

Gujarat Industrial Policy 2020



Industries Commissionerate,
Industries and Mines Department
Government of Gujarat

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1. Preface

Gujarat is the most industrialized state in India and has been recognized nationally and globally for offering conducive business ecosystem that is supported by ease of doing business and state-of-the-art infrastructure. The state has witnessed unprecedented growth in terms of investments, both FDI and domestic. With a vision to give additional thrust to “Atmanirbhar Bharat”, the New Gujarat Industrial Policy 2020 is being introduced with added focus on key thrust sectors, strengthening integrated value chains, innovation and research. Besides this, the Gujarat Industrial Policy has provisions to promote industries focusing to adopt **sustainable & cleaner manufacturing** and innovative **Industry 4.0** practices. It also lays objective to encourage entrepreneurship and strengthen **MSMEs** and facilitate cluster development.

2. Background

Industry Overview

Gujarat is India’s most industrialized and urbanized state. With roughly 6% of India’s geographical area and 5% of its population, the state accounts for almost 8% of India’s Gross Domestic Product (GDP). As per the Annual Survey of Industries (ASI) 2017-18, Gujarat stood first in India in terms of Industrial Output with ~17% of India’s output.¹ Gujarat contributes over 20% of India’s exports² and Gujarat’s ports handle over 40% of India’s cargo.

Additionally, Gujarat stands 1st in terms of nos. of IEMs filed & actual investment reported for 2019. Gujarat had ~51% share (1st Rank in India) of IEMs filed in India in terms of value with a proposed investment of USD 49 billion in 2019 as per the data released by DPIIT. Gujarat recorded a growth of 333% over previous year in proposed investments in 2019.³

Gujarat received FDI worth USD 15.6 bn. between April 2015 – March 2020. In FY 2019-20; Gujarat saw highest national increment of 240% in FDI inflows from previous year. With this, the FDI growth in Gujarat is 60 times that of the growth in rest of India.

This can be attributed to Gujarat’s policy driven business ecosystem. The increasing investments are also a testimony of state’s conducive business environment. Over the last four years, more than twenty sector specific policies were announced by the State Government. These policies focused predominantly on enhancing the industrial ecosystem and on promoting R&D and innovation.

Gujarat has established itself as a manufacturing powerhouse for sectors such as auto & auto components, chemicals & petrochemicals, drugs & pharmaceuticals, cement, textiles, engineering, gems & jewelry and ceramics. The state is home to some of the world’s largest companies including 100+ Fortune 500 companies. MSMEs form an integral part of the entire supply chain of these large companies in

¹ <http://www.csoisw.gov.in>;

² DGCIS

³ DPIIT



the state. They act as ancillary units to large industries contributing significantly to the industrial development of the state. There are over 100 MSMEs multiproduct activity clusters spread across the state. The number of MSMEs in Gujarat grew by 60% from 2014-2015 and currently, Gujarat is home to over 3.5 million MSMEs which are a major source of employment.

'Make in India' initiative launched by Government of India aims at enhancing manufacturing through investment, innovation and best-in-class infrastructure. Gujarat has been successfully contributing to the initiative's objective of transforming India into a global design and manufacturing hub supported by conducive infrastructure and ease of doing business. The State Government has also introduced notable reforms in order to create a conducive business environment in the state.

The initiative ZED (Zero Defect in Manufacturing and Zero Effect to Environment) was launched to enhance the quality of the manufactured goods with the end goal of positioning India as the "World's Manufacturing Hub". Gujarat's manufacturing sector has imbibed ZED as a core pillar which has supported the Gujarat MSMEs carve a niche for themselves in the global supply chain.

In terms of Startups, Gujarat has emerged as an important startup hub at a national level. The state has been recognized as **Best Performer State in State Startup Ranking by DPIIT** in 2018. According to NASSCOM, around 150 startups were founded in emerging hubs between 2014 to 2019 and **43% of the funded startups were launched in Ahmedabad.**

Gujarat has implemented several reforms for improving and easing the environment for doing business. The State Government is continuously implementing reforms to further improve its "Ease of doing business" quotient. Key recent reforms include The Gujarat Single Window Clearance Act 2017 and the Gujarat MSME Act 2019. The Industrial Policy 2020 has been drafted with this agenda at its core and the policy aims to further ease the regulatory mechanism and procedure by strengthening the helpdesks, dissemination of information and a strong mechanism to collect investor feedback.

Robust physical infrastructure

Besides being strategically located on the western coast of India, Gujarat's main value proposition to the industries is its world class infrastructure. The robust infrastructure includes a wide network of connectivity and utility till the last mile. The state provides industries with:

- 1,57,470 km roads which includes National Highways, State Highway and District Roads
- Power surplus state, providing round the clock three-phase uninterrupted quality power & > 30 GW installed power generation capacity providing 24x7 un-interrupted supply
- 49 large ports including 1 major port and 48 non-major ports
- 17 operational airports and airstrips with 2 International airports



- 2600 km state-wide Integrated Gas Grid

In addition to these, the state's next wave of growth will be driven by mega industrial infrastructure projects, such as:

(1) Delhi - Mumbai Industrial Corridor (DMIC)

Delhi - Mumbai Industrial Corridor is one of the world's largest infrastructure projects by Govt. of India with an estimated investment of USD 90 billion (~INR 6.4 lakh crore). It is planned as a high-tech industrial zone spread across six states over a 1,500 km long Western Dedicated Freight Corridor (DFC) which serves as its backbone. Around 36% of the DMIC will pass through Gujarat. 6 of the 24 industrial nodes identified across the DMIC will be in Gujarat. They are enumerated below:⁴

- a) Ahmedabad-Dholera Investment Region
- b) Vadodara-Ankleshwar Industrial Area
- c) Palanpur-Mehsana Industrial Area
- d) Bharuch-Dahej PCPIR and Investment Region
- e) Surat-Hazira, Industrial Area
- f) Valsad-Umbergaon Industrial Area

Development of Greenfield ports, augmentation of existing industrial estates, establishment of sector specific manufacturing and services hubs and investment in power projects are some of the key initiatives being planned in the DMIC & DFC influence zone.

(2) Dholera Special Investment Region (D-SIR)

Dholera SIR in Gujarat is India's largest greenfield industrial investment region, spread over 920 sq. km. DSIR will have smart & sustainable infrastructure spanning transportation, water, power, waste-water, drainage and urban design. Its focus sectors include: Heavy Engineering, Automobiles & Auto ancillary, Defense, Electronics, Hi-tech technologies, Agri & Food processing and Infrastructure. The world's largest solar park of 5 GW is also being developed at Dholera SIR. 6 TP schemes are approved for development of Dholera SIR as smart city.

It will be connected with Ahmedabad by a 6-lane access-controlled expressway & Metro Rail Transit System (MRTS) in one common corridor providing seamless connectivity. An international airport is being developed at Dholera SIR giving swift international and domestic connectivity to the region.

(3) Mandal Becharaji Special Investment Region (MBSIR)

Emerging as the world's largest Auto-Hub, MBSIR is a hotbed for Japanese automobile and auto component manufacturing industries. Companies such as Suzuki Motor Corp., Honda Motorcycles, Scooter India Pvt. Ltd, and Toyota Tsusho India have already established their units.

Located at around 90 kms. from Ahmedabad, the region is well connected to leading ports, airport, railroads and National highway (NH) roads.

⁴ <http://www.gidb.org/newprojectdmic>



(4) Mumbai Ahmedabad High Speed Rail

India's first high speed rail project between two mega cities - Ahmedabad & Mumbai is being developed at an investment of over INR 80,000 crore (~USD 11.23 billion). Project is being implemented in association with Japan International Cooperation Agency (JICA).

(5) Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR)

Located at Dahej, South Gujarat, PCPIR is India's first specially delineated investment region of 453 sq. km. for manufacturing of petroleum products, chemicals and petrochemicals. With the coming of DFC, DMIC, Bullet Train and the Express Highway linking Baroda to Mumbai, the prospect in PCPIR is further expected to boost.

Three new LNG terminals and a greenfield airport have also been planned in/ around the PCPIR. To meet the increasing demands of land by industries, GIDC has developed a chemical zone in Saykha.

(6) Gujarat International Financial Tech (GIFT) City

GIFT City is India's 1st operational Smart City and International Financial Service Centre (IFSC), with world class infrastructure for offshore and international transactions in banking, insurance and capital markets.

It is a vertical city with integrated development on 886 acres of land with 62 Mn sq. ft. (5.5 million sq. mts.) of Built Up area. GIFT is also home to India's first International Exchange (India INX). Major institutions such as Oracle, World Trade Centre, BSE, NSE, SBI, LIC, Tata Communications, New India Assurance, Singapore IAC, Bank of America, GERC, Data Centre are currently operational at the GIFT City. Due to IFSC, several international financial institutions are setting up operations in GIFT City and will further enhance doing business in Gujarat. With this, the GIFT city has emerged to become a financial magnet in India. GIFT is also providing facilities like Housing, School, Hospital, Hotel and City club.

GIFT City has a committed investment of USD 1.57 Bn with a work force of 10,000 professionals across 225 companies.

(7) Diamond Research and Mercantile (DREAM) City

Diamond Research and Mercantile City - A Smart City being developed close to the diamond capital of India - Surat, to promote diamond trading from Gujarat at an estimated project cost of INR 2400 Crore (~USD 350 Million). Spread over 2,000 acres, DREAM City will house an International Diamond Trading Hub and a Diamond Bourse.

(8) 30,000 MW Renewable Energy Target by 2022

The state has set a massive target to take the renewable energy installed capacity to 30,000 MW by 2022. This capacity shall not only cater to its own requirement of



renewable power but will also be helpful to other states to fulfill their renewable purchase obligations.

The state as of July 2020, has an installed renewable capacity of 10,810 MW, which is ~30% of the total power capacity, which the state aims to take to 40% by 2022.

Work has commenced for a 700 MW park in Raghnesda and land has been identified for 5,000 MW park in Dholera. The state has also identified and allotted land and capacity of 30,000 MW to set up a renewable energy park in Kutch district for development in phases.

Other achievements:

- Ranked as the “Best Performer” in all India State Startup Ranking by Department for Promotion of Industry and Internal Trade (DPIIT) in year 2018
- Ranked No. 1 in the Logistics Performance Index and LEADS Index by Ministry of Commerce, Government of India in year 2019
- Ranked No. 1 in the “Composite Water Management Index” by NITI Aayog in the year 2019
- Gujarat was awarded as the State with the Best Infrastructure, at the India Today States Conclave 2018⁵
- In 2020, 3 cities from Gujarat featured in the top 10 smart city projects of India by Government of India. The cities included Ahmedabad (1st), Surat (3rd), Vadodara (6th).
- Gujarat has consistently ranked among top 5 leading Indian states and Top Achievers as per National EoDB rankings
- As per the study by Oxford Economics, Surat and Rajkot have been rated among the top 20 fastest growing cities in the world⁶
- Gujarat is the first power surplus state in the country. In a recent ranking conducted in 2020, out of 19 DISCOMs across India, done by an independent agency called Fitch Group, DISCOMs of Gujarat (UGVCL, PGVCL, DGVCL and MGVCL) have ranked as the top 4 on key operational and financial performance indicator. The 4 DISCOMs are also among the 6 DISCOMs of India that have been awarded A+ credit rating by ICRA and CARE Ratings report prepared by the Power Finance Corporation.

⁵ India Today State of the States 2018: rankings

⁶ Global economic research report, Oxford Economics



3. Policy Period

This policy shall be valid for a period of five years from 7th August 2020.

4. Vision

To make Gujarat a Global Business Destination for next-generation sustainable manufacturing & service industry driven by state-of-the art infrastructure, employment generation, inclusive & balanced regional development and thereby contribute significantly to “Aatmanirbhar Bharat”.

5. Mission

To promote entrepreneurship & innovation in the state supported by:

- Inclusive & Balanced regional development
- World class infrastructure
- Competitive fiscal incentives
- Ease of doing business
- Strengthen Integrated Value Chains for an Aatmanirbhar Bharat
- Employment generation: Direct & Indirect
- Export Competitiveness: Vocal for Local to become Global
- Effective policy implementation

6. Objectives

- To create an enabling business environment facilitated by a **single window** system
- To enable industries to set high quality standards and enhance **exports**
- To have a focused approach for industrially underdeveloped areas & facilitate **inclusive & balanced regional growth**
- To promote industries focusing to adopt **sustainable**, cleaner manufacturing and innovative **Industry 4.0** practices
- To strengthen **MSMEs** and facilitate cluster development
- To strengthen complete value chain across product segment with focus on the objective of an “**Atmanirbhar Bharat**”
- To encourage **R&D**, innovation and entrepreneurship
- To provide increased impetus to certain **Thrust Sectors** with significant potential for employment, exports, investments etc.
- To facilitate growth of **Service sector** industries in the state
- To facilitate state of the art, sustainable Industrial **Infrastructure**
- To increase productive **employment** opportunities in the state



7. Reforms in regulatory mechanisms for Ease of Doing Business

The state has undertaken various measures to enhance the “Ease of Doing Business” experience for existing and prospective enterprises:

a) Gujarat Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2019:

The main aim of this Act is to facilitate doing business for the MSME sector in the state of Gujarat. An MSME in Gujarat can now start operation upon receipt of an acknowledgement certificate from the state nodal agency by submitting the 'Declaration of Intent'. MSME sector is now exempted from taking various approvals for the first three years. This initiative will smoothen the process of setting up of MSMEs and this in turn will support in employment generation within the State.

b) Gujarat Single Window Clearance Act, 2017:

The Act aims to facilitate a process for the speedy issuance of various licenses, clearances and certificates required for setting up a business unit. The Act defines four levels of the review committee i.e.

- State Level Facilitation Committee (SLFC) headed by Hon. Chief Minister
- Single Window Facilitation Committee (SWFC) headed by Chief Secretary
- District Level Facilitation Committee (DLFC) headed by Collector
- Investor Facilitation Agency set up at Industries Commissionerate headed by Industries Commissioner.

The main features of the Act include provision to submit a combined application form for more than one approval, prescribed timelines for processing of applications, details of joint periodic inspections to be carried out by the departments, power to call information etc.

c) Strengthening of the Investor Facilitation Agency (IFA)

Investor Facilitation Agency (IFA) is the nodal agency which operates at the state level and District Industries Centre (DIC) operates at the district level (regional offices) for supporting prospective investors in the state. The IFA monitors applications and provides required information to all the concerned departments.

Nodal officers have been appointed at IFA to provide relevant information to the investors about doing business in Gujarat. Additionally, the state will be strengthening the Interactive Voice Response System (IVRS) facility at IFA to provide necessary response to the investors within the prescribed time limit.

Dedicated “Relationship Managers” will be nominated by Industrial Extension Bureau (iNDEXTb) for investors as single point of contact for all government related queries & approvals.



Mega Online Permission: To further strengthen Ease of Doing Business Environment in the state, a framework for mega permission is being prepared, which requires investor to submit only one application form for 26 different state related approvals and compliances.

Centralized Inspection System: The state has also initiated the process for streamlining Central Inspection System to further bring transparency and facilitate ease of doing business.

Besides this, a special committee will be formed at state level in order to accelerate the process of land procurement and conversion for industries.

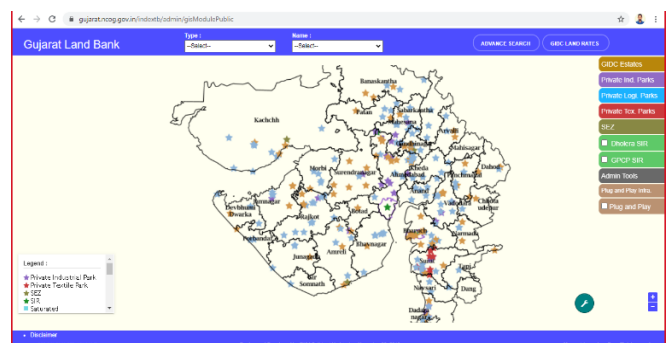
8. Focused approach for balanced regional development

Balanced regional development is quintessential to the growth agenda of the government. It can be achieved by promoting industries in lesser developed areas which will thereby facilitate optimal utilization of natural and human resources available in that particular region. Balanced regional development supports dispersal of industrial employment, reduction of disparity in per capita income across regions and prevents concentration of industries in a few centers or cities.

Therefore, special enhanced incentives are being provided in the policy to encourage enterprises to invest in industrially less developed areas. Enhanced package of incentives will be provided on the basis of Taluka Categories for manufacturing and service enterprises. This would in turn promote local job creation, infrastructure redevelopment and thereby give an overall thrust to the local economy of these areas.

9. Land Banks

The state government has earmarked land parcels available for industrial use across the state the details of which are available on an online portal <https://gujarat.ncog.gov.in/indextb>. The portal provides details of GIDC land parcels, Private Industrial Parks, Logistics Parks, SEZs and SIRs. Government will continuously update the portal to facilitate the investors with respect to availability of land parcel.



10. Availability of Government land on lease for industrial purposes

In order to further attract industries to invest in Gujarat, the government will facilitate industries in getting “Government Land” on lease to industrial enterprises at 6% of market rate for long term upto 50 years for setting up an industrial project. The lease can be further extended after 50 years based on the prevailing government policy. The decision to grant government land will be taken by the High Power Committee chaired by Chief Secretary to verify the strategic importance of the project.

11. Relocation Incentives:

In light of CoVID-19, several industries are planning to relocate their operations and/or diversify supply chains. Gujarat will offer Special Incentives to such companies planning to relocate from other countries on a case to case basis.

12. Promotion of Micro, Small and Medium Enterprises (MSMEs)

MSMEs play a vital role in achieving balanced growth and in creating employment opportunities. They also form an integral part of the value chain of the larger industrial ecosystem. As part of this policy, a focused scheme has been developed to further strengthen the MSME ecosystem in the state. Some of the initiatives already taken by the Government are enlisted below:

- a) **Institutionalization of MSME Commissionerate**
- b) **Implementation of Gujarat Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2019**
- c) **Establishment of MSME facilitation desks in 11 districts**
- d) **Online sanction of incentives**

While the MSME growth has been commendable, interventions are required to be explored in areas such as: sub-optimal scale of operation, need for increasing exports, need for integration with the global supply chain, access to global markets, effective management of working capital, availability of skilled manpower and increasing domestic & global competition. The new definition for MSMEs as introduced by the Government of India will encourage MSMEs to expand their operations and increase investment, turnover and exports.

The following initiatives are being taken by the state government to reposition Gujarat’s MSMEs on a global level & enhance competitiveness:

Capital and Interest Subsidy: Incentives to MSMEs will be provided in terms of Capital and Interest Subsidy on term loans based on the category of talukas. As per the revised definition of MSMEs by Government of India, enterprises investing upto INR 50 crore in Plant & Machinery and turnover upto INR 250 crore have been categorized as “Medium Enterprises”. Incremental incentives will be provided to these Medium enterprises.



| Taluka Category | Capital Subsidy | Interest Subsidy |
|--|--|---|
| Category 1 | @25 % of eligible Term Loan Amount subject to a maximum amount of Rs. 35 lakhs; If the Eligible FCI is over 10 Crores, additional INR 10 lakhs will be given | @7% of term loan amount disbursed with the maximum amount of Rs. 35 lakhs per annum for 7 years |
| Category 2 | @20 % of eligible Term Loan Amount subject to a maximum amount of Rs. 30 lakhs; If the Eligible FCI is over 10 Crores, additional INR 7.5 lakhs will be given | @6% of term loan amount disbursed with the maximum amount of Rs. 30 lakhs per annum for 6 years |
| Category 3 (including Municipal Corporation areas) | @10 % of eligible Term Loan Amount subject to a maximum amount of Rs.10 lakhs; If the Eligible FCI is over 10 Crores, additional INR 5 lakhs will be given | @5% of term loan amount disbursed with the maximum amount of Rs. 25 lakhs per annum for 5 years |
| <ul style="list-style-type: none"> • 1% additional interest subsidy will be given to SC/ST Entrepreneur/ physically challenged entrepreneur/ Women entrepreneur/ Start Up in manufacturing sector. • 1% additional interest subsidy will be given to young entrepreneur below the age of 35 years on the date of sanction of loan. • Maximum interest subsidy to be capped at 9% for all the categories. • The interest subsidy will be so given that in any case, the unit will have to bear minimum 2% of total interest levied on term loan. • For Existing units, who switch to Solar Power, Interest Subsidy will be provided on term loan as per rates specified above. | | |

Quality Certification: With a vision to encourage domestic products to be globally competitive, the policy will promote quality certifications under Zero Defect Zero Effect (ZED scheme) and also support to obtain ISI/WHO-GMP/Hallmark certifications & other national/International certification from Quality Council of India.

The policy will provide fiscal support upto 50% of fee payable to Recognized International Certification Authority and 50% cost of testing equipment and machinery required for that certification, totalling upto maximum amount of INR 10 lakhs. For ZED certification, MSMEs can avail assistance upto 50% of certification cost maximum upto INR 50,000 after deducting the assistance received from Government of India.

Information & communication Technology adoption: Financial assistance for installation of Enterprise Resource Planning (ERP) System & Adoption of other ICT



platforms & facilities. MSMEs can avail an assistance of upto 65% of capital cost upto INR 1 lakh for implementing ERP system from the approved ERP service provider by Industries Commissionerate. For implementing ICT facilities, the MSMEs can obtain assistance upto 65% of capital cost upto INR 5 lakhs.

Technology Upgradation & Acquisition Support: In order to keep pace with the global manufacturing trends, the manufacturing sector needs to adopt latest technologies. With an aim to encourage innovation and adoption of sophisticated technologies by MSME, the state will provide fiscal support to industries in acquiring technologies from recognized institutions as well as in acquisition of patented technologies from foreign companies. MSMEs will get assistance upto 65% of the cost payable to the institution upto INR 50 lakhs for acquisition of technology.

Patent Support: The policy will provide financial support through partial reimbursement of cost for filing of domestic patents and international patents upto 75% of the cost/expenditure incurred subject to a maximum of INR 25 lakhs. Maximum fee for attorney for national patent is INR 50,000 and international patent is INR 2,00,000 within the overall cap of 75% of the cost/expenditure. Process Patents will also be made eligible under this benefit.

Market Development Assistance: For positioning of Gujarat based companies at a global level, the policy will support domestic MSMEs & startups for participation in national and international level exhibitions organized in India and abroad.

| Category | Incentives |
|---|--|
| Participation in exhibition within India | <ul style="list-style-type: none"> Can be applied directly by the individual exhibitor/association State Level exhibition- assistance @75% of Stall rent upto Rs. 50,000 National Level exhibition- assistance @75% of Stall rent upto Rs. 1 lakh International Level exhibition- assistance @75% of Stall rent upto Rs. 2 lakhs This can be claimed a total of 5 times by individual unit/ association during the policy period |
| Participation in exhibition outside India | International Level exhibition Outside India <ul style="list-style-type: none"> Assistance @60% of Stall rent upto maximum of Rs. 5 lakhs This can be claimed 3 times by an individual unit/ association during the policy period |
| Organizing exhibition within Gujarat | 60% of Bill electricity consumption |

Raising capital through SME Exchange: This assistance would support in raising funds through SME exchange on one time basis. SMEs can avail upto 25% of expenditure incurred on raising of equity capital through SME exchange maximum up to INR 5 lakhs on one time basis.

MSME Awards: The awards will be earmarked for achieving excellence through Growth in production and profit, Quality improvement measures, Environment



improvement measures and Innovation and new product/process/technology development

Energy & Water Conservation: The assistance will be provided for conducting audits for energy and water conservation as well as for purchase of equipment. The policy will provide assistance upto 75% cost of energy / water audit conducted by a recognized institution / consultant subject to maximum INR 50,000 and 25% of cost of equipment recommended by the auditing authority subject to maximum INR 20 lakhs.

Collateral free loans: The policy will provide assistance for Collateral free loans under CGTMSE scheme of Government of India.

Service line & Power connection charges: The policy will provide assistance for service line and power connection charges, rent etc. at 35% of charges paid to distribution licences for LT/HT service line, maximum limit up to INR 5 lakhs.

Promotion of Women entrepreneurs, SC/ST entrepreneurs, physically challenged, young entrepreneurs and Startups: The State Government shall provide additional incentives under new industrial policy for Women entrepreneurs, SC/ST entrepreneurs, physically challenged entrepreneurs and startups.

In order to promote inclusive growth of industries and encourage SC/ST entrepreneurs, a separate scheme “Bharatratna Dr. Babasaheb Ambedkar Udyog Uday Yojna for SC/ST Entrepreneurs of MSMEs” will be continued with increased incentives.

13. Use of Rooftop Solar Power by MSMEs

In order to encourage MSME for reduction of electricity cost, the state had introduced a special Solar policy under which MSME are eligible to set-up rooftop solar power and provision is made to purchase surplus power from them. Considering the difficulties faced by MSME units, government with a view to further ease the process of utilizing rooftop Solar Power in MSMEs, has increased the power cycle for calculation of consumption of units from 15 minutes to 11 hours i.e. 7 AM - 6 PM and has increased the price for purchase of surplus solar power from MSMEs, from INR 1.75/unit to INR 2.25/unit.

14. Promote Startup & Innovation

Gujarat, owing to its inherent strength of widespread entrepreneurial spirit has gained a significant spot in the national startup ecosystem. The incentives under the previous scheme created a strong network of nodal institutions. This supported several startups in setting up/expanding their operations both in national and international markets.

The new scheme aims to further accelerate and strengthen the startup ecosystem in the state.



Sustenance Allowance: Startups can avail sustenance allowance of INR 20,000 per month for one year. Startups having at least 1 woman co-founder will be eligible for sustenance allowance of INR 25,000 per month for one year.

Seed Support: Startups can avail seed support upto INR 30 lakhs for product development, marketing and professional assistance. **Additional grant of upto INR 10 lakhs may be availed by startups with significant social impact.**

Soft Skill Assistance: In order to train the startups to compete at global level, startups can avail reimbursement upto INR 1 lakh per startup for trainings in soft skills.

For mid-level Pre-Series A funding of startups, a separate fund shall be created under Gujarat Venture Finance Limited (GVFL) for smaller ticket funding between INR 50 lakhs to INR 3 crore.

Acceleration Programs: Dedicated acceleration programs will be conducted in the state as per the provisions of the scheme. Additionally, the policy would support startups upto INR 3 lakhs to attend other national/international acceleration programs. The policy will also support in organizing acceleration programs.

Promotional Events: The scheme aims to organize focused workshops, seminars, bootcamps, hackathons, grand challenges etc. across the state with support from various stakeholders. For this, the policy will provide support upto 75% of the total expenditures upto INR 5 lakhs. However, in case of events specific to women entrepreneurship, the policy will support upto 90% of total expenditures upto INR 5 lakhs.

Nodal Institutes and Mentoring Assistance: The Gujarat Startup Cell would also identify and establish association with Nodal Institutes across the state. Fiscal support to these Nodal institutes mentoring approved startups will also be given as part of the policy. Mentoring assistance of INR 1 lakh per startup will be given to Nodal institutes upto a maximum of INR 15 lakhs per annum.

In addition to this, a dedicated portal detailing the facilities of various nodal institutes and Government bodies will be created for the startups to avail them. These facilities include: testing labs, 3-D printing, library, co-working space etc. at a subsidized rate. Moreover, “Gujarat e-marketplace” will be made operational on the Startup Gujarat Portal, where the startups supported by state government can promote their products and services.

15. Support for Research & Development in state

In order to support the Research and Development in the state, the policy will provide assistance to R&D institutions / laboratories set up with State Government or Government of India including setting up of new R&D institutions /laboratories. For Private Institutions/ Companies who wish to set up Research & Product Development center in the state, the policy will provide assistance upto 30% of the project cost of machinery and equipment maximum upto INR 5 crore.



Policy will also provide assistance in setting up of laboratories established by Industries Association with the help of Government up to 60% of the project cost of machinery and equipment cost.

Besides this, in order to promote contract research, the government will provide assistance for Contract/Sponsored research work from any industrial enterprise/Industrial association to recognized R&D institution / technical collages approved by AICTE, at 50% of project cost, excluding cost of land and building, subject to maximum INR 50 Lakhs.

16. Special focus on promotion of Service Sector MSMEs

Service sector is a major contributor to the national GDP. Many services are key inputs for facilitating primary and secondary industries. Thus, the service sector is a critical lever for enhancing productivity, ease of living and livelihood. With the establishment of several SEZs, IT parks and most importantly, GIFT City, a conducive ecosystem exists for the service sector industries to expand operations in the state. Hence, it is decided to extend incentives to Service sector covered in MSME. In view of the potentiality of service sector, it has been decided to widen the scope of service sector. Besides the 22 service categories already defined in the Gujarat Industrial Policy 2015, following champion services are identified to cover them under eligible service sector for incentives:

1. Financial services
2. Health services
3. Transport and logistics services
4. Audio Visual services
5. Construction related engineering services
6. Environmental services

| Taluka Category | Interest Subsidy |
|--|---|
| Category 1 | @7% of term loan amount disbursed with the maximum amount of Rs. 35 lakhs per annum for 7 years |
| Category 2 | @6% of term loan amount disbursed with the maximum amount of Rs. 30 lakhs per annum for 6 years |
| Category 3 (including Municipal Corporation areas) | @5% of term loan amount disbursed with the maximum amount of Rs. 25 lakhs per annum for 5 years |
| <ul style="list-style-type: none"> • Additional 1% subsidy will be given to SC/ST entrepreneurs • The interest subsidy will be so given that in any case, the unit will have to bear minimum 2% of total interest levied on term loan. | |

17. Promotion of Thrust Sectors:

In line with the mission of Atmanirbhar Bharat, the state has identified 15 thrust sectors for industrial promotion. The sectors have been segregated in 2 categories:

- **Core sectors:** These are sectors where Gujarat already holds a leadership position in the country. The policy will give a further boost to these sectors to empower global competitiveness of Gujarat's industrial ecosystem in these sectors. It is realized that



Gujarat's strong position can be capitalized to have a multiplier effect and thus achieve stronger growth.

- **Sunrise sectors:** These are sectors that are upcoming/ niche sectors in India & around the globe. This policy provides specific incentives and provisions for creating an enabling ecosystem for their establishment in the state. The intention is to make the state more competitive and lucrative than other similar regions/ geographies

| | |
|------------------------|--|
| Core Sectors | <ol style="list-style-type: none"> 1. Electrical machinery & equipment 2. Industrial Machinery & equipment 3. Auto & Auto Components 4. Ceramics 5. Technical Textiles 6. Agro & Food Processing 7. Pharmaceuticals & Medical devices 8. Gems & Jewelry 9. Chemicals (in designated area) |
| Sunrise Sectors | <ol style="list-style-type: none"> 1. Industry 4.0 manufacturing 2. Electric Vehicle and its components 3. Waste management projects 4. Green Energy (Solar & Wind Equipment) 5. Eco-friendly compostable material (substitutes to traditional plastics) 6. 100% export oriented units, irrespective of sector |

18. Attracting Large/Mega and Ultra-Mega Investments

Large industrial enterprises have an important role in development of industrial ecosystem of an area. Besides generating revenue for the state government and creating local employment, large industries are also beneficial in bringing high-end technologies. They also aid in generation of ancillary industry around them thereby having a multiplier effect on employment, revenue and overall growth.

Gujarat has been successful in attracting large sector investments in the states. The state had ~51% share (1st Rank in India) of IEMs filed in India in terms of value with a proposed investment of USD 49 Bn in 2019 as per the data released by DPIIT, Government of India. This can be attributed to the proactive business friendly approach of the Gujarat Government focusing on "Minimum Government - Maximum Governance".

Since GST has been implemented, companies are being compensated as per "Net SGST" on goods sold within the state under the Industrial Policy-2015. There were several complexities in calculation of the tax of goods consumed within the state and procedure was very cumbersome to claim reimbursement every quarter.

Hence, Gujarat is the first state to undertake a bold decision to de-link incentives from SGST. In order to bring transparency in calculation, it has been decided to extend incentives based on eligible Fixed Capital investment (FCI) to large industries for setting up manufacturing operations in the state in the form of capital subsidy. Therefore, the incentive amount will now be more predictable and transparent and thus it will help industry to estimate their future financial projections.

There is no upper ceiling on the amount of incentive to be given to any particular unit. This will help in grounding major investments in the state.



A graded incentive structure for General Sector and Thrust Sector is defined as per the category of talukas as under:

| Taluka Category | General Sectors | Thrust Sectors |
|-----------------|--|--|
| Category 1 | • 10% of eligible FCI (excluding land) | • 12% of FCI eligible (excluding land) |
| Category 2 | • 8% of eligible FCI (excluding land) | • 10% of FCI eligible (excluding land) |
| Category 3 | • 4% of eligible FCI (excluding land) | • 6% of FCI eligible (excluding land) |

- The eligible cash subsidy will be given over a period of 10 years in equal annual instalments subject to annual ceiling of INR 40 Crore.
- If the total eligible cash subsidy could not be disbursed within period of 10 years due to upper ceiling of INR 40 cr. per annum, the eligible period will be extended further maximum upto 10 years additionally subject to the condition that annual ceiling will remain INR 40 cr. per annum during additional period also.
- In case, if the total eligible cash subsidy is not disbursable within period of 20 years due to upper ceiling of INR 40 cr. per annum, the total entitlement of cash subsidy will be disbursed in equal installments of 20 years without any upper ceiling.
- The SME enterprises are entitled to opt for this scheme subject to condition that it will not be eligible for cash subsidy and interest subsidy under the incentive scheme of MSME under Gujarat Industrial Policy-2020.

19. Conducive Industrial Infrastructure

Quality infrastructure is a key driver for industrial growth. Although Gujarat has one of the best industrial infrastructures in place, concerted efforts will be made to further strengthen state-of-the-art infrastructure in the industrial estates spread across the state. GIDC will continue to be the dedicated agency for developing necessary industrial infrastructure. For supporting industrial infrastructure & developing last-mile connectivity, incentives have been formulated under Industrial Infrastructure scheme.

A dedicated organization "GARUD" has been formed by the state government to ensure easy movement of goods (inter & intra) state and increase exports. The infrastructure created under this authority will support industries to incur less production costs and therefore will have a competitive edge against other developing economies.

Industrial infrastructure: The policy will support in setting up new infrastructure or upgradation of existing infrastructure like roads, warehousing facilities, fire stations, underground utilities etc. at 80% of the Project Cost upto INR 25 crore.



Establishment of Industrial Parks by Private Investors: The state encourages the establishment of Industrial Parks by private investors. Private participation in infrastructure development helps bring the latest technologies and facilities. The policy aims to incentivize cost of the building, infrastructure facilities and other facilities as may be required for the development of such parks at 25% of Fixed Capital Investment upto INR 30 crore for parks developed on minimum area of 20 hectares & minimum 10 units. For private investors setting up industrial parks in Vanbandhu Talukas, incremental support will be provided at 50% of Fixed Capital Investment upto INR 30 crore for parks developed on minimum area of 5 hectares & minimum 5 units.

Dormitory Housing: In order to provide better living conditions to industrial labourers, special incentives will be provided for the construction of “Dormitory housing” for labourers in industrial clusters by Association. It will be encouraged by inclusion of this facility under common infrastructure to extend financial assistance. However, such association shall have to first avail incentives available under different schemes of State government or Central government.

20. Support for Environmental Infrastructure & Initiatives for Sustainable Development

For long term sustainability, industrial development must be based on optimum use of natural resources. The decoupling of environmental degradation from economic growth is another key objective. In order to encourage greater compliance with environmental standards & support development of latest sustainable industrial infrastructure to reduce air and water pollution, the policy will provide incentives for:

- Common Environmental Infrastructure Facilities such as Common Effluent Treatment Plant, Waste Management System, augmentation and technology upgradation of existing CETPs, common spray dryer, common multiple effect evaporator etc. at 40% of the project cost upto INR 50 crore. Total support by Government of India and Government of Gujarat shall not exceed 75% of the total fixed capital investment.
- Industries practicing at least 50% waste recovery through Zero Liquid Discharge as certified by GPCB shall be provided upto 50% of capital subsidy on cost of relevant equipment upto INR 75 lakhs.
- Development of Green Estate at 25% of project cost for set up/ relocation / retrofitting of existing polluting industrial units into Green Industrial Estates upto INR 25 crore. The policy will also provide assistance up to 75% of cost for preparation of site master plan for relocation and retrofitting of existing pollution industrial units into Green Industrial Estates upto INR 80 lakhs.
- Common Boiler Project by SPV constituted by minimum 10 MSME's, at 35% (in case of solid fuel) and 50% (in case of cleaner fuel) of the fixed installation cost upto INR 2 crore.
- Strengthening the Regulation & Environmental Compliance
- Implementation of cleaner production technology in place of existing process such as substitution & optimization of raw material, reduction in water



consumption or energy consumption or waste generation, at 35% of cost of Plant & Machinery to MSMEs and 10% of cost of Plant & Machinery to large enterprises with maximum support upto INR 35 lakhs.

- For environment management project with use of clean, Efficient and Innovative Pollution Control Equipment the policy will provide assistance at 25% of cost of Plant & Machinery to MSMEs and 10% of cost of Plant & Machinery to large enterprises with maximum support upto INR 35 lakhs.
- Encouraging “Green Practices & Environmental Audit to MSMEs” upto 75% of fees of audit services upto INR 50,000
- Installation of online Continuous Stack Emission Monitoring Systems (CEMS) upto 25% of cost of system upto INR 25 lakh
- Industrial Building with green rating under Indian Green Building Council upto 50% of consulting charges upto INR 2.5 lakh
- Encourage existing industries to shift the unit outside the urban agglomerations
- Setting Up of Environment Management System including setting up of Environment Management Laboratory upto 50% of cost of equipment upto 10 lakh
- Purchase of new equipment/system related to safety, occupational health or for environment compliances for common use of industries located in cluster upto 35% of cost of equipment upto 35 lakh

21. Skill enhancement

The overall economic growth has increased the demand for skilled and trained manpower. Therefore, the Gujarat Industrial Policy 2020 lays a strong emphasis on expanding the skill base in the state. The State has attracted large number of investments in the past, yet there has been a shortage of sector-specific high-quality manpower. The State Government has taken proactive steps to train manpower for focus sectors with greater investment from private sector. Therefore, the Industry Policy aims to incentivize those investments which enhance the sector-specific skilled manpower base. A large demand for skilled trained manpower is likely to further emerge from manufacturing and services sector. The State Government intends to introduce industry-specific short term/ long term/ modular courses in the existing ITIs, Polytechnic and Engineering colleges with active participation of the user industry in defining the training needs and formulating the course material.

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

Gap analysis of skill requirement of industries & available workers across various sectors in the state will be carried out which will help the state in creating a roadmap for training manpower in relevant skills. This will also help in training and re-training the workforce in line with shifting technological trends.



22. Export Promotion

Gujarat is one of the leading export states of India accounting for over 20% of the national export basket. The state government will continue to promote exports by facilitating & handholding the exporters and export-oriented units. The following steps are being taken up by the Government to this effect:

Export Promotion Councils: The government will partner with leading national and state level export promotion councils for a comprehensive facilitation and export promotion initiative.

Awareness and trainings: A robust information dissemination mechanism will be set up in partnership with Ahmedabad Management Association (AMA) to publish informative documents, trade guides, promotional material and conduct appropriate capacity building and orientation workshops for exporters and other promotional seminars.

International Access: Exhibitions and trade fairs are an important platform for companies, particularly MSMEs to network and promote their product(s)/ services to a wider audience. The policy aims to support traders to participate in national and international exhibitions and trade fairs.

Grievance Redressal: A robust grievance redressal mechanism will be set up under the Export Commissioner to address the concerns of enterprises and to ensure timely redressal of the same.

Logistics: Gujarat has been consistently ranked top state in Logistics Ease Across Different States (LEADS) index by the Government of India. The state will continue to take steps to have seamless good quality logistics infrastructure for promotion of trade.

Infrastructure: The policy aims to support setting up of exhibition cum convention centers at all product clusters for MSMEs and exporters to conduct exhibitions and display their products.

23. Conclusion

Gujarat Industrial Policy 2020 is indeed a game changer. Never before stand out features like offering land on lease, de-linking of incentives from tax structure and replacing it with capital subsidy without any upper ceiling will attract many a soul to take the entrepreneurial path. Industrial Policy 2020 spearheads balanced regional development and is the torchbearer for inclusive growth. The policy will ensure to establish Gujarat on the world map as the best business destination, thereby making Gujarat – “The Business Card of India”.



24. Abbreviations

| | |
|---------|---|
| AMA: | Ahmedabad Management Association |
| ASI: | Annual Survey of Industries |
| CEMS: | Continuous Stack Emission Monitoring Systems |
| CGTMSE: | Credit Guarantee Scheme for Micro and Small Enterprises |
| CoE: | Centre of Excellence |
| CRM: | Customer Relationship Management |
| DFC: | Dedicated Freight Corridor |
| DGVCL: | Dakshin Gujarat Vij Company Ltd. |
| DIC: | District Industries Centre |
| DISCOM: | Distribution Company |
| DMIC: | Delhi - Mumbai Industrial Corridor |
| DPIIT: | Department for Promotion of Industry and Internal Trade |
| EoDB: | Ease of Doing Business |
| EV: | Electric Vehicle |
| FDI: | Foreign Direct Investment |
| GDP: | Gross Domestic Product |
| GEM: | Gujarat e-Marketplace |
| GHG: | Green House Gasses |
| GIDC: | Gujarat Industrial Development Corporation |
| GIFT: | Gujarat International Financial Tech City |
| GoG: | Government of Gujarat |
| GoI: | Government of India |
| GSDP: | Gross State Domestic Product |
| GVFL: | Gujarat Venture Finance Limited |
| GW: | Giga Watt |
| IFA: | Investor Facilitation Agency |
| IFP: | Investor Facilitation Portal |
| INR: | Indian National Rupee |
| ITeS: | IT enables Services |
| ITI: | Industrial Training Institute |
| IVRS: | Interactive Voice Response System |
| JICA: | Japan International Cooperation Agency |
| LEADS: | Logistics Ease Across Different States |
| MBSIR: | Mandal Becharaji Special Investment Region |
| MGVCL: | Madhya Gujarat Vij Company Ltd. |
| MSME: | Micro, Small and Medium Enterprises |
| PCPIR: | Petroleum, Chemicals and Petrochemicals Investment Region |
| PGVCL: | Paschim Gujarat Vij Company Ltd. |
| PMG: | Piped Natural Gas |
| SEZ: | Special Economic Zone |
| SIR: | Special Investment Region |
| UGVCL: | Uttar Gujarat Vij Company Ltd. |
| USD: | US Dollar |
| ZED: | Zero Defect Zero Effect |





We welcome you to be our partners in progress.

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