stages of implementation in Gandhinagar-Ahmedabad region and one IT-SEZ is under implementation at Vadodara.
- Two high-tech parks including an infocity at Gandhinagar are operational.

In addition a National Law University is operational at Gandhinagar and an Indian Institute of Technology (IIT) at Gandhinagar will be operational from 2009 onwards.

While the above developments are the steps in the right direction, development of GIFT is a major initiative of the Government of Gujarat setting in motion the IT agenda on an accelerated trajectory. The Industry-friendly IT policy, low start up cost, flexible labor laws, premier R&D institutions, uninterrupted power supply and state-of-the-art infrastructure have made the state a favored IT destination in the recent years.

The IT Department will bring out a detailed policy separately for the Sector.

#### 4.4.6 Development of Port Infrastructure

Gujarat Maritime Board has taken the lead in establishing a Port Policy in 1995 integrating comprehensive development of ports with Industrial Development, Power Generation and Infrastructure Development by realizing importance of private sector in Port Development. GOG has announced a BOOT Policy in 1997.

Gujarat Ports can be broadly divided into GMB Ports, Private and Joint Sector Ports and non-commercial ports such as fisheries and ship recycling/ship building and repair yards. The GMB ports can be further divided into GMB-owned and operated jetties (GMB jetties), GMB-owned but privately operated jetties (Private jetties) and Captive jetties. The commercial ports comprise private sector ports (e.g. Pipavav) and joint sector port (e.g. GCPTCL)

Overall Gujarat's non-major port comprises 11 intermediate and 29 minor ports handling 71% of non-major port traffic of India. Kandla, the only major port situated in Gujarat handled 11% of India's major port traffic. Gujarat ports had a total capacity of 182 MMTPA in 2006-07. This is estimated to have increased to about 200 MMTPA in 2007-08. This covers capacities of private sector, joint sector ports and private and captive jetties. The major capacity addition is from the development of captive jetties and Single Buoy Mooring (SBM) along with development of green field ports. Additionally, three green field

ports are likely to be developed by 2013 and cargo handling by minor ports is expected to reach 350 MTPA. The capacity utilization ratio at Gujarat ports has remained around 65% in last three years, the international standard is 70%.

Cargo on the 41 ports along Gujarat's 1600 km long coastline has grown at a CAGR of 19% over last sixteen years. The ports in Gujarat have been able to leverage its proximity to industrialized north-western hinterland of India, provide better access to Middle East and African markets and tide over capacity limitations at alternative ports of JNPT and Mumbai to position itself as a leading maritime state. The vision for the port sector has been enlisted as below:

- GMB envisages to contribute over 35-40% of the total national cargo by 2012
- Hinterland connectivity improvement with Gujarat Ports
- Development of Mega shipyard on Gujarat coast
- Security, Safety and Environmental Measures at Gujarat ports
- Manpower capacity building in the maritime sector in Gujarat

Gujarat's leadership in the port sector has thrown up its own set of challenges, principally in terms of sustaining this growth and exploiting its potential. Issues relating to provision of road/rail linkages, lack of urbanisation near ports, water front monopolies, environmental impact and impending oversupply in port capacity in future are the main concerns. In the context of the vision and the challenges posed to the port sector, overall development strategy adopted includes:

- To revive GMB ports
- To integrate port development with coastal area and developing logistic hubs for greater efficiencies.
- To develop shipbuilding and ship repair projects

In pursuance of Port Policy and BOOT Policy, GMB has developed deep-water direct berthing modern mechanized ports with private investment and achieved remarkable growth in port sector. The new Industrial Policy has defined certain interventions which are required to facilitate development in the port sector of Gujarat. These interventions are:

- a) Expansion in the ports privatized by GMB, viz. Mundra, Pipavav, Dahej and Hazira.
- b) Capacity upgradation of the ports directly owned and operated by Gujarat Maritime Board, viz. Porbandar, Bhavnagar, Navlakhi, Magdalla and Okha, in a PPP Mode.
- c) Port mechanization by providing bulk handling facilities to improve discharge rate and tackling environment issues at new private ports viz. Simar, Sutarapada, Dholera, Positra, Mahuva, Khambhat, Vansi-Borsi, Modhava and Maroli.
- d) Enhancing liquid handling capacity in GMB waters by setting up new SPMs.
- e) Ensuring capacity expansion of private and captive jetties.
- f) Coastal cargo movement activities will be encouraged and Ro-Ro ferry service will be introduced between Gogha and Dahej.
- g) Bunkering facilities - proposed location at Okha and Porbandar

The Port Department will consider, review and revise its policy separately for the Sector.

#### **4.4.7 Improvement in Hinterland Connectivity**

To foster a massive development of industries in Gujarat, it is extremely critical to ensure that the industrial regions of the state are well connected to all the important markets and transportation hub by way of excellent multimodal road and rail connectivity. The GoG has taken up concerted efforts over the years in order to ensure that most of the regions of Gujarat are well-connected and have easy access to facilitate movement of both goods and labour mobility. The hinterland connectivity exhibited by the state of Gujarat is comparable to the national standards.

The total road length in Gujarat currently stands at about 74,500 km. This translates to a road density of around 38 km per 100 sq km, and 146 km per a lakh of population. These figures are broadly comparable to 43 km and 126 km for India. The quality of core road network is largely believed to be superior in Gujarat. The State has benefited by the Golden Quadrilateral and North South East West axis, as well as the presence of expressways, pioneering PPP roads, six laning projects under advanced phases of NHDP, prudent use of external funding and relatively better maintenance regime. The State has the highest percentage of paved roads to total roads in the country. It has implemented several initiatives under Pragati Path, Kisan Path and Vikas Path development programs.

Broadly, the Roads in the State can be divided into core and non-core network. The core network comprises of the National Highways and around 6000 km State Highways. An ambitious 6000 km State Highway Development Program (SHDP) has been launched to address the core network's need for upgradation and maintenance. Under State Highway Development Programme (SHDP), the State Government intends to widen and upgrade roads extending to 3000 Km by 2013. A key challenge for the core network in the State is to address the needs of the emerging growth centres of the State viz industry, ports, SEZs, urban centres, so as to link them to the state and national arterial network. The State would like to benchmark its core network to international standards, to enable movement of goods at globally competitive costs.

The GoG also recognises the need to provide strong linkages between Gujarat ports/industries with NW hinterland as rail transportation is 50% cheaper compared to road transport and Gujarat ports serve as a gateway to the cargo intensive northwest hinterland. The Dedicated Freight Corridor (DFC) and DMIC have the potential to reduce the logistic cost thereby making Gujarat ports competitive.

The new Industrial Policy has also laid focus on improving the hinterland connectivity in Gujarat and in this context has recommended the following interventions:

- a) Setting up of SPVs for Rail connectivity to Porbandar, Okha, Bedi, Dahej and Hazira.
- b) To ensure four lane good quality roads for entry and exit to ports, which is handling traffic in excess of one million tonnes.
- c) To set up multi model connectivity to SIR, SEZ, Ports, Airports, etc. to catalyze economic activity.
- d) To develop logistic parks at appropriate nodes around Delhi-Mumbai Freight Corridor. The development of the Logistic Parks would address requirements for cargo distribution, agglomeration and unavoidable mode change.

#### **4.4.8 Augmenting the power requirements of the State**

The State of Gujarat is blessed with several natural resources of energy, such as- windy sites along its long coast line, sunshine hours for almost over 300 days a year, and biomass availability in view of the

agricultural activities. The State has a potential to harness 10,000 MW of Wind Power, 900 MW of Biomass Power and approximately 10,000 MW of Solar Power. Given the high pace of industrial and economic growth, there is a significant demand for power in the state. For efficient functioning of industrial units, continuous and uninterrupted power supply is critical. Investments looking for new production sites would need a reliable supply of power and therefore, it is critical that necessary measures are taken by GoG to tap all the sources of power generation.

One of the main challenges for Gujarat's Power sector to go forward, is that significant generation capacity additions shall have to be undertaken just to manage the current demand-supply deficit. As such the State has witnessed inadequate capacity additions in the past (800 MW including CGS share has been added in the past 4 years) and has clocked demand growth at over 8% per annum. It is noteworthy that in India, Gujarat has highest per capita consumption of 1,391 kWh (in 2007) of electricity which is expected to reach to 1670 kWh by the end of 2012.

To meet the future goals and the growing demand in the state, Government of Gujarat would encourage private participation in conventional as well as in non-conventional sources of energy. Public Private Partnerships have emerged as the preferred mode of generation/transmission capacity augmentation through a competitive bidding process. The distribution component remains the weakest link in the value chain with technical and commercial losses ranging in this activity from 13% to as high as 32% among the Distribution Utilities. However, significant improvements have been made in this area by Gujarat in the recent past by outsourcing certain activities (such as metering, billing & collection), initiating steps such as implementation of HVDS, Demand Side Management, etc. Proactive monitoring and proper project management would be essential to ensure that the progress made so far continues to go forward.

The important policy initiatives which have been drafted for the power sector are as listed below:

- a) With the conducive Wind Power Policy, the State already has an installed Wind farm capacity of 1350 MW, which in the next five years, is expected to reach 5350 MW
- b) It is envisaged that during the next five years, power generation capacity of approx. 500 MW through various solar technologies, which are presently at a nascent stage of development, could be set up in the State through private sector participation, for which a State Policy is being framed.
- c) Similarly, a capacity of 500 MW of power generation is anticipated through direct combustion of Biomass, for which the GERC has already decided the tariff of Rs. 3.08 / kWh.
- d) Over the next five years, the generation of renewable energy is targeted to be 10 % of the total energy generation in the State.

The Energy & Petrochemicals Department will bring out a detailed policy separately for the Sector.

#### **4.5 Enhancement of Technical Competence and Manpower**

The new Industrial Policy for Gujarat has laid adequate emphasis on encouraging expansion of the skilled and educated manpower base. The GoG intends to provide incentives for investments which are directed towards enhancing the skill levels of the manpower and ensuring that the talent pool available in the state is in line with the industry requirements.

Though the state has over the years attracted large volumes of investment into the state, the availability of suitable manpower has been lagging. To address this issue, the State Government intends to develop industry-responsive and readily employable man power focusing on local resources. For this purpose, the State Government has set up Gujarat Knowledge Society and planned to set up knowledge corridors for higher education. In response to the current market trends, a large demand for trained manpower is likely to emerge from the manufacturing and services sector.

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The State Government intends to introduce industry-responsive short term/bridged modular courses in existing ITIs, Polytechnics and Engineering Colleges with active user industry participation and involvement on a PPP basis. It has been proposed to set up Extension Training Centres in GIDCs, Industrial Parks, SEZs and industrial clusters. Anchor Institutes would be selected for various industrial sectors to provide industry responsive curricula, need-based training and skill development for faculties. The State Government will support development of Specialized Skill Development Institutions. Support will also be provided to DTE and DET for sub – ITI / Polytechnic, short term (2 weeks) training programme for spot employment.

#### **4.5.1 Skilled Manpower Development**

Government of Gujarat will create a model of enhancing employability through skill development in PPP mode, (through Gujarat Knowledge Society), and every year minimum 1 lac youths will be covered.

#### **4.5.2 Training Extension Centers**

GoG will assist the creation of training extension centres in Industrial estates/Industrial Parks/Industrial Clusters and SEZs. The development of the training extension centres in industrial parks/clusters/ SEZs would be on a PPP basis.

#### **4.5.3 Anchor Institutes**

GoG will select and support state level anchor institutions for developing new training courses, and benchmarking the existing courses against international curriculum and for training the trainers. These anchor institutions would have to look into the skill demand and requirements amongst various sectors and compare the same with existing skill base of the employees. Appropriate training courses addressing various gaps would also be developed by the anchor institutes.

- a. The courses so framed and drafted by the anchor institutes would be for various areas of skill development which has been identified for various sectors.
- b. National level Institutes like IIT and IIM would be involved, on a professional basis, for mentoring and guiding these efforts of the State Government.

#### **4.5.4 Specialized Skill Development**

GoG will also encourage specialized skill development institutions that can impart vocational skills. Skills in desired areas like Marine Engg., Mining, Specialized pipe laying, Logistic and Services, other Advance/Specialized Technologies & Management.

#### **4.5.5 Incubation Centre for Youth**

The average age of the people in India is one of the lowest in the world. Coming era will therefore belong to the youth. The policy therefore proposes to give a special treatment to the youth below the age of 35 years by way of skill formation and encouragement of their initiatives, innovations and entrepreneurship. It therefore envisages creating and supporting incubation centres in partnership with private and corporate sector as also the academia and Centres of Excellence under PPP Mode to fully harness the potential of the youth in the state. Government will also set up special desks in the state to facilitate such incubation centres. For the purpose, the policy proposes to create a separate fund. Women and new entrepreneurs among the youth will be given preference. Operationalising the entrepreneurial intent of this group would be facilitated on a fast track. In addition, relevant innovations which are essential for becoming competitive in the times ahead for doing business will be encouraged among the youth. Emphasis will be given on the innovative content in the project rather than the investment.

#### **4.5.6 Apparel & Textile**

- a) GoG will support institutions that provide specialized training in the apparel sector.

- b) GoG would also extend support to those institutes which engage in imparting training to those employed in the textile industry.

#### **4.5.7 SME Skill Enhancement**

Support for undertaking training to SME for skill enhancement will be extended.

#### **4.5.8 Institutional Arrangement for Market-driven Curriculum**

An institutional arrangement in the form of Industry academia fora at local levels with the Government - industry - academia fora at the apex level would be set up. These fora will keep the general syllabus and curriculum under dynamic review for making them to be industry-responsive and market driven.

Government of Gujarat will set up a Special Purpose Vehicle for creation of Educational Corridors, in which Special Educational Zones will be developed.

### **4.6 Creation of Labour Market Efficiencies**

The GoG has played a proactive role in ensuring that the sick industrial units of the state are provided with such incentives which would facilitate their revival and reutilization of the existing non-performing or under-utilized assets. The government has over the years announced several schemes which have primarily aimed at providing concessions to the sick industrial units in an effort to revive them. The Government intends to bring the focus back on these units and address them through the new industrial policy.

#### **4.6.1 Rehabilitation of sick units**

**Financial support for the diagnostic study:** Diagnostic studies would be carried out to assess the viability of the sick units. In order to revive the units, the government plans to introduce certain incentives. The study would therefore, aim at reviewing all the aspects of functioning of the sick unit and assess the possibility of its operation in the light of the incentives. The GoG would provide financial assistance on costs of conducting such a study.

Financial assistance to hire experts in the areas of technology, marketing and finance once the recommendations are implemented: The diagnostic study so conducted would highlight the interventions which need to be carried out so as to make these industrial units functional. With the aim of ensuring that the industrial sick units are able to adopt the recommendations which have been made in the diagnostic study, the expertise of professionals in the areas of technology, marketing and finance can be hired. GoG recognises the importance of the inputs of the experts in various fields and therefore in the new Industrial Policy, a provision has been made through which financial support would be provided towards the professional fees for hiring these experts.

Recognising the need to provide financial support to the sick industrial units by way of certain key relaxations, the GoG has recommended in the new Industrial Policy to provide for a one time settlement of outstanding dues by sick units on a graded scale.

Financial support will be provided on interest for additional bank finance used for rehabilitation for a limited period.

In the event of the sick unit being taken over wholly/partially by a new investor, he would be eligible for all the assistance mentioned above.

#### **4.6.2 Assistance to bring the informal sector into mainstream**

In Gujarat, the Informal Sector accounts for around 82.8 % of the total 2.5 crore workforce and from among them, 67 lakh are engaged in non-agriculture sector and 140 lakhs are engaged in agriculture sector. This sector generates large scale employment with minimum investment. The GoG acknowledges the productive output of the informal sector and the significant contribution made by it in generation of economic activity. However, the informal sector has been plagued with limited skill development among the workers and lack of formal access to credit.

Taking into the consideration the past efforts at providing skill development to the workers of the informal sector, the GoG through the new Industrial Policy aims at fostering an integrated approach where special care would be taken to meet the interests of the workers by providing them training, upgrading their skills, and other measures to enable them to find new avenues of employment, improve their productivity in the existing employment, enhance the competitiveness of their product both in terms of quality and cost which would also help in improving their income and thereby raising their socio-economic status. The new Industrial policy has considered to introduce special interventions in the interest of the informal sector workers.

To enhance the competitiveness of the informal sector, the GoG has earmarked Rs. 100 crore in the budget for 2008-09 to focus attention on activities for the sector. The additional provisions which have been made include:

- a) **Comprehensive survey of informal sector workers and various existing economic activities, potential activities in the state:** Since the informal sector employees are engaged in a wide range of productive economic activities spread across the state, the GoG has felt it important to identify these workers, and map their skill levels. The survey would therefore indicate the areas of intervention required in terms of skill enhancement for a specific sector, provision of credit access and any other facilitation which may be critical to the informal sector workers.
- b) New ITIs to be setup and the existing ITIs will be upgraded and equipped with modern technology to impart training to the informal sector workers. Efforts to increase the outreach of these training institutes would be facilitated and GoG would closely monitor the performance at the training institutes. It would also provide for necessary changes which may be currently called for in terms of better training methods, and would facilitate in establishing important tie up with industries in such a way that the skill sets demanded in the market are provided to make informal sector workers more competent.
- c) Workers/Artisans will be imparted training for skill improvement/development to achieve higher level of competence. GoG intends to bring the workers and artisans into the mainstream of economic activity and therefore, proposes to help the skill development which would be required. GoG promotes holistic development in the economy and recognizes the important contribution made by the artisans in producing goods which not only have a demand in the local and domestic market, but are also important foreign exchange earners to the country by way of exports. Since the scale of operation by the workers and artisans is usually not large and is at an informal level, they most often are not aware of the technological improvements and do not have an access to the same. The New Industrial Policy to that extent attempts at skill improvement among these workers.
- d) Workers/Artisans falling under the unorganised sector will be covered under schemes of housing, insurance, education, social security, bankable assistance etc. Special encouragement will be given for carpet weaving in the tribal areas of the state.
- e) Service Exchange Promotion Centres (SEPC) will be established throughout the state which would extend facilities like a Single Window, an Information kiosk, a bridge between service seekers and service providers, a centre for channelizing all governmental schemes. "One Centre, Services Many."

## **4.7 Rewarding adoption of New Technologies, business sophistication and innovation**

### **4.7.1 Research & Development**

In order to create an environment conducive to the next stage of development and attracting investment and talent, the State Government has accorded priority to research and development activity through promoting R&D institutions as well as encouraging contract research from private sector industries, institutions and industrial associations. Efforts will be made to set up Centre of Excellence among research institutions. Such institutions have been set up in the Textile sector. Many such centres of excellence will be created in the other sectors like Nanotechnology, Port and Shipping, non-conventional energy sources etc. Financial support will be provided to institutions for setting up Centres of Excellence for installing new equipments, instrumentations as well as talent. The State Government also intends to promote Incubation Centres associated with Universities and Management Institutions to encourage research/inventions into industrial projects. Mechanism would be set up to track the latest in technology and innovation for adoption in the state. New and Innovative use of local resources would be encouraged. R&D for technologies and product that bring in the hitherto excluded sections of the society into the productive economic mainstream would be supported. Under the policy interventions envisaged include:

- a. Assistance to R&D institutes for modernization and making them self-reliant.
- b. Assistance for contract/approved research work from SME industrial units to recognized R&D Institute/Technical colleges approved by AICTE.

### **4.7.2 Enhance competitiveness of SMEs**

#### **(i) Improving sophistication in SMEs**

Gujarat has witnessed impressive development in Small and Medium Sector Industries. The State Government intends to make the SME Sector more competitive and vibrant. GoG intends to provide necessary support by way of interest subsidy, venture capital assistance, quality certification, skill development, etc. The state government in a bid to make the SME sector technologically advanced would facilitate infusion of latest and modern technology, would emphasize on the need to promote Research and Development activities, patent registration, carry out energy and water audit and conservation etc. A comprehensive approach would therefore be taken up in a manner that all efforts which are required to make these SMEs competent on a global level would be facilitated. Increasing the competence of employees and management practices in such a way that they are oriented towards meeting the needs of the domestic market and are in tune with the needs and the changes in the global market is crucial.

The Industrial policy therefore establishes a direct link between the pre-determined goal of achieving high standards of quality for all the goods which are produced in the state and taking up efforts to increase the competence of the SME sector. GoG would extend all the required support for market development activities. Support would also be extended for the development of ancillary and auxiliary industries for value addition. The State Government will continue to give priority for cluster development of SME in the entire State.

#### **(ii) Awards and Recognition**

GoG will institute separate awards for Micro, Small and Medium enterprises

- a) The awards will be for achieving excellence through
  - i. Growth in production and profit
  - ii. Quality improvement measures
  - iii. Environment improvement measures



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iv. Innovation and new product/process/technology development

- b) A cash award will be given for each SME identified for excellence at the district level
- c) Award recipients will get priority for participation in international trade fairs and other incentive schemes

**(iii) Technology support**

Laying sufficient emphasis on improvising technology and ensuring that technological upgradation is pursued in all facets of the sectoral functioning and operation, GoG plans to extend support for the same. Going a step further, the Government intends to create a fund which would be used purely for the purpose of extending financial aid to industrial clusters which would be vying towards a technology upgradation or updating new technologies etc. By initiating such a measure, the Government encourages the industrial units in moving towards adoption of newer and better technologies and facilitates in creating an atmosphere of greater efficiency and speed of operations.

- a) Financial support will be provided to each cluster for every innovative technology they adopt and introduce into the manufacturing process
- b) GoG will facilitate the setting up of R&D institutions by defraying part of the project cost
- c) For organizations intending to undertake contract research, GoG will provide financial support to the project cost.
- d) Financial support would be extended for the technology used under contract research
- e) Financial support through partial reimbursement of cost for filing of domestic patents and international patents

**(iv) Market Development Initiatives**

Moving forward in the direction of providing increasing visibility to the output generated from the industrial sector from the large industries and specifically from the smaller industries, the Government intends to provide adequate assistance. Having already made provisions wherein the existing employees are trained with better skill sets, improved technology access, greater understanding of the changing demands in the domestic and international market, the Government wishes to develop a clear marketing strategy to showcase the goods and services of Gujarat.

GoG recognizes that efforts required to be made towards aligning the end product with the expectations of the market. Aggressive marketing strategies are the need of the hour and so would be adequately facilitated by the government. With increasing competition both in the domestic and the international market, it is important that all aspects relating to the products are well taken care of. It would be needed that the domestic trends and the international practices which are adopted by the competing producers and countries are well tracked and understood and the products from Gujarat would therefore need to be positioned on a similar platform. Since most SMEs invest a larger amount in production activities and lesser towards marketing activities, GoG would come to the aid of these SMEs such that they are able to access credit purely for their marketing activities. The new Industrial Policy has therefore taken upon itself the onus of facilitating use of better marketing practices by the SMEs.

One of the most important marketing practices which are followed in the domestic and the international market is the showcasing of the products and services in the trade fairs which are held on a national and international scale. Participation in these fairs provides the much needed visibility and makes it possible for the producers to interact on a direct basis with the buyers, engage in negotiations, strike key important deals, understand competition better and be more aware of the demands prevailing in the market. Since such participation in trade fairs is critical, the Government intends to encourage the participation of SME

sectors in the same. The entire spectrum of associated marketing activities such as product/company brochures etc are extremely important marketing tools and therefore GoG would take necessary steps to ensure that assistance is provided on this aspect as well. Since several SMEs are unable to participate in such trade fairs owing to the costs involved, the GoG has designed some interventions specifically addressing this issue and the incentives so identified are listed below:

Financial support to Innovative packaging and design by SMEs

For participation in international Trade Fairs, GoG will partially defray the costs of rent, literature and display materials.

For *industrial* associations participating in international trade fairs, the GoG will provide financial support.

For organizing international and domestic seminars, GoG will provide a viability gap support.

GoG will provide financial support for new convention and trade centers

### **(v) Support to Ancillary (Vendor) & Auxiliary Industries**

In order to enhance the value addition chain and increase employment generation, Ancillary & Auxiliary industries to a parent unit would be encouraged. Following interventions are envisaged:

#### **For Ancillary:**

- a) Parent unit to contribute a min. for prototype/new product development besides technical support and commitment for procurement.
- b) Parent unit to support minimum 10 ancillary units
- c) Financial Assistance on infrastructure cost excluding cost of land to parent unit for development of industrial park.

#### **For Auxiliary:**

- a) Large parent units producing raw material and promoting auxiliary units to be encouraged to develop industrial park for accommodating minimum 20 units.
- b) Financial Assistance on infrastructure cost excluding land cost to the parent unit.

### **(vi) Quality Certification**

Quality improvement and to become the identity of all that is produced in Gujarat being an objective of the policy, some of the interventions envisaged include:

Financial assistance for 3 quality certifications which would comprise part disbursement of the certification fees, cost of testing equipments, calibration charges, consulting fees and training charges.

### **(vii) Energy & Water Conservation**

With a view to promoting sustainable development, conservation of Energy & Water is emphasized and encouraged in the policy through following interventions:

- a) Financial support for Energy/Water audit conducted in a unit by a recognized institution/consultant.
- b) Group of units/cluster will be given priority
- c) Financial assistance for equipment would be given.

### **(viii) Venture Capital Assistance**

Innovation is a continuous process and the Government is committed to support such initiatives in a sustainable manner. For the purpose, to promote innovation and new projects in SME the following interventions are envisaged:

- a) Venture Capital Funding for projects adopting innovative technology to be considered.
- b) Funds will be provided to FI/nodal bank to provide equity support to SMEs

#### **4.8 Improving Environmental Infrastructure**

One of the most important areas of developmental activity also regarded as highly sensitive, pertains to the environment. Globally a very high degree of importance is attached to the fact that production and developmental processes should have minimal negative externality. This is a philosophy which is widely agreed upon by the Government of Gujarat. The growth and development which the Government of Gujarat envisages for the state would necessarily be a sustainable one.

Industrial development and associated growth should therefore be necessarily carried about in a process wherein no damage is done to the ecology and to the environment as a whole. The subject matter of environment safeguard also gathers greater momentum in the light of the fact that Gujarat is a predominantly industrial state. The state accounts for 28% of the national production in Chemicals. In addition, there is a wide range of other categories of industries in the state and thus the state is more conscious about its responsibility in ensuring a clean and green environment.

In light of this the Government in this new Industrial Policy intends to accord Environment the status of Infrastructure. In doing so, the GoG plans to provide a wide range of incentives for all the sectors to encourage greater compliance with the environmental norms and standards. The State Government has taken initiatives to develop infrastructure for environment protection including setting up of Common Effluent Treatment Plants, development of hazardous waste disposal sites and disposal of treated effluents into sea. The environment protection measures would continue to get priority. Now the environment protection operations shall be carried out by third party having responsibility for monitoring and compliance and not by the polluters/ stake holders.

The State Government aims to encourage Environment Management by rational use of resources, environment audit and taking measures to reduce pollution load, waste recovery, recycling and waste recharge besides focusing on adoption of clean process technology. The Government aims to promote waste management as a stand alone viable activity through professional independent technology-driven entities. The State Government intends to gain carbon credits and reduce carbon foot prints in the industrial sectors. It will provide greater opportunity to the people willing to take the benefit of green business like carbon credit earning. Focus would be on Green credits through compensatory or advance afforestation. The State Government aims at zero discharge from specific industrial sectors over a period of 10 years.

Since use of clean green technology also requires large scale investment and is by and large an expensive process, the state government recognises the need to introduce PPP methods for building environment infrastructure. A third party management to that extent would monitor and be responsible for ensuring that all the necessary environmental guidelines, rules and norms are strictly followed and adhered to. The interventions which have been designed for the Environmental sector under the new Industrial Policy are listed below:

- (a) GoG will initiate PPP in the following areas:
  - ii. Desalination plants and plants for recycling water
  - iii. Common hazardous waste infrastructure projects

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- iv. Common environmental infrastructure projects
  - v. Other projects that can improve environmental compliance
- (b) For innovative non-PPP projects, GoG will provide financial support to the following:
- i. Use of innovative technology for recovery of useful material from E-waste, Electroplating waste and photography waste.
  - ii. For ship-breaking facilities that adopt modern technologies
  - iii. For implementing innovative technology that can help in the recovery of ODS from old equipments
  - iv. For reduction in energy consumption
  - vii. For common desalination plants via RO technology for SMEs
  - viii. Technology upgradation of existing plant through clean innovative measures.
- (c) For encouraging green practices, in SMEs, GoG will provide financial assistance for-
- a) Use of Clean, Efficient and Innovative Air Pollution Control Equipments
  - b) Periodical Environmental/Energy Audits
  - c) Setting up of Environment Management System
  - d) Purchase of New Equipments/Systems related to occupational safety and health
  - e) Installation of Solar System for energy saving
  - f) Grading and Ranking industries according to its environment performance – Gold/Silver/Bronze passes
  - g) Rain Water harvesting
  - h) Reduction in water consumption
  - i) Provide financial assistance for substitution/optimization of raw material including catalysts
- (d) Obtaining Carbon Credit and Reduction of Carbon footprint
- i. Projects that will impact the entire cluster of units will be given priority for obtaining Carbon Credits.
  - ii. Support for carrying out life cycle analysis and related measures for reducing Carbon Footprint.
- (e) For all projects in the area of environment and waste management, the Government will reimburse the electricity duty for 5 years

#### 4.9 Promoting Holistic Development

The GoG in addition to facilitating economic and industrial growth would also ensure that all round social development in the state is also carried on. The Government has therefore realized the need to synergize social development activities of corporates with Government initiatives to ensure better reach, impact, visibility, sustainability and outcome. In this context, the State Government would lay emphasis on promoting such activities in PPP mode and make the corporates partners in various programmes. The concept of Corporate Social Responsibility would be actively encouraged and promoted in the State.

An indicative list of sectors will be outlined where the corporates and industry associations may like to get associated. These may include: promotion of sports at rural level to make youths capable for participation at national/international competitions, building play grounds, enhancement of technical competence including vocational training and providing “Uniform” to students, adopting PHCs/ CHCs and supporting nutritional programmes, Nirmal Gujarat Programmes etc.

The corporates and industry associations may decide to undertake specific activities or a combination of activities in villages/cluster of villages/talukas/district. The participating companies or associations adopting to take up such activities would need to appoint a designated officer as Director for CSR activities. A committee consisting of Director, (CSR of the company), officer from DRDA and officer nominated by District Collector (DC) will be constituted to decide on activities, allocation of fund from corporates and Government and monitor the progress of activities.

#### 4.10 Responsiveness to changing Domestic and Global Environment

The State Government will ensure implementation of the Industrial Policy 2009 to meet with the stipulated objectives of the industrial policy. Recognizing the increasingly dynamic nature of the world economy in an era of close global linkages and the constant need for frequent and appropriate response, a course correction mechanism would be put in place. The policy envisages building in a response system wherein continuous feedback and quick response to the required policy changes are made possible.

The State Government intends to constitute Development Councils for focus industrial sectors as well as specific aspects like manpower development, environment protection, etc. in order to have continuous inputs and suggestions. The councils will include industries representatives and experts as members.

An inter-departmental committee headed by Hon'ble Minister of State (Industries) will be constituted to enable realisation of intended outcome of the policy. The Committee will also review suggestions received from Development Councils and recommend for midterm corrections to the government.

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