

Review of Industrial Policy of Gujarat.

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ABSTRACT

Gujarat has everything it takes to be called India's No. 1 State'. Besides in the state there exists business friendly environment, investment opportunities and moreover the state is endowed with rich natural resources like mineral, energy, marine and agricultural products essentially needed for setting up industries. To tap the huge possibilities in the area of development, The Government of Gujarat has come up with user/ business friendly policies for various sectors. The deluge of inquiries as well as investment commitments by the private companies witnessed in the last three Vibrant Gujarat Investor's Summits.

Keywords: Gujarat, Industry, Policy, Business

1.Industrial Policy 2000

Gujarat has been rapidly developing in the field of textile, chemicals, petrochemicals, engineering, pharmaceuticals, dyes & dye intermediates, food processing, agro-based industries, dairy and edible oil since 1960 after its formation as a State. Gujarat provides investor-friendly atmosphere to all its stake-holders who are interested in business. The industrial policy 2000 was designed to accelerate development of the backward areas of the state, to create large scale employment opportunities, to increase the total flow of investment to industrial sector, to accelerate the development in infrastructure and human resources to sustain long term growth, to achieve sustainable development and to encourage entrepreneurship and technology to promote Swadeshi Spirit. These were the major objectives of the policy.

The policy approach was to internationally compete and provide a better platform to multinational companies who wanted to invest in Gujarat. It was decided to compete high growth regions of South East and East Asian countries. For this various strategies were followed including incentives for attracting industries to the backward and neglected regions of the state, priority on employment intensive industries, provision of infrastructure facilities than financial incentives, 5% additional subsidy to SCs/STs entrepreneurs setting up small scale units, identifying and promoting thrust industries like ready-made garments, electronics etc. It was proposed to strengthen marketing through publicity and advertising by involving the private sector. The specific policy measures were design assistance, processing documents, facilitating for finishing and packaging, providing marketing outlets, setting up of rural industries centres, assisting in trading services, preserving the traditionality and artistry of many products produced in the sector, marketing of goods produced by women organizations, to give priority to skilled women in bankable and self-employment schemes, to give interest free up to Rs.2000/-, to improve implementation of central schemes etc.

Research Area

In this paper researcher has studied industrial policy of Gujarat. Covered all leading manufacturing industry of Gujarat such as engineering, chemical, petrochemical, plastics etc.

2.Industrial Policy 2003

The main theme of this industrial policy was “Strong Gujarat-Progressive Gujarat”. The main aim was to establish Gujarat as a front-runner State in Global competition and to provide business leadership to the entire world by creating conducive environment for industrial development. Having 6 % of geographical area and 5% of the population of India, the state contributed 21% of the country’s exports and 6.42% of the national GDP at constant prices. The industrial growth of Gujarat was 8.52% which was higher than many Indian states and other Asian tigers viz. Singapore, Malaysia and Korea.

Gujarat is a leading state in manufacturing sector, economic development externally and internally and has successfully positioned on the top in manufacturing sector in engineering, chemical products, petrochemicals, plastic products, dyes and food products. Gujarat was the first state to start process of economic reforms in the country by privatization mode. It has enjoyed the sweet fruits of these measures also. The industrial policy worked as a lighthouse by giving futuristic direction to the process of industrialization and achieve sustainable industrial development. Industrial policy adopted pro-active approach to encourage free market forces to decide the course of development and to intervene only when the interests of the society at large and investor community in particular found to be at peril.

Gujarat government promulgated ordinances to facilitate setting up of Special Economic Zones and Industrial Parks. The units coming up in the Zone were also exempted from the levy of stamp duty or registration fees on transfer of land, loan agreement, credit deeds, mortgage documents or any other contracts. Sales tax, purchase tax, motor spirit tax, luxury tax, entertainment tax and other taxes were also exempted for the units set up in the Zone. An honest attempt was made to organize the agriculture commodities business by inculcating the element of professionalism and by extensive use of modern technology in the processing. The Government took measures for promoting new clusters in the state so as to enable the member units in the clusters to avail of the common facilities developed. The State Government through the policy, therefore proposed to empower the clusters. Government tried on an ambitious path of positioning the image of Gujarat as a producer of quality goods on international platform by extensive and focused marketing through promotional efforts.

The basic approach in formulating the INDUSTRIAL POLICY 2003 was to comprehensively address the requirements of new entrepreneurs right across the entire value chain from initial information needs to marketing of the product covering all intermediate stages right from selection and formulation of project proposal, to acquisition of infrastructure including land, finance, environmental compliances, skilled human resources, raw materials sourcing, technology and process selection, patenting, branding and all other relevant issues.

The State Government would strive to support an entrepreneur at every stage of the project implementation – from conception to commissioning and thereafter.

The major objectives of the policy were to sensitize the administration to the needs of the industries, to implement the concept of e-governance, to strengthen the current mechanism for redressal of legitimate

grievances, to empower the industrial estates to undertake developmental responsibilities, to establish strategic linkages between educational institutions and the industries to meet with future requirements of manpower, to create conducive environment for investors, to bring about simplification of rules, regulations and procedural aspects, to inculcate a sense of quality consciousness by promoting R & D efforts in the industries, to ensure adequate supply of natural gas, to rationalize tax regime, to correct regional imbalances.

The main strategy to be followed was to focus on good governance with development of service sector, export competitiveness, creating brand image globally. The policy also realized the importance of attracting investments from non-residents Indians as well as multinational companies.

3.Industrial Policy 2009

Gujarat has been one of the highly industrialised states of India as mentioned in the first line of this policy. Gujarat has become the most favoured destination for investment in India. In the backdrop of global meltdown which occurred in the end of year 2008 and impacted the world over economic activities, affected India also but India was relatively less affected because of limited foreign trade dependence and limited exposure to the global markets.

The new Industrial policy 2009 of Gujarat took into account the context of the above global meltdown and started with strong and accelerated growth and development. Gujarat was one of the key drivers of growth in Indian economy. Gujarat proved to be a region of excellence and focused its attention towards sustainable development. So that this time industrial policy was tailored with the premise of the most preferred destination for investment not only domestic but also by multinational companies.

Gujarat has emerged as a manufacturing powerhouse with world class production capabilities and facilities. Its manufacturing base is strong and it accounts for 22% of the country's total investment. The state has contributed 15.59% to the total value of output added by manufacturing sector in the country. Gujarat has achieved tremendous growth in the industrial sector and has emerged as one of the leading industrialised states in India contributing nearly 16.1% to the country's industrial output. The state recorded an average annual growth rate of 10.4% for the 10th five-year plan period. Manufacturing sector growth has also increased to 14%. Gujarat has served as the growth engine of India. Gujarat is having very high level of capital formation.

This policy has targeted to achieve and promote "creation of wealth with social health" with holistic development through PPP (public private partnership) model. The policy stated the vision as "Gujarat aspires to become a beacon of comprehensive social and economic development." This way the policy wanted to attain high standards of quality with 'Made in Gujarat' brand and to make business a way of life. The major objectives of the policy were to facilitate investments, employment generation and adherence to high quality standards.

Government proposed to meet socio-economic development goals of Gujarat by fostering innovations and using latest available technology in the industrial economy of the state. The policy recognized the need to develop trained manpower and therefore laid substantial focus on increasing the skill sets which had direct and positive impact on employment generation and productivity levels in the state. The policy also looked into the affairs of reducing regional inequalities.

The policy laid emphasis on best manufacturing practices, business sophistication and innovation, environmental infrastructure for balanced, sustainable and inclusive development. The policy also emphasised on ensuring maximum utilisation of the existing natural resource base and maximizing sector specific facilitation. The policy focused on promoting geographical strengths to ensure balanced development.

4.Industrial Policy 2015

The major objective of present industrial policy is to create a healthy, conducive environment for conduct of business and industrial activities. The policy 2015 broadly outline the government's intention of augmenting industrial development rapidly. The basic idea behind is to create a roadmap and framework for industrial growth that empowers people and create jobs.

Gujarat government has supported to 'Make in India' campaign of Indian government to boost domestic manufacturing and local business. The programme is based on the idea of making India a hub for efficient and competitive manufacturing that attracts domestic and foreign investors alike. Another step is to produce with zero defect- zero effect. The focus is on robust economic development to enable, facilitate and streamline manufacturing businesses. The aim is to leverage demographic dividend of a young, working population. The newer avenues for FDI in manufacturing will be ascribed.

Gujarat is shaping India's economic growth. Situated on the west coast of India, Gujarat is one of the leading industrialized states in the country. 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 manufacturing sector contributes 28% to its GSDP. There has been a balanced development in the field of agriculture, manufacturing and services which has increased livelihood opportunities in the state. More than 60% of Gujarat's population is in the age group of 15-59. The government therefore focus on youth talent and tap ways to benefit by encouraging start-up incubators.

The new industrial policy has a holistic approach towards investment, innovation, value addition and business. The vision stated in the policy is as under:

“Gujarat as a globally competitive and innovative industrial destination that stimulates sustainable development & promotes inclusive growth.”

The mission of the policy is to create employment opportunities for both skilled and unskilled workforce, to promote ease of doing business, to provide pro-active support to micro, small and medium enterprises and to promote the spirit of innovation and incentivize entrepreneurship among youth by providing specific sector skills and seed capital and last but not least is to ensure effective implementation of the policies.

The strategy for achieving economic growth and industrial revolution is to accelerate infrastructure development, to focus on under-developed areas development, to encourage universities for start-ups and to support technology up-gradation, to promote trade facilitation and e-governance, to promote labour-intensive industries, to enhance last mile connectivity, to encourage adoption of green, clean energy business practices.

Gujarat industrial policy 2015 focusses on doing business in Gujarat. Minimizing of waiting period and improvement of business environment are the main targets. A special focus on strengthening the single window system for clearance of industrial projects. A committee will be set up for simplification of procedures. Chief Minister's Cabinet Committee for Industrial Policy and Monitoring (CCIPM) will be set up to monitor projects, resolve various interdepartmental issues, to remove difficulties in the implementation and interpretation of this policy and sanction customized packages for industries in specialized areas and sectors covered under Make in India campaign.

The new industrial policy 2015 envisages Gujarat as a globally competitive and innovative destination by taking following measures.

- Promote balanced regional development
- Focus on development of Special Investment Regions (SIRs) and Delhi Mumbai Industrial Corridor (DMIC)
- Adopt green practices and improve environmental infrastructure
- Achieve higher economic growth by providing additional support to MSME sector.

The most important infrastructure development is the Dedicated Freight Corridor (DFC) and the Delhi Mumbai Industrial Corridor (DMIC). About 38% of the proposed multimodal passes through Gujarat which offers opportunities to pursue high intensity economic activity.

SIR Act 2009, intends to provide for establishment, operation, regulation and management of large size investment regions and industrial areas in the state of Gujarat. Out of total proposed SIRs in the state, PCPIR-Dahej and Halol-Savli have already been developed for sector specific industries.

The state is suited for rapid industrial development as it has strengths of a long coastline, sturdy infrastructure, strong manufacturing base, entrepreneurial economy and predevelopment mind-set of its people and Government. The policy also aims to establish direct and stronger linkages between the agro sector and the economic development in the State with an intention to develop Gujarat into a national agro hub. Separate & specific payroll incentives are earmarked for the development of labour intensive industries. Additional payroll incentives will be given to women employees. The new industrial policy seeks to promote industrial development by exploring the use of local primary resources.

Government will take an initiative for establishment of marine-based food parks through public private partnership. Government will also encourage investment in infrastructure for distribution and storage.

Government of Gujarat has introduced a new IT policy that envisages providing a proactive and industry-friendly climate conducive for expansion of IT companies. Government of Gujarat has introduced a new Electronics policy (2014-19) with the aim of establishing a self-reliant Electronics System Design and Manufacturing (ESDM) Industry which caters to domestic needs besides gaining a foothold in the international market. The State plans to promote increasing use of renewable and environmental friendly sources of energy and is desirous of developing the first solar city in the world: Gandhinagar.

The State Government identifies new projects and incentives in new industrial policy for providing incentives to women entrepreneurs, SC/ST, SEBC & Physically Challenged Entrepreneurship. The Government of Gujarat intends to create a model for enhancing employability through short term bridge courses launched under PPP mode.

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

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