

## **INDUSTRIAL, INVESTMENT & INFRASTRUCTURE POLICY OF MAHARASHTRA 2006**

### **Preamble**

'The Prime Minister, in his address at the CII National Conference, 2006 held on 18th April 2006 observed that last year was a good year for the Indian manufacturing enterprise. Therefore, it was not only possible to sustain the current economic growth rate of 8% but to realistically hope to target a rate of 10%. The Prime Minister also acknowledged the significance of the manufacturing sector which can provide jobs that are required to absorb the vast number of people who are unemployed at the moment, especially those who will need to move out of agriculture. He cited the National Manufacturing Competitiveness Council's identification of key sectors where India can become a global manufacturing hub and the advocacy of "cluster approach" for ensuring economies of scales and scope in the development of key industries. He mentioned that the boom in the SEZs will create competitive export clusters. He also emphasized that the industrial strategy must focus on all spheres of modern manufacturing and that an effective policy intervention in the manufacturing sector would require better coordination between various departments of the Government.'

The Industrial, Investment and Infrastructure Policy of Maharashtra 2006 is the State's endeavour in the direction spelt out for the country by the Prime Minister.

### **1. Industry Scenario at National Level:**

Proactive government policies, opening up of various sectors for investment, promising consumer markets and significant investment in infrastructure for industry have all contributed to the increased pace of growth in India which is evident in the strong fundamentals of the Indian economy. The Economic Survey 2005-06 has observed that the buoyant business expectations have successfully lifted the investment tempo in the industrial sector which is marked by filing of over 15,000 Industrial Entrepreneur Memorandums with proposed investment to the tune of Rs.739,637 crore and additional employment generation potential of 2.96 million persons during the last three years (till December, 2005).

The industrial sector is projected to grow by 9% during the current financial year. According to the Economic Survey 2005-06, the high growth in the industrial sector that started in the second quarter of 2002-03 continued for the third successive year, with the rate of growth of industrial sector in terms of Index of Industrial Production at 7.8 % during April to December 2005-06 The major driver of this growth was the robust performance in the manufacturing and construction sectors.

## **2. Maharashtra: The Preferred Industrial Investment Destination:**

Maharashtra occupies a position of prominence in India. It has 10% of the country's geographical area (0.3 Million Sq. Kms) and 10% of country's coast line (720 Kms). 43% of its population lives in urban areas as against the country's 28%. It contributes over 13 % of National GDP and its Per Capita Income is 39% higher than the country's Per Capita Income. Its 96.88 million people (9.4 % of country's population) produce over 19% of the country's National Output. Maharashtra has been in the forefront of economic development and is often called the economic powerhouse of the country. With its proactive policies, the State continues to occupy the dominant position amongst the industrially advanced States in India.

Maharashtra has been in the forefront in sustaining industrial growth and in creating environment conducive to industrial development. Investment-friendly industrial policies, excellent infrastructure and a strong and productive human resource base have made it a favoured destination for the manufacturing, export, distribution and financial service sectors. It has achieved 7.1 % average growth in the last decade. The State's economy has shown increasing signs of maturity. Its Services Sector contributes 61% and its Industry Base contributes 26% of the GSDP. The State contributes 40% of the National Fiscal receipts. Furthermore, it has the largest share of public funds for the development of industrial and social infrastructure.

The State offers excellent infrastructure - road length of 246,000 kms and railway lines of 5,987 kms. Endowed with a coastline of 720 Kms, Maharashtra has several natural ports. The two principal ports, the Jawaharlal Nehru Port, and the Mumbai Port are located in Mumbai and together handle the largest proportion of the country's foreign trade. It has three international airports and domestic airports at all major cities. Additional international airports have been planned at Navi Mumbai and Pune. Most major international destinations are linked to Mumbai by direct flights. Maharashtra has the highest power generating capacity of 15,210 MW, reliable, cost effective telecom connectivity, abundant water availability and over 250 industrial parks spread over 52,000 hectares.

The State's well diversified and highly productive human resource with positive work culture, excellent educational facilities, quality infrastructure thriving partnership with enterprising entrepreneurs, backed by continuity and consistency in Government policies on investments have made Maharashtra "First Choice Destination" of the Domestic as well as Foreign Investors. The State has attracted highest FDI in Country (22%) between 1991 and March 2006 with 3893 proposals having committed investment of Rs 56628 crore.

In addition 13366 IEMs have been filed between 1991 and June 2006 for industrial investment of Rs 3,03,749 crore. Of these, 6012 projects with capital outlay of Rs 93294 crore are operational and have employed approximately 5.89 lakh people.

Maharashtra's forward looking IT policy has been well received in the IT sector. 25% of the top 500 software companies in India are based in Maharashtra. 10 of the top

20 Software and Services Exporters in India have operations in the State. Maharashtra has 30 Public IT Parks and 177 Private IT Parks, which provide employment to 30% of the country's IT, professionals. Maharashtra accounts for 32% of Internet subscribers, 35% of national PC market and peripherals. Maharashtra contributes over 20% of the total software exports from India.

Maharashtra also occupies the leading position in respect of institutional finance with a multitude of scheduled commercial banks, co-operative banks and non-bank financial institutions (NBFCs) and has the head quarters of the Reserve Bank of India and almost all the Public and Private Sector Banks and Financial Institutions. Maharashtra stands first in the country in respect of both aggregate bank deposits and gross bank credit.

Mumbai occupies a unique place, not only in Maharashtra but the entire country as the financial and commercial capital. Mumbai houses the two largest stock exchanges of the country and 70% of all stock market transactions take place here. This city alone contributes over 33% of the country's Income Tax and accounts for over 5% of the country's GDP. This city of 12 million people is the financial services and entertainment capital of the country. Globalization has brought increased business opportunities to Mumbai from foreign companies, which want to reap the benefits of India's large talented and highly knowledgeable workforce and to access its capital, commodity and financial markets. This trend supports Mumbai's emergence as a Regional Financial Hub on the global map.

The State has entered into the next phase of economic reforms, with emphasis on structural changes in addition to fiscal incentives for the promotion of industry and balanced regional growth. This has coincided with increasing global competition and rapid technological changes, which pose new challenges for industry. The Industrial, Investment, Infrastructure Policy 2006 therefore aims at ensuring sustainable industrial growth through innovative initiatives for development of key potential sectors and further improving the conducive industrial climate in the State, for providing the global competitive edge to the State's industry.

### **3. Policy Objective:**

***“To achieve higher and sustainable economic growth with emphasis on balanced regional development and employment generation through greater private and public investment in industrial and infrastructure development.”***

### **4. Policy Targets:**

- ***Target Industrial Sector growth rate of 10% by 2010***
- ***Target Service Sector growth rate of 12% by 2010 and***
- ***Additional Employment Generation of 20 lakh by 2010***

### **5. Policy Validity: 31<sup>st</sup> March 2011**

## 6. Strategies:

The Policy objectives will be realized through the following strategies

- a) Identification of thrust sectors
- b) Building up of quality infrastructure
- c) Incentivising investments for employment generation in districts low on Human Development Index
- d) Attracting mega investments both foreign and domestic
- e) Commercial exploitation of local resources and local economic potential.
- f) Strengthening the SME sector through promotion of quality competitiveness, research and development and technology up gradation
- g) Nurturing industrial clusters
- h) Prevention of industrial sickness and revival of viable sick units
- i) Smooth exit option for industries
- j) Streamlining procedures, debottlenecking and creation of hassle free industry friendly environment
- k) Strengthening institutional support

## 7. Thrust Areas:

The State will identify key thrust areas for according greater importance to sectors keeping in view their potential in contributing to the socio-economic development of the State. These sectors will be provided comprehensive support through specific policy initiatives. Following are the thrust areas, which would be offered priority status.

- a) Infrastructure Power, Roads, Rail, Communication, Connectivity, Airports, Ports.
- b) Manufacturing - Agro- based Industries, Textiles, Auto and Auto components, Electronic products, Pharmaceuticals and Gems and Jewellery.
- c) Services – Sunrise Technology and Service Sectors including Information Technology, I.T. enabled services, Biotechnology, Nano technology, (Retail, Tourism, and Entertainment. )
- d) Mumbai- Pune - Nashik – Aurangabad Quadrilateral will be provided greater infrastructure support to develop its full potential for knowledge-based, manufacturing and agro-based industries.
- e) Establishment of Gas distribution networks in major industrial areas in the State to improve availability of cleaner and cost effective fuel.

The State, in addition to the Industrial Investment and Infrastructure Policy, will formulate out the following policies for achieving the objectives and facilitating investment in the thrust areas mentioned above

**i) Agro Processing Policy:** Enthused with the success of the Grape Processing Policy 2001, it is proposed to bring out a comprehensive Agro Processing Policy with focus on food processing and preservation which besides providing adequate technical and scientific training to the farming community will aim at creating off farm jobs and bringing greater value addition for the rural population.

**ii) Textile Policy :** Since the Handloom, Textiles, Garment and Apparel manufacturing Industry is highly labour intensive and has potential of providing large scale employment, especially to women, the State will formulate a comprehensive Textile Policy aimed at creating world class infrastructure, state of art technology and upgradation of technical skills through proper training in this sector.

**iii) Retail Policy:** The organized retail sector in India is growing at around 20%. Maharashtra with over 43% urbanization has therefore great potential for the development of this sector. Retail helps rural marketing; establishment of supply chains and has huge employment potential. The State will, therefore, come out with a comprehensive Retail Policy which will facilitate the setting up of malls, address concerns of retailers and create conducive environment by amending relevant Acts including labour laws.

**iv) Infrastructure Development Policy / Act:** Infrastructure is the backbone of any state and its economy. The Infrastructure Policy will aim at facilitating creation of appropriate and adequate infrastructure through public and private sector participation and at addressing the concerns of project participants in matters connected with or incidental to development of infrastructure.

## **8. Infrastructure and Communication: The Growth Engines**

- The State realizes that Infrastructure and Communication are key drivers of industrial growth and will therefore focus on the following:
- Evolving innovative financing systems and forward-looking public private partnerships for funding requirements of infrastructure projects for the construction of roads, flyovers, bridges, power plants, airports and ports.
- Taking adequate complementary measures to gain maximum advantage of the Central Government's industrial and infrastructure development schemes
- Providing 4 lane connectivity between Mumbai-Nashik, Pune-Nashik and Mumbai-Aurangabad to provide faster and efficient connectivity. A new Special Purpose Vehicle will be set up to conceptualize, plan and implement the Mumbai-Pune-Nashik-Aurangabad Quadrangle Infrastructure Development Project.

- Making Special efforts to provide faster connectivity between distant areas like Nagpur / Nanded and Mumbai
- Establishing the Natural Gas Grid and Distribution Network in the State.
- Developing Special Economic Zones and Designated Areas across the State to provide hassle free environment and world class infrastructure.
- Effective liaison with Central Government's Infrastructure and Communication utilities.
- Broad Band connectivity and expansion of communication network across the whole State to ensure effective communication infrastructure
- Power generation through aggressive Public Private Ventures, greater recognition / incentives to energy conservation and non-conventional energy initiatives.
- Setting up of a Committee under chairmanship of the Chief Secretary with members from concerned Departments for resolution of infrastructure issues concerning industries

**9. Promotional and Financial Incentives:**

**9.1 Industrial Promotion Subsidy:**

**(A) New SSI/MSI/LSI (including IT/BT) units:** New projects, which are set up in these categories in different parts of the State, will be eligible for Industrial Promotion Subsidy. The quantum of subsidy will be linked to the Fixed Capital Investment. Payment of IPS every year will be equal to 25% of any Relevant Tax paid by the eligible unit to the GoM or to any of its departments or agencies. The quantum of benefit and period will be as follows:

Taluka / Area Classification	Ceiling as % of Fixed Capital Investment		Number of years	
	SSI	MSI/LSI	SSI	MSI/LSI
A	-	-	-	-
B	20	-	6	-
C	30	20	7	5
D	40	25	8	6
D+	50	30	9	7
No Industry District	60	35	10	8

**B) Expansion units:** Existing SSI / MSI / LSI (including IT/BT) units making additional investment to the extent of 25% or more over the Gross Fixed Capital investment, as on the last date of the previous financial year, for expansion, diversification or modernization, will also be eligible to get the Industrial Promotion Subsidy equivalent to 75% of the incentives admissible for new units. The admissible period for availing the subsidy will be reduced by one year in the respective category and area.

**Explanation:**

The Zero Vat Units will be eligible for getting employment based incentive in lieu of IPS as proposed for low HDI districts in the form of 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of 5 years. However the quantum of incentives for these units will be limited to 20%,30%,40%,50%,60% of FCI in "B","C","D","D+", No Industry District respectively whichever is lower.

**9.2 Additional Incentives:**

The eligible SSI units coming up in Industrial Clusters / Parks to be notified by the State Government and in Agro- based Industries, Textiles, Auto and Auto components, Electronic products, Pharmaceuticals and Gems and Jewellery, Services – Information Technology, I.T. enabled services, Biotechnology sectors in "C","D","D+" areas only will be eligible for the IPS applicable to the one step higher incentive category under clause 9.1.

**9.3 Special Incentives for Units coming up in Districts low in HDI:**

The State Government will make special efforts for speedier economic development in the 10 districts lowest in the State on the Human Development Index as given in the annexure. It is proposed to offer the following employment based incentives to the units coming up in these districts.

**9.3.1** New units setting up facilities in these notified districts and employing at least 75% local persons as defined in the Employment of Local Persons Policy will be offered 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of 5 years. However these benefits will be limited to 25% of FCI. The amount of reimbursement will be paid annually based on minimum statutory limit subject to the condition that the unit has paid its contribution towards ESI & EPF on the due dates

The procedural modalities of giving these special incentives mentioned at 9.3.1 will be issued by the Development Commissioner (Industries).

**9.4 Mega Projects:**

Industrial projects with investment more than Rs.500 crores or generating employment for more than 1000 persons in A and B areas or investment more than 250 crores or generating employment for more than 500 persons

in rest of Maharashtra will be termed "Mega Projects" and would be eligible for customized package of incentives. The industrial projects coming up in the 10 low HDI districts mentioned in the annexure with investment of more than Rs 100 crore or generating employment for more than 250 persons would also qualify for customized package of incentives

The quantum of incentives within the approved limit will be decided by the High Power Committee under the chairmanship of Chief Secretary, Government of Maharashtra. The Infrastructure Committee under the chairmanship of the Chief Minister of Maharashtra will have the power to customize and offer special / extra incentives for the prestigious Mega Projects on a case by case basis.

#### **9.5 Interest Subsidy:**

All new eligible units in textile, hosiery, knitwear and readymade garment sector units in the SSI sector will receive interest subsidy. The Interest Subsidy will be payable only on the interest actually paid to the Banks and Public Financial Institutions on the term loan for acquisition of fixed capital assets, equal to the interest payable at 5% per annum as stated in the table below.

<b>Taluka/Area Classification</b>	<b>Monetary ceiling limit (Rs. In lakhs)</b>	<b>Maximum period in years</b>
<b>A</b>	-	-
<b>B</b>	-	-
<b>C</b>	<b>10</b>	<b>4</b>
<b>D</b>	<b>20</b>	<b>5</b>
<b>D+</b>	<b>25</b>	<b>6</b>
<b>No Industry District</b>	<b>35</b>	<b>7</b>

#### **9.6 Exemption from Electricity Duty:**

Eligible new units in C, D, and D+ areas and No-Industry District(s) will be exempted from payment of Electricity Duty for a period of 15 years. In other parts of the State, 100% Export Oriented Units (EOUs), Information Technology (IT) and Bio-Technology (BT) units will also be exempted from payment of Electricity Duty for a period of 15 years.

#### **9.7 Waiver of Stamp Duty:**

The 100% exemption from Stamp duty will be extended up to 31<sup>st</sup> March 2011 in "C, D, D+ Talukas and No Industry Districts. However, in A and B areas, stamp duty exemption would be available as give below:



- BT and IT units in public IT Parks : 100%
- BT and IT units in private IT Parks : 75%
- Mega Projects : 50%

**9.8 Exemption of payment of Royalties / NA charges:**

Units in MIDC areas / Cooperative Industrial Estates will be exempted from payment of Non Agricultural Assessment Charges. Royalty payable on minor minerals extracted during construction under taken in MIDC area as well as in cooperative industrial estates will be 100% exempted.

**9.9 Royalty Refund:**

All eligible units, (new as well as units undertaking expansion) in Vidarbha region will be eligible for refund of royalty paid on purchase of minerals from mine owners within the State of Maharashtra for a period of five years from commencement of production

**9.10 Refund of Octroi / Entry Tax in lieu of Octroi:**

Octroi based incentive will continue to be offered by way of refund of Octroi Duty / Entry Tax etc. An eligible unit, after it goes into commercial production, will be entitled to Refund of octroi duty , or any entry tax or account based cess levied by the municipal bodies in lieu of octroi and paid to the local authority on import of all the items required by the Eligible Unit. This incentive will be admissible in the form of a grant restricted to 100% of the admissible Fixed Capital Investment of the Eligible Unit for a period of 5/7/9/12 years respectively in the B/C/D/D+ areas. In respect of No Industry District areas, however, the period will be 15 years.

**9.11 Octroi Exemption on Raw Materials:** Several manufacturing units in the Municipal Corporation limits are facing acute problem on account of high incidence of octroi. Some units have already shifted while others are planning to relocate even outside the State. This migration would result in rendering a large number of employed persons jobless. It is, therefore, proposed to exempt 100% the octroi payable on all raw materials used by units in Municipal Corporation areas for manufacture of products to be exported out of the limits of the Municipal Corporations. The burden of such exemption will have to be borne by the concerned Municipal Corporations.

**9.12 Modification in Seed Money Scheme:**

Under the Seed Money Scheme, the educated unemployed youths are getting seed money assistance between 10% to 22.5% of the project cost

limited to a maximum of Rs 10 lakhs for starting self-ventures from the Directorate of Industries as margin money. The seed money assistance carries interest @ 10% p.a. with a rebate of 3% for prompt payment. At present penal interest @14% is charged on delay in payment of the seed money dues. It is proposed to carry out the following modifications in the Seed Money Scheme:

- Quantum of Seed Money Assistance: Maximum amount to be increased to Rs 25 lakhs
- Interest rate: 6%
- Penal rate: 1%

### **9.13 Strengthening the SME Sector**

Looking at the impressive growth which the SME sector has registered in the last few years, especially in the field of light engineering, textiles, biotech and IT, the State Government will give special focus on the SME sector to achieve its objective of high growth with greater employment opportunities. The Government will, therefore, initiate measures to address the challenges faced by the SME sector in the areas of availability of cheap and timely finance, technology upgradation, upgradation of skill sets of those employed in this sector and marketing. The State will also take all necessary measures to complement the initiatives proposed by the Central Government in its Small & Medium Enterprises Bill, including setting up of a special institution for the SMEs. It will also provide the following incentives to promote quality competitiveness, research and development and technology upgradation

- 5% subsidy on capital equipment for technology upgradation limited to Rs 25 Lacs
- 50% subsidy on the expenses incurred for quality certification limited to Rs. 1 Lakh
- 25% subsidy on cleaner production measures limited to Rs.5 Lakhs
- 50% subsidy on the expenses incurred for patent registration limited to Rs. 5 Lakh

### **9.14 Mechanism for payment of Incentives:**

To clear the backlog of incentives of previous schemes and to ensure timely disbursement of the incentives under the PSI 2006, a PLA facility will be set up by transferring Rs. 400 Crores in the first year from State's Non Plan which will be replenished to the extent of utilization at the beginning of each subsequent financial year. The issue of increasing the quantum of PLA

facility would be also be considered at the appropriate time. In addition, 25% of extra premium earned by MIDC & CIDCO from sale of lands or conversion of lease hold to free hold will also be allowed to be used for industrial promotion.

#### **9.15 Simplification in PSI scheme:**

With the discontinuation of Sales Tax based incentives, it is proposed to simplify the new package scheme. Commercial production would be a crucial criteria for determining the eligibility of the unit.

**9.15.1** The units seeking incentives under the PSI 2006 will be required to submit application in the prescribed form to the implementing agency before 31st March 2011 along with detailed project report and proof of completion of following effective steps.

- a) Effective possession of land
- b) IEM / LOI/ SSI registration
- c) In case of Partnership firm or Company or Cooperative Society or Trust, the registration of the firm or Company or Society or Trust

**9.15.2** The units will be required to commence production within the stipulated period from the date of submission of such valid application. The stipulated period for commencement of production as well as for making the intended investment for SSI units; MSI /LSI units; and Mega Projects will be three, four and five years respectively from the date of submission of application. While the investment made beyond the stipulated period will not be considered eligible, the delay in commencement of production will entail proportionate curtailment of incentives.

**9.15.3** The units will be allowed inclusion of related items freely.

**9.15.4** The investment in intangible assets including pre-operative expenses, interest capitalized, technical know-how etc will be allowed only to the extent of 10% of the total project cost for purpose of the incentives.

**9.15.5** It is proposed to amend / modify the earlier schemes of incentives particularly the 1988 and 1993 schemes by stipulating the time frame for commencement of commercial production and for making investment. The units which have filed valid applications and have been found to be eligible under PSI-1988, PSI 1993 and PSI 2001 will be given time upto 31st March 2007, 31st March 2008 and 31st March 2009 respectively for starting production. The units failing to start production within the stipulated time will not be eligible for any incentives.

**10. Cluster approach for Development:**

The State will adopt a new and innovative approach to cluster development, which will greatly improve manufacturing competitiveness. This will be done through developing appropriate infrastructure based on needs of specific industries, provision of optimum utilities and common facilities, attracting the right kind of talent and segregating labour intensive industries from highly automated units. The MIDC will give special emphasis on cluster based development of its areas by reserving some areas within the MIDC for specific industries and their ancillaries.

The MIDC will earmark a part of the land exclusively for SSI / MSI units in and around big industrial projects. This will facilitate healthy and positive linkage between small and big industrial projects helping ancillarisation / graduation of the SSI units which will help in greater development of the region. Clusters will be developed on the basis of identified thrust areas and the available resources in the region.

Eligible units setting up facilities in the Clusters coming up in “C”, “D”, “D+” area will be entitled to the IPS applicable to one step higher incentive category under clause 9.1.

**11. Co-operative Industrial Estates:**

The State Government has been implementing the scheme of establishing Co operative Industrial Estates in various parts of the State by providing them financial and other support. The units in these estates will be eligible to one FSI as is applicable in MIDC areas.

**12. Sick units: Revival and Exit**

The slowdown in the global economy in the nineties had seriously impacted several industries especially those in the Small Scale Sector. Some of these have been able to restructure and have turned around. Many continue to languish while some have become totally unviable. The State proposes to help in the revival of the viable sick units and facilitate smooth exit of unviable ones.

**12.1 Revival:** It is proposed to help the viable SSI sick units defined by RBI by offering reschedulement of arrears of Government dues as well as electricity charges by granting a period of five years for repayment and offering concessional interest rate @ 7% p.a. The sanction of this facility will be linked to the sanction of rehabilitation program by the concerned financial institution / bank.

The sick MSI / LSI units registered with BIFR and where a revival package has been approved will also be eligible for concessional interest rate of 7% p.a.

**12.2 Exit:** For non-viable units, it is proposed to offer smooth exit by allowing a Special Amnesty Scheme under which these units will be allowed one time settlement of State Government dues to be settled at the principal amount by

complete waiver of interest. For availing this facility, the entire amount of dues less the interest and penal charges will have to be paid by 31st March 2008..

In addition, the sick units in MIDC areas and Co-operative Industrial Estates opting for an exit will be permitted to dispose off their assets provided that the land should be used either for industrial purpose or for service industries only. Units located outside the MIDC areas / Co operative industrial Estates opting for exit will be permitted to dispose their assets. However the land in such cases will have to be used as per the zoning regulations of the competent Development Authority.

**13. New Industrial Townships:**

The State Government will, having regard to the factors mentioned in the proviso to clause (1) of Article 243Q of the Constitution of India, notify industrial areas across the State as Industrial Townships with a view to provide freedom to mobilize resources for the purpose of development of integrated infrastructure facilities and for provision of basic urban services. For this purpose, MIDC will involve and seek support from representative bodies of trade and industry. These Townships will be responsible for issues concerning development, maintenance and up gradation of infrastructure as well as provision of basic urban services to the industries. It will perform functions of a Township Authority under section 341M of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965.

**14. Special Economic Zones:**

The Special Economic Zones are expected to play a stellar role in the growth of exports from the country. Maharashtra with its locational advantage contributes 45% of the total exports from the country. The State has promptly responded to the initiative of the Central Government to promote the setting up of Special Economic Zones as engines of growth by passing the SEZ Bill. The provisions in the Bill are aimed at providing an enabling environment and assuring the State's commitment for promoting SEZs. The State has been receiving steady flow of proposals from private developers to set up SEZs. The MIDC will also set up Multi Product and Product Specific SEZs. The State will also encourage setting up of SEZs in Public - Private Partnership.

The State will also notify certain MIDC areas as Designated Areas, which will be eligible to get all the benefits of SEZs except the fiscal benefits. It will enable MIDC to set up empowered Township Authorities fully equipped to provide world class infrastructure through Public Private Partnership.

**15. Marketing Assistance :**

**Gram Udyog Vasahats** will be established one in every district to give boost to the activities of Khadi and Village Industry. MIDC will allot the land for establishment of these Vasahats on concessional rates.

**Urban Haat:** One Urban Haat in each Revenue Division will be established on a pilot basis on the lines of Delhi Haat. These Haats which will be established by MSSIDC will provide marketing and exhibition facilities to handicrafts and articles made by the Small, Village and Khadi industries.

**16. International Exhibition Centers:**

The State will facilitate the setting up of world class International Exhibition Centers at Mumbai and Pune through Public- Private Partnership. This will address the long standing need of Industry for appropriate world class facilities to show case the strengths of the Indian Industrial, Services and Agriculture Sector.

**17. Resource mapping and Showcasing State's potential:**

The State's shift in the economic policies as a result of the opening of the global economy also aims at showcasing and exploiting the location specific strengths rather than subsidizing their deficiencies. Encouraged by the positive results of the initiatives taken in this direction so far, it has been decided to create special institutional structure supported by budgetary resources for District and Taluka level resource mapping of Maharashtra which would include preparing and maintaining authentic data base, conducting research for identifying opportunities, monitoring competitiveness and policy reviews.

The Government plans to commission reputed consultants to compile the potentiality study reports very soon. These reports will form part of the marketing campaign of the State to showcase the potential of these areas to the investors all over the world.

In today's competitive world it is necessary to proactively reach to potential investors for marketing the State as "First Choice Destination". The Government will establish a suitable marketing agency for the State for maintaining its website, e-pathway of information, publishing a magazine and conducting Seminars / Workshops. A network of industrial information kiosks will be established to dispense the desired information to all investors at the touch of a button.

**18. HR Initiatives:**

Maharashtra's GDP grew at annual average rate of 7.2% during the last decade. During 2005-06, the State's GDP grew at 8.6% as against 8.4% in the previous year. Manufacturing and Services Sectors were the main drivers of this growth. The industrial production (manufacturing) in the State during 2005-06 (April to December) has registered a growth of 9% against growth of 8.2% during the corresponding period in the previous year. The boom in both Manufacturing and Services Sector has created great demand for technically skilled manpower. Although the State with over 1000 good technical educational institutions produces around 1,69,000 skilled people every year, it is unable to meet the growing demand of the industry. There is therefore a need to increase the technical pool

else it will hamper the growth of the industry in the State. The growing demand of technically skilled manpower can be met through increasing the capacities of institutions as well as by giving technical training to those with general education background. The Industry Department in association with the Higher and Technical Education Department and representatives of Trade, Industry and Academic institutions will work towards meeting the specific talent / HR requirements of the industry. If the industry has to grow at around 12% per year, it will be necessary for the education and training system to produce at least 25 000 to 50,000 more technically skilled people every year. In addition, the policy envisions setting up two specific structures to help in bridging the employability gaps that are currently evident. These are:

- **Labour Market Information Cell (LMIC)** : LMIC will provide the pivotal linkage between the employers, the education and training providers, and the prospective employees. The cell will compile, collate, and disseminate information about trends in the labour market, nature of skills in demand, and the nature of skill sets stock and training available. The cell will function as a coordinating body and provide the industry and education and training providers the support to ensure greater synergies between the two.
- **Service Training Institute (STI)** : Given the rate, at which the Service Sector is growing in India and its growth potential in the years to come, there is paucity of adequate skills training in this area. The STI will offer training on issues related to customer handling, communication, interpersonal skills, and sales management. Training for the various high end activities in the service sector like retail, finance, insurance, and KPO will be imparted through a combination of soft skills that are essential for this sector as well as theoretical knowledge about sales, marketing and customer care.

In addition, the operation of **vocational training institutes** will be significantly restructured in order to enhance their quality, utility and effectiveness in the context of the changing technologies and requirements in the labour market. Vocational training institutes will be provided adequate autonomy to operate and update their curriculum according to the changing industry demands and as determined by the growth processes in their respective regions. They will be encouraged to provide ongoing skill development of trainees keeping in mind emerging occupations and changing nature of work as a result of technological changes and workplace processes. The ITIs, Polytechnics and Engineering colleges will be made more responsive and proactive, with regard to the kind of suggestions and recommendations made by the industry. The State will facilitate the coming together of industry and academics to develop the essential linkages between theory and practice, through regular exchanges between all stakeholders. The Industry Associations will also be actively involved in this important task.

**19. Labour Laws and Procedures:**

The State government is fully aware of the need to provide a conducive labour environment both in terms of availability of skilled man power and a favourable legislative framework for facilitating investment in various sectors. The Government therefore lays strong emphasis on labour reforms for creating a conducive and smooth working environment. The State Government has initiated measures and will initiate further steps to reduce the burden on industry of a large number of regulatory inspections and for providing a hassle free business environment.

The State has already taken steps towards providing flexibility by amending certain provisions under the Central Acts and exempting certain State Acts for units in SEZs as well as Designated Areas.

In addition to initiatives like the introduction of Self Certification cum Consolidated Annual Return Scheme for various shops, establishments and factories in the State, and amendments to Section 9(a) of the Industrial Disputes Act, 1947 exempting industries / companies from requirement of prior notice for varying service conditions of workmen, the State shall also endeavour to meet the specific demands of industries having huge potential for employment. The specific proposals under consideration are:

- Allowing employment of contract workers with a proviso that the workers will be employed for at least 200 days in a year
- Working hours to be increased to 60 hours per week instead of the present 48 hours
- Lay-off of workers be permitted on condition of payment of adequate compensation
- Allowing female workers to work in night shift as well as allowing 12-hour shifts.
- Amendments to section 25 (M), 25 (N) and 25 (O) of The Industrial Disputes Act 1947 to provide flexibility to the units, which are exposed to vagaries of fluctuating market demands, change in technology and intense global competition.
- Conducting joint Inspections under applicable Acts, Rules and Orders once a year, preparation of schedule of inspections in advance, inspections other than normal to be permitted only on written, signed, verifiable complaint and after obtaining authorization from Head of Department.
- Permitting compliance certificate to be signed by authorized signatory instead of Occupier
- Initiation of Prosecution or imposing of penalties only after sanction by Head of Department after giving opportunity of being heard to entrepreneur / occupier.



- Compilation and publishing of compendium of all laws, under which the inspections are stipulated for various compliances.
- Greater participation by Industry, Associations and Government.,
- Extending the exemption of identified State Labour laws (Annexure II) as provided in proposed Maharashtra SEZ & Designated Area Act to the units in **“D, D+ and No Industry Area”**

## **20. Single Window Clearance**

Recent surveys have indicated that it takes 89 days to start business in India. The State realizes that it is necessary to streamline and simplify the process for granting licenses/ permissions to reduce the transaction costs. Effective steps will be taken towards providing Single Window Clearance to all units to cut on average time required for establishment of units. The objective is to provide for speedy processing of applications and issue of various clearances required for setting up of industries at a single point. The following steps will be taken to achieve this objective.

### **20.1 Setting up of Committees at various levels**

- District Level committee under the chairmanship of Collector of the District for proposals from SSI Units
- State level Committee under the chairmanship of Development Commissioner (Industries) for MSI / LSI units
- Mega Projects Committee under the chairmanship of Secretary (Industries) for MEGA projects and FDI proposals

**20.2 A Common Application Form (CAF)** will be evolved for every applicant seeking to set up an industry / expansion unit. The CAF will pertain to the following clearances, which are required for setting up an industry.

1. Allotment of Land / Shed in MIDC Areas
2. Water Connection
3. Small Scale Registration
4. Consent to establish under the Pollution Control Act
5. Power Connection
6. Building Plan Approval
7. Registration under VAT
8. Approval from the Director Industrial Safety and Health
9. Any other approval that may be required under a State Act

Where the clearance(s) are not covered by the CAF, an applicant shall file additional form or forms, as the case may be. The CAF duly filled in shall be submitted in required number of copies along with relevant enclosures, documents, certificates, fee receipts and attachments. A checklist shall be appended to the CAFs, which shall be completed and signed by the

applicant, scrutinized and accepted by the authorized representative of the nodal agency before issuing the acknowledgment.

20.3 Computer software like Udyog Setu will be prepared for processing such applications on line. The State will endeavour to develop the necessary computer software like Udyog Setu to accept and process applications on line and to give e-clearance of applications.

20.4 Representatives of the concerned departments from whom the clearances are required will be members of / invitees on the District; State and Mega Projects Committees. The Committees will meet at regular intervals to consider fully processed proposals and give a final decision thereon. The final decision will be given as far as possible within 30 days of receipt of dully filled CAFs.

**It is proposed to enact a separate Act empowering these Committees to function as Single Window agencies and give Single Point Clearance on the pattern of FIPB, Government of India.**

## **21. Promotion of Foreign Direct Investment**

Besides upgrading the technology levels, enhancing exports, introduction of latest manufacturing practices, development of infrastructure and generation of employment opportunities, trends in FDI are key indicators for determining the attractiveness of a destination to the outside world. While the State continues to be the leader in attracting FDI, sustained efforts will continue to be made to retain the position.

The State Government has already set up a Separate Cell to facilitate FDI and a High level Committee to accord fast track clearances for proposals involving FDI. The Cell will function as single point contact for all inquiries from foreign investors including supplying of information pertaining to permissions, procedures, guidelines of Central Government and RBI and providing hand holding services.

## **22. Restructuring of Industries Department:**

In order to provide effective and proactive support to the industrial development in the State, the Industries Department needs to brace itself to face the emerging challenges. Accordingly, organizational restructuring of the department will be undertaken besides upgradation of skills of the staff. Computerization will be introduced at various levels. Delivery capability of the department will be further enhanced by introduction of sound Management Information System, establishing data bank which will provide desired details to investors at the click of a button. Registration of SSI units and filing of statutory returns will be made on line.

The functioning of the Udyog Mitra will be strengthened and more effective through statutory intervention.

**23. Review and Monitoring:**

The implementation of the policy decisions will be periodically reviewed at appropriate level for necessary facilitation in view of the rapidly changing industrial scenario.

### **Annexure I**

#### **10 Lowest Districts In Maharashtra On THE HUMAN DEVELOPMENT INDEX**

Sr. No.	District
1.	Gadchiroli
2.	Yavatmal
3.	Jalna
4.	Nandurbar
5.	Washim
6.	Dhule
7.	Nanded
8.	Osmanabad
9.	Buldhana
10.	Chandrapur

### **Annexure II**

- 1 Bombay Industrial Relations Act, 1946;
- 2 Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971;
- 3 Bombay Labour Welfare Fund Act, 1953;
- 4 Bombay Shops and Establishments Act, 1948;
- 5 Maharashtra Workmen's Minimum House Rent Allowances Act, 1988;
- 6 Maharashtra Public Services (Reservation for Scheduled Castes, Scheduled Tribes, Denotified Tribes (Vimukta Jatis), Nomadic Tribes, Special Backward Category and Other Backward Classes Act, 2001;
- 7 Maharashtra Matndi, Hamal and Other Manual Workers (Regulation of Employment and Welfare) Act, 1969;
- 8 Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981 or