

Industrial Policy in Rajasthan (India)

Government of Rajasthan (India)

1. PREAMBLE

1. Rajasthan has been in the forefront of Economic Reforms. It was the first State in the country to adopt the International Competitive bidding route for setting up power projects. It was also the first in the country to announce a State Road Policy, facilitating the entry of private enterprise in the Roads sector. A new, simplified Sales Tax Act has been introduced by the State Government. The Mineral, Marble and Granite policies of 1994 have promoted scientific exploration and exploitation of the State's rich minerals. The Industrial Policy 1994 has brought about a significant change in its investment climate. The Rural Non Farm Policy of 1995 - the first of its kind in the country - has helped focus efforts on growth and employment through rural industrialisation.
2. With a series of policy initiatives taken in the last few years, most roadblocks to the private sector's entry in Infrastructure have been removed. The State is poised for significant developments in the Power Sector. The prospects for development of Solar energy are promising. There are indications of a significant oil and natural gas reserve, which could change the face of Western Rajasthan's economy.
3. Rajasthan is now among the six fastest growing States of the country. Its Eighth Plan Outlay constituted an increase of 283% over that of the Seventh Plan. During the past five years the average growth rate of investment in the large and medium sector has been 33% and in the SSI sector over 15%. Over the same period, exports from the State have grown at an annual average rate of 53%.
4. The experience of implementing the State's 1994 Industrial Policy has also brought to light certain deficiencies and practical problems, which need to be redressed. There are areas like Infrastructure and Human Resource Development which require even greater attention than has been accorded in the past. The New Industrial Policy of the State is thus an exercise to reflect these developments and to launch new initiatives to take advantage of the emerging opportunities.

2. OBJECTIVES

The principal objective of the new Policy is to make Rajasthan the most preferred State for investment in the identified sectors and to ultimately achieve global competitiveness. While governed by this basic goal, the Policy will lay special emphasis on accelerating the overall pace of Industrial growth, increasing employment opportunities, improving productivity, ensuring sustainable

development and strengthening the SSI, Tiny and Cottage Industry sector.

3. STRATEGY

1. The above objectives will be achieved by adopting a strategy which enables focussed growth. Thus, the new strategy envisages development of clusters offering economies of agglomeration and thrust sectors.
2. The task of improving infrastructure would be given the highest priority. The plans for infrastructure development will take into account the resource endowment and the growth potential of each area.
3. Special emphasis will be given to the development of Thrust sectors, which have been identified keeping in view their infrastructural requirements, growth potential and the capacity to generate employment.
4. Simplification of rules and procedures, timely and smooth delivery of services will receive continued attention. Special efforts will be made for developing Government - Industry partnership in the implementation of the Policy.
5. Greater emphasis will be laid on development of human resources for emerging requirements of industry.
6. The basic approach of all the initiatives will be to encourage increasingly greater participation of private enterprise in the State's economic growth.

4. INFRASTRUCTURE

□ The overall approach towards the development and upgradation of infrastructure will be a combination of optimum utilization of the State's resources and involvement of the private sector. Specific measures will be taken to develop Sectoral Clusters taking into account the needs of the targetted industry.

□ Board of Infrastructure Development and Investment

The Board of Investment has been reconstituted as the Board of Infrastructure Development and Investment to ensure greater focus on industry-related infrastructure. It will ensure formulation of perspective plans for different regions, inter-sectoral co-ordination and effective monitoring for timely provision of facilities in industrial areas.

□ Project Development Corporation

Based on the Memorandum of Understanding signed with Infrastructure Leasing and Financial Services Limited (IL&FS) and Housing Development and Finance Corporation (HDFC) a Project Development Corporation (PDCOR) has been set up in the private sector, with equity participation by the State Government. The company will offer Investment Banking Reports on commercially profitable projects, tie up finances and offer projects for implementation to prospective investors.

□ Establishment of Business Centres

In important industrial areas of the State, establishment of Business Centres in the private sector will be encouraged. Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO) will provide land and/or buildings for these Centres where facilities like office and conference space, telephone, fax and photo

copying facilities etc. would be available to entrepreneurs.

□ **Special Industrial Complexes**

Special Industrial Complexes are being developed in the State by RIICO to meet the requirements of specific industries, particularly of thrust sectors, at the following locations :

1. 1. Gems & Jewellery EPIP & Gem Park, Jaipur
2. Hosiery Chopanki, Bhiwadi
3. Auto Ancilliary Ghatal (Bhiwadi) & Sitapura (Jaipur),
4. Ceramics Khara, (Bikaner)
5. Software Technology EPIP, (Jaipur)
6. Electronics & Telecomm. Kukas, (Jaipur)
7. Textiles Bhilwara, Sanganer, Sitapura, Pali, Jodhpur, Balotra
8. Agro Industries IGNP Area
9. Leather Manpur-Macheri
10. Wool Industries Beawar, Bikaner
11. Handicrafts Shilpgram, (Jodhpur and Jaisalmer)
12. Dimensional Stone Kishangarh, Udaipur, Chittorgarh

6. Other Related Aspects

1. Efforts will be made to reduce project implementation time through provision of essential infrastructure facilities like roads, power, street lights and water supply. An industrial area will be declared as developed after these specific facilities have been provided. Service charges will be recovered only with effect from the date of declaration of the industrial area as developed. Missing links in the existing industrial areas would be identified and steps taken to provide the required facilities.
2. Efforts would be made to provide social infrastructure facilities like housing, schools, hospitals/dispensaries, shopping centres etc. in important industrial areas. Some of the industrial areas would be developed as industrial townships.
3. The Industrial Complexes being developed in the National Capital Region of the State would be further strengthened in terms of infrastructure facilities.
4. The entire belt around N.H.8 from Jaipur to Bhiwadi would be taken up for integrated industrial development. A blue print for development of industrial townships in this belt would be prepared keeping in view the increased flow of investments in this region.

7. Development of Integrated Industrial Parks (IIPs) and Industrial Model Towns (IMTs)

1. Development of Integrated Industrial Parks (IIPs) as joint venture projects with RIICO, or in the private sector will be actively encouraged by undertaking the following measures:

- (a) Formulation of schemes for development of IIPs in the private sector on BOT (Build-Operate-Transfer) or BOOM (Build-Own-Operate-Maintain) basis, while dovetailing them with the overall development plans of the region.
- (b) Encouraging promotion of IIPs through equity participation by RIICO and assistance from other agencies of the Government.
- (c) Devising a policy for allotment of land to private sector on the basis of a transparent mechanism.
- (d) Concessions available to industrial units set up in RIICO's industrial areas would also be available to units located in the IIPs and Industrial Parks in the Private Sector

2. Development of industrial areas in the private sector was earlier prohibited within 10 Kms radius of RIICO's industrial areas; this distance has now been reduced to 5 Kms. Rajasthan Industrial Areas Allotment Rules, 1959 have been amended to facilitate the development of industrial areas / estates in the private sector.

8. Land Conversion

Despite efforts made in the past, entrepreneurs have been facing difficulties in securing conversion of land from agricultural to industrial. To resolve this problem, provision has been made for automatic conversion of land upto 5 hectares. On expiry of 30 days from the date of application for conversion to the appropriate Revenue authority the conversion shall be deemed to have taken place and the concerned Revenue Authority/GM, DIC will issue a certificate of deemed conversion. The concerned Tehsildar/Gram Panchayat shall make necessary entries in the land records within 7 days.

9. Maintenance Of Industrial Areas

- 1. Proper upkeep and maintenance of the existing industrial areas will be ensured by RIICO. Wherever possible, Local Bodies, Industries Associations and other organisations will be associated with this activity and on their request areas can be handed over to them for this purpose.
- 2. Advisory Committees comprising, inter alia, industry representatives, will be set up in respect of industrial areas to advise on :-
 - a) Maintenance and improvement of the existing areas; and
 - b) Redressal of grievances.

The scope of work of these Advisory Committees has been indicated in Annex - I

10. Settlement Committees

RIICO and RFC have constituted three tier Settlement Committees for resolving disputes pertaining to entrepreneurs. These Committees are fully empowered to decide matters falling within their jurisdiction. This would reduce future litigation and pending Court cases can also be settled by these Committees. The details of constitution and working of these Committees has been given in Annexure - II

11. Power

1. Rajasthan has been recognised as one of the two leading states, which have vigorously pursued Power Sector Reforms. According to the assessment carried out by the Ministry of Power during the year 1996-97, the difference between the Peak Demand and Peak Demand met in Rajasthan was only 5.6% - the lowest among the twenty major States of the country. In addition, in terms of Plant Load Factor the State with a PLF of 75.6% was ranked the second in the country. Substantial private sector investment in power generation is being encouraged.

2. Two units of 250 MW each are expected to be commissioned at Suratgarh Stage-I Project during 1998 and 1999, respectively. In addition, the following major power plants are scheduled to be commissioned in the IX Five Year Plan and early years of X Five Year Plan:-

S.No.	Projects in Pipeline	Capacity
1.	Dholpur Power Project based on Liquid Fuel.	700 MW
2.	Barsingsar Power Project based on Lignite.	500 MW
3.	Suratgarh Stage-II Power Project based on Coal.	500 MW
4.	Kapurdi & Jalipa Projects based on Lignite .	1200 MW
TOTAL		2900 MW

3. Captive power plants will be freely permitted. No permission from RSEB would be required.

4.State Government has recently announced a Captive Power Plant Policy. The details of the policy shall be issued by the Energy Department shortly.

5. As far as possible RSEB shall make arrangements to ensure uninterrupted supply of power to continuous process industry, export oriented units and units set up in EPIP.

6. All industrial areas on rural feeders will be connected to urban/industrial feeders in a phased manner for better quality of power and the cost to be incurred thereon shall be borne by RSEB and RIICO equally.

7. As far as possible, land for power plants to be set up in private sector will be allotted by RIICO close to the grid station of RSEB, at rates applicable for industrial land on priority basis.

8. Provisional fuel surcharge will henceforth be revised on a quarterly basis to avoid an undue burden on industrial units at a later stage.

9. Reduction in contract demand to units supplying surplus power to RSEB will be freely permitted. Where the contract demand is reduced to zero, i.e., the industrial consumer runs his plant entirely with his own power, no minimum charge shall be levied.

10. New large industrial consumers will be required to pay for the first six months on the basis of actual consumption and for the next six months, on the basis of actual consumption or 50% of the minimum charges, whichever is higher.

11. A system of deemed sanction has been started by RSEB for extension of power contract demand. Similarly, a system of deemed sanction for reduction in load has also been introduced.

12 Telecommunication

1. Special efforts will be made to provide efficient and reliable Telecommunication Facilities in Industrial areas.

2. In case of new industrial areas, RIICO will take recourse to Bulk booking in advance so that entrepreneurs are able to secure telephone connections without delay.

3. Cellular phones facility is already available in the following towns of the State :

1. Jaipur
2. Ajmer
3. Udaipur
4. Jodhpur
5. Kota

This facility is proposed to be introduced in other industrially important locations like Alwar, Bhiwadi, Pali, Beawar etc.

13. Railways

1. Under the unigauge scheme of the Railways, the State has taken a major leap forward with the ongoing and proposed programmes of conversion of metre gauge lines into broad gauge. Most of the metre gauge lines have already been converted and all the major cities of the state except Udaipur and Bhilwara have been linked with broad gauge. Jaipur has been linked to major industrial cities like Mumbai, Calcutta, Chennai, Hyderabad, Delhi, Indore and many other towns.

2. Vigorous efforts will be made to ensure that Bhilwara and Udaipur are also connected with broad gauge expeditiously.
3. The proposal to provide rail link to Bhiwadi on priority will be pursued with the Railways.

14. Road Network

1. The State Government has promulgated a Road Policy in 1995 to facilitate private sector participation in construction of toll roads, bridges and by passes. Private sector participation in Road sector is being actively encouraged. Under this policy three works of roads/ bridges have already been awarded to private sector on B.O.T. basis and several other works are being taken up.
2. The State's road network extends to 0.75 lacs kms. on 31st March 1997 comprising National Highways, State Highways, District Roads and other roads. Of the existing State Highway network, a length of 1500 kms. will be improved with World Bank assistance during the 9th Five Year Plan.
3. The National Highway No.8, from Delhi to Bombay via Jaipur-Ajmer-Udaipur-Ahmedabad is being converted into a four-lane highway. The stretch between Jaipur and Kotputli has already been completed and the remaining portion between Kotputli and Delhi is expected to be completed shortly. Jaipur-Ajmer section is being taken up in the second phase.
4. In order to improve access to important industrial areas, the State Government and RIICO will take up works for improvement of vital link roads to important industrial areas like Bhiwadi, Khushkhera, Matsya (Alwar), Hirawala, Bindayaka, Kaladera (Jaipur), Growth Centres at Dholpur, Brij (Bharatpur), Gudli (Udaipur) etc. The total length of these road links will be about 100 kms. Some of the important link roads have been shown in the map at Annex - III

15. Port Access

With a view to ensuring expeditious despatch of export cargo, the State Government is exploring the feasibility of securing a direct access to Marine Port in Gujarat. A feasibility study for the purpose has been completed and a dialogue has been initiated with Governments of neighbouring states for joining hands to develop a berth facility at Kandla.

16. Air Transport

1. Important cities of the state like Jaipur, Udaipur and Jodhpur are well connected by Air. Facilities at Jaipur airport have been upgraded and it has now started receiving Chartered International flights.
2. Air Taxi Operators (ATO's), will be encouraged to expand their services in the state. The use of State Government's existing air strips numbering 19 and some other facilities has already been offered to ATOs so as to facilitate their operations.

Source: <http://www.rajasthan.gov.in/>

Access time: 04/04/2003