GUJARAT INDUSTRIAL POLICY, 2015
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INTRODUCTION

Situated on the west coast of India, Gujarat is one of the leading industrialized states in the country. Its geographical area of about 2 Lakhs sq. km. accounts for 6% percent of the total area of India. With a coastline of 1600 km, it is well connected to all the major port in all continents and countries.

Gujarat contributes more than 7.5% to India’s GDP and 18% to India’s fixed capital. More than 10% of the country’s factories are in Gujarat while its manufacturing sector contributes 28% to its GSDP growth of 10% in 2005-13 which more than the national average in the same period.

The State is geared towards development of robust infrastructure that will form the base for spurring higher growth. There has been balanced development in the field of agricultural, manufacturing and services which has increased livelihood opportunities in the state.

New Industrial Policy, 2015

The New Industrial Policy of Gujarat unveiled in January, 2015 with vision of making the Gujarat a “Total Business Destinations” as a global competitive and innovative industrial destination that stimulates sustainable development & promotes inclusive growth.

The New Industrial Policy has following broad idea:

⇒ Create the Framework for Industrial Growth that empowers people and create jobs, thus leading to snowballing effect in the economy.
⇒ Create a roadmap in the state for improving its ability to facilitate business
⇒ Provide a reference point for intra governmental and public-private coordinate of polices laws and principles of economic development.
⇒ Simulate institutional learning that comprises state-industry interactions rather than a drawing board for mere allocation of resource and provision of permission.
**MICRO, SMALL AND MEDIUM (MSME’s)**

MSMEs shall be construed as per their definition in the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act, 2006)

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Investment in Plant and Machinery [Manufacturing Industry]</th>
<th>Investment in Equipment [Service Industry]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Up to 25 Lakhs</td>
<td>Up to 10 Lakhs</td>
</tr>
<tr>
<td>Small</td>
<td>Above 25 Lakhs to 5 Crore</td>
<td>Above 10 Lakhs to 2 Crore</td>
</tr>
<tr>
<td>Medium</td>
<td>Above 5 Crore to 10 Crore</td>
<td>Above 2 Crore to 5 Crore</td>
</tr>
</tbody>
</table>

**New Enterprise**

Enterprise, which has filed Entrepreneurs Memorandum and commence commercial productions during the operative period of this Scheme.
Expansion and Diversification
Existing or New enterprises carrying out expansion/diversification with an investment of more than 50% of [out of which minimum 60% investment should be in plant and machinery] its existing gross fixed capital investment on the date of initiating expansion/diversification and commencing production of said expansion/diversification during the operative period of the scheme.

Only one expansion/diversification will be eligible for assistance during the operative period of the scheme.

Modernization
Existing MSMEs carrying out modernization by way of adopting new technology/production process and/or improving quality of products with an investment of more than 25% of its existing gross fixed capital investment in plant and machinery on the date of initiating modernization and commencing production of said modernization during operative period of the scheme shall be termed as modernization.

Only one modernization will be eligible for assistance during the operative period of the scheme.

Service Enterprise
MSME Service enterprise having an Investment in equipments more than `5 Lakhs will be eligible for Interest subsidy.

Gross fixed capital investment
Gross fixed capital investment means the investment made in required building, plant and machinery equipment and other related fixed assets required to manufacture end product. However, Cost of Land and Land Development will not be eligible as a capital investment.
INCENTIVES FOR MSME's

Capital Investment Subsidy

- Capital Investment Subsidy @ 10% of Loan amount disbursed by Bank/Financial Institution with the maximum amount of `15 Lakhs in Municipal Corporations areas.

- Capital Investment Subsidy @ 15% of Loan amount disbursed by Bank/Financial Institution with the maximum amount of `25 Lakhs in areas other than Municipal Corporations areas.

Interest Subsidy

- Interest Subsidy of 5% with the maximum amount `25 Lakhs p.a. for a period of 5 years in Municipal Corporations areas.

- Interest Subsidy of 7% with the maximum amount `30 Lakhs p.a. for a period of 5 years in areas other than Municipal Corporations area

- 1% Additional Subsidy for SC/ST, Physically challenged and Women entrepreneurs

- 1% Additional Subsidy for Young Entrepreneur below the age of 35 years on the date of sanction of loan.

- Only New MSME of Service sector will be eligible for Interest Subsidy at 5% with the maximum amount of `25 Lakhs p.a. for 5 years on the term loan of Machinery and Equipment.

Assistance to Venture Capital

MSME with innovative technology will be assisted to raise promoter contribution in the form of equity or loan through GVFL

- Industries Commissioner will appoint a technical committee to scrutinize the proposal in consultation with GVFL.
GVFL will create a separate fund for this scheme.
GVFL will appraise the project and extend the support to get loan from commercial bank.
The Assistance as promoter's Contribution will be 20% project cost maximum up to ` 50 Lakhs.
GVFL will release this assistance from the fund placed at disposal of GVFL by Industries Commissioner.
This would be subject to specific guidelines to be worked out and get approved.

Quality Certification
To introduce quality products in competitive market, MSME get support for Quality Certification.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Assistance</th>
<th>Quantum of Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>ISO Certification</td>
<td>50% of all charges including consultancy fee for obtaining ISO Certification maximum of ` 50000</td>
</tr>
<tr>
<td>3.</td>
<td>ISI/WHO-GMP/Hallmark certification</td>
<td>50% of all charges for obtaining each certification for ISI/WHO-GMP/Hallmark certification and other national and international certification approved by Quality Council of India.</td>
</tr>
</tbody>
</table>

- Cost of testing equipment and Calibration Charges as referred for certification.
- MSMEs will not be eligible if any of these are required for as a part of statutory provision and renewal of certificate.

Technology Acquisition
Assistance for acquisition of appropriate technology from recognized institution by MSME for its product/process during the operative period of this scheme. This scheme provides 50% of the cost payable subject to
maximum of `50 Lakhs including royalty payment for first two years for acquisition of appropriate technology.

⇒ Prior Approval is to obtain after signing MOU with Technology provider. Assistance will not be eligible for purchase of any plant and machinery or equipments. Assistance will also be available to existing enterprises for new product development or for improvement of production process.

**Patent Registration**

⇒ 75% of cost incurred subject to maximum of `25 Lakhs for obtaining Patent registration of developed product.

⇒ Assistance will be disbursed after the publication/notification of the patent

**Saving in Consumption of Water and Energy**

⇒ 75% cost of energy/water audit conducted by a recognized institution/consultant subject to maximum of `50,000

⇒ 25% of cost of equipment recommended by Auditing authority subject to maximum of `20 Lakhs and saving in energy/water by minimum 10% of average monthly consumption of previous 12 months before audit.
SME Stock Exchange
⇒ MSME can raise funding through dedicated SME Stock exchanges. To encourage MSME to opt for this route, assistance will be provided under this scheme.

⇒ 20% of expenditure incurred on successful raising of fund through SME Stock Exchange subject to maximum upto ` 5 Lakhs.

Reimbursement of CGTMSE Fees
In this, SC/ST Physically challenged and Women entrepreneur will get reimbursement of 100% of Annual Service fee on Collateral Free Term Loan under CGTMSE Scheme from Bank/Financial Institution.

Rehabilitation of Sick enterprise
⇒ For preparing the diagnostic report from expert/expert agency and expenditure thereof will be reimbursed @ 50% of cost of Draft Rehabilitation Scheme subject to maximum of ` 1 lakhs to sick enterprise.

⇒ Sick enterprise means registration issued by Industries Commissioner as per prevailing RBI guidelines.

MSME Awards
MSMEs performance is awarded in various categories. This includes Export, Specific Industries, Regional, Medium, Small and Micro Categories. Awards will be of ` 1 Lakh or ` 2 Lakhs depending on the category.
Market Development Assistance

[A] Participation in the Exhibition through Industries Association/Federation/Chambers
The assistance will be provided up to 60% of rent paid or `5 Lakhs/`7 Lakhs / `10 Lakhs for State/National/International level respectively. Prior approval will be required.

[B] Assistance up to 60% of Bill of electricity consumption for organizing Industrial Exhibition in Gujarat

[C] Participation in the International Trade Fair
Assistance upto 50% of stall rent or space, cost of product literature and displays material subject to maximum `4 Lakhs. However, assistance for product literature and display material cost shall not exceeds `50,000 per participation
Enterprise will be entitled for maximum three times during the operative period of the scheme.
INDUSTRIAL INFRASTRUCTURE
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A state's competitive economic advantage clearly depends on strong, articulated vision for industrial and infrastructure development. Gujarat Industrial Policy, 2015 emphasizes on infrastructure development and seeks to create adequate provision which aims to upgrade and improve the status of infrastructure in the state.

Eligible Institution
- Industries Association, Chamber of Commerce, SPV of Industries or any large project/group of industries.
- Government Department, Authority or Agency, State & Central Government, PSU's, Boards, Corporations and Municipal Corporations

Eligible Activities
Common infrastructure required in an industrial estate, Industrial Cluster or industrial area, Linked infrastructure, last mile connectivity such as
- Approach road from industrial estate/area to Airport, Port or Highway.
- Over bridge on road/railway connecting Industrial area
- Up gradation of existing roads/widening of roads
- Construction of by pass road
- Setting up of Earth station/Communication facilities
- Water/Gas/electricity/energy distribution networks
- Setting up of common warehousing facilities
- Common Facilities Centre, Product Development Centre, Training Center, Testing Centre.
- Fire Stations, Primary Health Centre
- Water Desalination Plant
- Transport Nagar/Transport facilities
Gujarat Industrial Policy, 2015

⇒ Water Augmentation Facility
⇒ Networking Facility
⇒ Trauma/emergency Centre
⇒ Recreation Center
⇒ Business Support Services
⇒ Common Alternative Energy source project.
⇒ Any other infrastructure facilities as approved by Implementation Committee.

Quantum of Assistance
⇒ The Assistance will be 60% of project cost subject to maximum of ` 25 Crores per project. In special circumstance, the committee may sanction the assistance upto 80% of project cost within overall ceiling of ` 25 Crores.
⇒ Committee may sanction upto 100% assistance to the projects of Govt. Departments Govt. Agency or Authority, State and Central Govt. PSUs, Board.
⇒ The Committee may consider undertaking specific studies through professional institutions/ reputed consultancy firms.
Developing Readymade Sheds in Mini Estate
Industrial Parks/Mini Estate means an industrial estate having basic infrastructure facilities like developed plot, internal roads, water distribution facilities, power distribution and such other faculties/services as may be required to manufacture any product.

Eligible Fixed Capital Investment
- Cost of Land is a prevailing jantri price of area or the actual price paid by private developer including the stamp duty and registration charges.
- Cost of Building is fixed up by SLEC and/or SOR of the Roads and Building Department.
- Other Infrastructure faculties will be decided by SLEC.
- Architect /Consultancy fees/TPQA Charges: The charges paid for the service up to 5% of the project cost or `20 Lakhs whichever is less.

Ineligible Fixed Capital Investment
Expenditure incurred towards land development, preliminary and pre-operative expenses, interest capitalized, recurring expenses and working capital.

[A] Assistance to Private Developer for Developing Readymade sheds in Mini Estate
Govt has felt that there is a need of small estates having small row house type [Gala type] shed for MSEs which will provide basis infrastructure to set up MSEs with a plug and play faculties. The private developer will purchase a land and get it converted for industrial use. The developer shall have to include cost of all the infrastructure facilities and work out the final allotment price. Once the proposal sanctioned, the developer will start the development of infrastructure faculties.

Quantum of Assistance
The assistance of 50% of the total cost of land, building and other infrastructure faculties will be give to private developer.
Condition

⇒ The size of shed shall be around 50 Sq.Mts [500 Sq. Fts] each and size of mini estate shall not be more than 2 Hectare.
⇒ The private developer shall have to develop all the infrastructure facilities within two years from the sanction.
⇒ The assistance shall be disbursed to private developer @25% of cost of shed on sale of individual shed and remaining 25% portion after commencement of production by MSEs.

[B] Assistance in Rent to MSEs

The Govt has decided to give assistance to MSEs units in rent which will improve the initial liquidity of project and also help the financial institution/bank to sanction the term loan on plant and machinery required for the project.

Quantum of Assistance

⇒ The assistance of 50% of Rent paid subject to `50,000/- p.a. in a Municipal Corporation/Urban Development Authority
⇒ The assistance of 50% of Rent paid subject to `25,000/- p.a. in other places/areas.
⇒ The assistance will be provided for three years.

Condition

⇒ The assistance will be given with effect from the date of rent deed or three months prior to the date of production whichever is later.
⇒ The rent deed or lease deed should be for five years.
RESEARCH & DEVELOPMENT
RESEARCH & DEVELOPMENT

The State Government intends to encourage and promote research and development institutions to undertake research work, disseminate proven technology among industrial units and strengthen of existing labs for industrial association. The Industry Policy gives special trust to transform Gujarat as the hub of Research & Development activities therefore increase in the production

Eligible Institution

⇒ All R&D Institutions recognized by CSIR/DSIR or set up by Govt.
⇒ AICTE approved professional colleges including autonomous as well as collages affiliated to universities.

Eligible Activities

⇒ Setting up of new labs, Technology upgradation, modernization, contract research, testing, evaluation, information dissemination and training activities.
⇒ Strengthening, modernization and addition/up gradation of existing facilities of Research and Development institution.
⇒ Adoption of cluster to carry out Technology study, Contract Research and Development of Technology, Quality improvement etc.
⇒ Contract research proposal from AICTE approved professional collages, including autonomous collages as well as collages affiliated to universities, taking up the sponsored R&D Work from industries.
⇒ Sponsored R&D project proposal from industrial association or individual enterprise
⇒ Other Eligible activities as decided by SLIC.
## Quantum of Assistance

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Assistance</th>
<th>Quantum of Assistance</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Setting up new R&amp;D institution / laboratories</td>
<td>Assistance to R&amp;D institution/ laboratories set up by State Government or Government of India including setting up new R&amp;D institution / laboratories shall be provided as per requirement.</td>
</tr>
<tr>
<td>2.</td>
<td>Setting up Laboratories by Industrial Association</td>
<td>60% of project cost for machinery and equipment cost for setting up laboratories by Industrial Association with the help of government.</td>
</tr>
<tr>
<td>3.</td>
<td>Contract / Sponsored Research</td>
<td>50% of project cost subject to maximum of `50 lakhs for Contract/Sponsored R&amp;D from any industrial association or any industrial enterprise to recognized R&amp;D Institution/ technical collages approved by AICTE.</td>
</tr>
</tbody>
</table>
INNOVATIVE START UPs
INNOVATIVE START UPS

India is poised to become the youngest country by 2020 with an average age 29 years, accounting for 28% of the world’s work force. R&D in Indian is still largely financed by the government sources. India spent less than 1% of the GDP for R&D and Innovation. In view of this, The State needs to explore scientific and technology ecosystem through Start Ups & Incubators that would further empower the youth. Start ups are likely to bring in new solutions and challenge established by individuals/companies that enters these new markets.

Innovative Project
Innovation is the process of introducing new or making changes with update technology, large and small, radical and incremental, to products, processes and services that results in the introduction of something new and innovative products.
Eligibility

⇒ Any individual /group of individual having innovative idea or concept
⇒ The Institution which includes Universities /education institution / Incubation Center / PSU’s /R&D Institute /private and other establishment will be eligible to support and mentor to eligible innovators.

Quantum of Assistance

Innovation

⇒ Institutes will support to the innovators by providing mentor services and allow to use facilities available with the institution
⇒ Eligible innovator will be provided ` 10,000/- per month for one year whose project is recommended by institutions as approved by Committee.
⇒ Assistance of upto ` 5 Lakhs will be provided to Institutions for providing mentoring services
⇒ Assistance of upto ` 10 lakhs will be provided for Cost of Raw material /Component/ other related materials required for innovative process or new product development to Institutions based on approval of the Committee.
⇒ Selected innovators will be provided support to get free access to Universities/ Libraries/Govt Laboratories/PSUs to have more clarity on his innovative idea/concept

Idea/Concept get commercialized

⇒ Marketing and publicity assistance upto ` 10 Lakhs will be provided for introduction of innovative products in the market.
⇒ Innovative Project will assisted in getting Venture Capital
⇒ VAT related incentives by way of reimbursement of 80% of net VAT Paid excluding ITC and Additional VAT for a period of five years.

The Unit will be entitled for reimbursement upto 1/5 of eligible limit in a particular year and maximum reimbursement is upto 70% eligible fixed capital investment.

The project is eligible for other benefits available under MSME Schemes.
PLASTIC INDUSTRY
PLASTIC INDUSTRY

Gujarat accounts for more than 35 percent of total chemical production in the country. The availability of raw material within the state tends to initiate promotion and development of plastic industries on large scale. Investment in this sector will create vast opportunities for ancillary and downstream industries in the small, medium & large sector in the State. For the state government, Plastic industry is identified as specific sector focus to promote manufacturing industries and will be focal point for overall development of Gujarat State.

Plastic Industry
Enterprise, which engaged in manufacturing of plastic products/items/articles by using plastic as a raw material available in the state. Plastic material means organic polymers of high molecular mass from petrochemicals such Polyolefin [LLDPE, LDPE, HDPE, PP], PVC, Nylon, Polyester, Polystyrene, Polycarbonate, Polyamide [nylon 6, nylon 66] etc.
New enterprise which purchase raw material in within the state will only be eligible.

**Quantum of Assistance**

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<tr>
<th>Sr. No.</th>
<th>Assistance</th>
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<tbody>
<tr>
<td>1.</td>
<td>Interest Rate Subsidy</td>
<td>Interest rate subsidy @ 7% subject to maximum amount of `1 Crore per year for period of 5 years</td>
</tr>
<tr>
<td>2.</td>
<td>VAT Subsidy</td>
<td>VAT related incentives by way of reimbursement of 80% of net VAT Paid excluding ITC and Additional VAT for a period of five years. The Unit will be entitled for reimbursement upto 1/5 of eligible limit in a particular year and maximum reimbursement is upto 70% eligible fixed capital investment.</td>
</tr>
</tbody>
</table>
LABOUR INTENSIVE INDUSTRIES
LABOUR INTENSIVE INDUSTRIES

The government focuses strongly on the employability of youth of the State. The role of labour intensive industrialist is to enable government & Private enterprise in different sectors to fully exploit the potential of youth by generating maximum employment. In view of this the Government intends to provide adequate thrust to the labour intensive industries by provisioning specific packages that would be catalyst in state's industrial development, provide certain incentives to employment intensive industrial sector like Garment, Apparels & Made-Ups industry, Agro and Food processing, Assembling enterprises and others similar sectors those have large scale opportunities for generation of employment.

Eligible Enterprise
The incentive applicable to new enterprise and one expansion for existing enterprise during the operative period of the scheme

Existing or New enterprise carrying out expansion with an investment of more than 50% of (out of which minimum 60% investment should be in plant and machinery) its existing gross fixed capital investment on the date of initiating expansion and commencing production of said expansion during operative period of the scheme shall be termed as expansion.

The Existing Enterprise which taking up the expansion shall have to provide additional employment

⇒ As per Employment Provident Fund [EPF] record @ 20% of existing employment or
⇒ Sector wise minimum employment mention below, whichever is higher
Following criteria will be applied for calculation of existing employment as per EPF records.

- Highest employed persons for a month out last 36 months of existing enterprise before commencement of commercial production of Expansion. Total months in case of enterprise which has not completed 36 months before commencement of commercial production of expansion

**Labour Intensive Enterprise**
Labour incentive enterprise refers to that industrial unit, which requires substantial amount of human labour in its production activities. This means, the proportion in which labour employed for production is much higher than the proportion of capital employed Eligible fixed capital investment

**Sector wise Minimum Employment**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Focus Sector</th>
<th>Minimum Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Garment, Apparels &amp; Made ups industry</td>
<td>300 Persons</td>
</tr>
<tr>
<td>2</td>
<td>Agro &amp; Food Processing</td>
<td>100 Persons</td>
</tr>
<tr>
<td>3</td>
<td>Assembling enterprise with partial manufacturing facilities</td>
<td>100 Persons</td>
</tr>
<tr>
<td>4</td>
<td>Any other labour intensive industries/sector, with minimum person required to be employed by it, as decided by State Level Empowered Committee time to time.</td>
<td></td>
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</tbody>
</table>

Payroll incentive will be eligible only for new/ additional Domiciled employees.
Quantum of Assistance

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<tr>
<th>Sr. No.</th>
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<th>Quantum of Assistance</th>
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<tbody>
<tr>
<td>1.</td>
<td>Payroll Assistance</td>
<td>Payroll assistance will be provided @ <code>1200 per person and</code> 1500 for per women employment.</td>
</tr>
<tr>
<td>2.</td>
<td>Interest Rate Subsidy</td>
<td>Interest rate subsidy @ 7% subject to maximum amount of ` 1 Crore per year for period of 5 years</td>
</tr>
<tr>
<td>3.</td>
<td>VAT Subsidy</td>
<td>VAT related incentives by way of reimbursement of 80% of net VAT Paid excluding ITC and Additional VAT for a period of five years. The Unit will be entitled for reimbursement upto 1/5 of eligible limit in a particular year and maximum reimbursement is upto 70% eligible fixed capital investment.</td>
</tr>
</tbody>
</table>

- In case of expansion, this payroll assistance will be provided only for additional domicile employees
- In case of expansion, the payroll assistance will not be eligible for reemployed person/s who had been relieved by the enterprise within one year period before commencement of production of expansion.
The information contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that will continue to accurate in future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.