

## **GUJARAT INDUSTRIAL POLICY 2015 & SCHEME OF INCENTIVES**

The Government of Gujarat ('GOG') has issued an Industrial Policy to clear a path for the State for industrial development. GOG regularly amends its Industrial Policy in which it defines vision, mission, incentives and framework for the Industrial Development of the State.

### **1. OBJECTIVES AND FRAMEWORK**

The Policy aims to build and expand on the existing growth patterns in the State and encourage value addition on focus sectors. GOG has proposed and taken actions on large scale for the industrial development of the State. Here we discuss some of the major proposals and actions of GOG.

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

Projects such as GIFT City, Special Investment Region, Delhi Mumbai Industrial Corridor ('DMIC'), Petroleum, Chemical and Petrochemical Investment Region (PCPIR) at Dahej, Knowledge Corridor at Gandhinagar and other New Industrial Estates are the initiatives from GOG to develop a global hub for manufacturing and infrastructure. About 38% of DMIC will fall in Gujarat, which offers opportunities to pursue high-intensity economic activity.

It has also taken initiative in exploiting renewable sources of energy besides emerging as the Petro Capital of India.

#### **1.2. Promoting balanced regional development**

In addition to industrial development, this industrial policy is also focusing on the balanced regional development of Gujarat by improving both quality and access to education through better infrastructure and power connectivity.

#### **1.3. Facilitate centers of excellence and specialized sectors for skill enhancement**

GoG intends to develop trained manpower for focus sectors with greater investment from the private sector. It also offers incentives for such investments.

#### **1.4. Increasing the efficiency of the Institutions catalyzing Industrial Development**

Strengthening state industrial institutions and increasing their efficiency is one of the key objectives of this industrial policy. The Government is also aiming to make information easily accessible for industries.

### 1.5. Reward adoption of new technology and promotion of innovation and technology transfer

GoG has constituted category wise awards for industries to promote startups and offer technology support, quality certificates and financial support for diagnostic study, energy and water conservation audits.

### 1.6. Rehabilitation of Sick enterprises

The State may offer financial support to an enterprise with a new promoter, to acquire a sick entity and make it viable. With this in view, a comprehensive package will be formulated for the revival of sick enterprises.

### 1.7. Boosting the Service Sector

For the first time, the State Government has introduced policies to facilitate service activities related to the manufacturing sector. This Policy has earmarked incentives specifically for the service sector.

### 1.8. Green Practices and improving environmental infrastructure

GoG is actively aiming for sustainable growth and is conscious about its responsibility to ensure a clean and green environment. The State may provide the following assistance under this Policy.

- Financial assistance for common infrastructure and waste management projects
- Need-based financial assistance for strengthening Environment Compliances
- Need-based financial assistance for development of Green Industrial Estates
- Need-based financial assistance for shifting of Chemical based units from residential zones to industrial zones

### 1.9. Pro-active support for development infrastructure

The State Government is proactively developing industrial infrastructure for better business. The Policy aims to upgrade industrial infrastructure in the following areas:

- Upgrade GIDC industrial estates and private industrial estates
- Provide efficient logistics parks/relevant services
- Develop Sector Specific Industrial Estates
- Improvement in hinterland connectivity

### 1.10. Boosting the power availability of the State

Gujarat is blessed with several natural resources of energy that augment its non-renewable energy growth. At present more than 80% of the power capacity is conventional and rest of the power is from renewable sources. The major policy initiatives in the Power sector are listed below:

- Installed capacity has been increased with the help of power tied up through bidding in Central and State owned projects
- The State has operationalized wind capacity of 3347 MW and around 2000-2500 MW wind capacity will be added in the next five years

## 2. INCENTIVES TO INDUSTRIES IN GUJARAT

Government of Gujarat is offering Incentives to the New Industries in Gujarat under its Industrial Policy- 2015 with a revision on July 25, 2016. Key takeaway on Incentives offered are as under:

### 2.1 Government has bifurcated industries into four categories:

Sl No.	Category of Industry	Investment
(i)	Micro, Small and Medium Industries ('MSMI')	Investment upto INR 10 Crore in Plant & Machinery
(ii)	Large Industries	Investment more than INR 10 Crore but lower than INR 1000 Crore in Gross Fixed Capital
(iii)	Mega Industries	Investment is INR 1000 Crore or more but lower than INR 4000 Crore in Gross Fixed Capital
(iv)	Ultra-Mega Industries	Investment is INR 4000 Crore or more in Gross Fixed Capital

**2.2 Quantum of incentives offered shall varies on basis of location of Industries in Gujarat. We have elucidated quantum for some of locations here:**

Category of Industry	% of eligible fixed capital investment entitled for incentive	% of Net VAT/ Sales Tax reimbursement to the Industries	% of Net VAT/ Sales Tax to be paid to Government	Incentive Period (No. of Years)	Maximum Amount of Net VAT/ Sales Tax in single financial year(INR in Crore)
<b>Sanand</b>					
‘MSMI’	70%	70%	30%	10	50
Large Industries	70%	70%	30%	10	150
Mega Industries	70%	70%	30%	10	400
Ultra-Mega Industries	70%	70%	30%	10	500
<b>Mandal &amp; Becharaji</b>					
‘MSMI’	100%	90%	10%	10	50
Large Industries	100%	90%	10%	10	150
Mega Industries	100%	90%	10%	10	400
Ultra-Mega Industries	100%	90%	10%	10	500

In the GST regime, the Government offers the same quantum of incentives as were available under the VAT regime. Industries will be reimbursed for eligible incentives to the extent of the State GST paid on intra state sales, subject to actual tax realized in the government treasury. GOG will do the necessary modification in the policy to give the effect of GST. Industries are waiting for such modification.



### 2.3 Some Conditions for availing incentives

- Industry shall commence its commercial production during July 25, 2016 to July 24, 2021
- Industry shall manufacture the goods on its own
- Industry shall remain in production during the incentive period
- Industry shall have to make e-payment and submit e-forms
- Industry shall be registered under Gujarat VAT Act, 2003 or GST as the case may be.
- Industry shall be registered as eligible industry with the Industries Commissioner
- Industry shall employ persons domiciled in Gujarat. At least 85% of its total number of employees and at least 60% in managerial & supervisory capacity standard prescribed by Government Authority

In addition to the above Policy, the GOG has issued Sector Specific Policies such as Electronics Policy, Scheme for Assistance to Large and Mega Industries, Mineral Policy, Power Policy, Port Policy, Textile Policy etc.



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