

**New Industrial Policy 2015
Scheme for assistance for
Labour Intensive Industries**

Government of Gujarat
Industries & Mines Department
Resolution No.MIS-102014-924881-I
Sachivalaya, Gandhinagar
Dated:28.1.2015

Read:- Government of Gujarat New Industrial Policy – 2015

Preamble

Gujarat's economy is today at such a healthy stage, that from here, it can move on an accelerated high-growth trajectory. The State of Gujarat has always been at the forefront of economic growth in the country. It is envisaged that Gujarat's development vision will continue to emphasize on integrated & sustainable development, employment generation and inclusive growth. There has been a balanced development in the field of agriculture, manufacturing and services which has increased livelihood opportunities in the state.

However, more than 45% of Gujarat's population is in the age group of 15-40. A young population means a young workforce, which, in turn, implies generation of skilled and unskilled manpower. The government focuses strongly on the employability of youth of the State.

The state is geared towards development of robust infrastructure that will form the base for spurring a high growth. The state has a proven track record of attracting large number of investments and as a result has become the most sought out investment destination in India. The role of labour intensive industries is to enable Government & Private enterprises 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.

Considering that the state government decided to introduce a separate provisions for promotion of labour intensive industries which will be focal point for overall development of the State.

Resolution:-

In view of the strategy under New Industrial Policy the Government is pleased to introduce a "Scheme for Assistance for Labour Intensive Industries" which will come



into force from the Dt. 1.1.2015 and will remain in operation for a period of five years.

1.0 Definitions:-

1.1 New Enterprise:

New enterprise means which has filed Industrial Entrepreneurs Memorandum/ Entrepreneurs Memorandum and commences commercial production during the operative period of the Scheme.

1.2.1 Existing Enterprise

Existing enterprise means which has commence commercial production before the date of announcement of the scheme.

1.3 Expansion:

- a. 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. Only one expansion will be eligible for assistance during the operative period of the scheme.
- b. The enterprise has to file Industrial Entrepreneurs Memorandum/ Entrepreneurs Memorandum for Expansion during the operative period of the Scheme.
- c. The enterprise which taking up expansion shall have to provide additional employment as per Employment Provident Fund (EPF) record @ 20% of existing employment or employment criteria mentioned under para 2.0 of this resolution whichever is higher.
 - i. Following criteria will be applied for calculation of existing employment as per EPF records.
 - ii. Highest employed persons for a month out of last 36 months of existing enterprise before commencement of commercial production of Expansion
 - iii. The highest employed persons for a month out of total months of production, in case of the enterprise which has not completed 36 months before commencement of commercial production of Expansion.



1.4 Labour/Workman:

Labour/workman means any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be expressed or implied.

1.5 Labour Intensive enterprise

Labor Intensive enterprise refers to that industrial unit, which requires substantial amount of human labour in its production activities. This means, the proportion in which labor employed for production is much higher than the proportion to capital Investment.

1.6 Payroll

Payroll means wages payable to the employee who is covered under EPF scheme.

1.7 Eligible fixed Capital Investment

Eligible fixed capital investment means the investment made in required new building for the project, utilities and related infrastructure, new plant & machinery, equipment including cost of installation, erection, transportation, electrification and other related assets required for the manufacturing of the product. However, cost of land and land development will not be eligible as a capital investment.

2.0 Eligible Industries / sectors

- I. The incentive applicable to new enterprise and for one expansion during the operative period of the scheme
- II. An enterprise of the following industries/ sector which provides the employment to minimum number of persons as mentioned against its name of sector will be eligible.
 - a. Garment, Apparels & Made ups Industry – 300 persons
 - b. Agro & Food Processing – 100 persons
 - c. Assembling Enterprises with partial manufacturing facilities – 100 persons
 - d. Any other labour intensive industries/ sector, with minimum persons required to be employed by it, as decided by the State Level Empowered Committee time to time
- III. Payroll incentive will be eligible only for new/additional Domiciled employees.

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3.0 Quantum of Assistance:-

3.1 Assistance to eligible Industries/ sectors

- a. Assistance will be eligible to New enterprise as well as to existing enterprise for one time expansion
- b. Payroll assistance will be provided @Rs. 1200 per person & additional Rs.300 per women employment. In case of expansion this payroll assistance will be provided only for additional domicile employees
- c. 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.
- d. Interest subsidy @ 7% with the maximum amount of Rs. 1 crore per annum for period of 5 years from the date of commencement of commercial production.
- e. For industries at para 2(II)(a), benefit at para3(d) and VAT related incentive would be same as in the Textile policy.

4.0 VAT Related Incentives:

- (1) The eligible unit shall pay the net VAT payable under the provisions of the Gujarat VAT Act, 2003 in the Government treasury.
- (2) The eligible unit will be allowed reimbursement to the extent of 80% of the net VAT paid excluding the following: (a) Additional Tax, and (b) Reduction of ITC as per the provisions of the GVAT Act, 2003.

It is clarified that the amount paid on account of additional tax and the reduction of ITC as per the provisions of the GVAT Act, 2003 shall not be reimbursed.

- (3) Only 70% of eligible fixed capital investment of eligible unit will be considered for reimbursement.
- (4) The reimbursement will be available for a period of five years from the date of production or the completion of limit of 70% whichever is earlier.
- (5) The eligible unit shall be entitled for reimbursement upto 1/5th of eligible limit in a particular year.
- (6) Restrictions will be made to ensure that the amount reimbursed is not again claimed by the subsequent dealers by way of tax credit for interstate sales, branch transfer, consignment and export.
- (7) The eligible unit shall manufacture the goods in its own unit for which it is eligible for incentives.

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- (8) The eligible unit shall not transfer its business during the incentive period, nor assign its rights and responsibilities to any other agency.
- (9) The eligible unit shall remain in production during the incentive period.
- (10) The scheme shall be reviewed under the GST regime, but the total of assistance shall not exceed that available under this scheme.

5.0 Procedure and other conditions:

1. The enterprise will apply to Industries Commissioner in prescribed format along with detailed project report for approval and eligibility registration.
2. The application will be scrutinized and will be put up before the State Level Empowered Committee (SLEC), for approval.
3. On approval of the SLEC, the registration certificate will be issued.
4. On commencement of the commercial production the enterprise will apply to Industries Commissioner for assistance under the scheme.
5. The detailed procedure for sanction and disbursement will be laid down by IC office.
6. The enterprise that has availed assistance under this scheme will not be entitled to avail benefit under any other scheme of State Government, unless and otherwise specified under that scheme.

6.0 State Level Empowered Committee (SLEC):-

State Level Empowered Committee consisting of following members is constituted for approval of project and rate of assistance under the scheme.

| | |
|---------------------------------------|-------------------|
| Hon. Minister | Chairman |
| ACS/ Principal Secretary (Industries) | Member |
| ACS/ Principal Secretary (Finance) | Member |
| PS/ Secretary (Agro) | Member |
| PS/ Secretary (Labour) | Member |
| Industries Commissioner | Member |
| Jt./Dy. Industries Commissioner | Member –Secretary |

The Committee will also review the labour intensive sectors and may include the same for eligibility under the scheme.

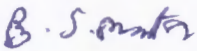
7.0 Budget Provision

7.1 The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

| Sr. No. | Budget Head | Para No. & Scheme |
|---------|--|-----------------------------|
| 1. | Demand No. 49 Major Head 2852, 80(800) other expenditure (24) IND-5 Promotion Efforts for Industrial Development | Labour Intensive Industries |

This issues with the concurrence of Finance Department dt. 30.12.2014, received on the even number file of this Department.

By order and in the name of Governor of Gujarat,


(B.S.Mehta)
Deputy Secretary
Industries and Mines Department

Copy to

- 1 Secretary to Hon'ble Governor of Gujarat*
- 2 Principal Secretary to Hon. Chief Minister*
- 3 Personal Secretary to all Hon. Ministers
- 4 Advisor to Hon. Chief Minister
- 5 Under Secretary to chief secretary
- 6 Principal Secretary. Finance Department
- 7 Personal Secretary to P.S. I&M.1)
- 8 C.E.O. GIDB
- 9 V.C & M.D. G.I.D.C., Gandhinagar
- 10 Industries Commissioner, Gandhinagar
- II Accountant General Rajkot/Ahmedahad.
- 12 Select File.

