



Confederation of Indian Industry

# Gujarat Agenda for Development

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Confederation of Indian Industry

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## Gujarat at a Glance:

Gujarat is considered the petroleum capital of India due to presence of large refining capacity set up by private and public sector companies. The state is the world's largest producer of processed diamonds, accounting for 72% of the world's processed diamond share and 80% of India's diamond exports. With a contribution of 65 to 70% to India's denim production, Gujarat is the largest manufacturer of denim in the country and the third largest in the world.

There are 42 ports, 18 domestic airports and one international airport. There are 106 product clusters and 60 notified special economic zones (SEZs). Large scale investment is expected in Gujarat as part of the US\$ 90 billion Delhi-Mumbai Industrial Corridor (DMIC). Gujarat is a hub for various R&D centers and Technology institutions which hold pioneer position in India. Gujarat has Indian Space Research Organization, Space Application Centre, Gujarat Science City, Physical Research Laboratory, Indian Institute of Management, Zydus Research Centre, and many other dedicated R&D centers.

Gujarat is ranked number one in the pharmaceutical sector in India, with a 33% share in drug manufacturing and 28% share in drug exports. The state has 130 USFDA certified drug manufacturing facilities. Ahmedabad and Vadodara are considered as pharmaceutical hubs as there are many big and small pharma companies established in these cities. Major Agricultural produce of the state includes cotton, peanuts, dates, sugarcane, milk & milk products. Industrial products include cement, and petrol. Gujarat is the largest producer of milk in India. Amul, located at Anand is one of the largest milk products producing co-operative in the world.

Surat is a hub of the global diamond trade. It is home to a thriving diamond trade and diamond cutting industry. Alang Ship Recycling Yard, located 50 km southeast of Bhavnagar, on the Gulf of Khambhat, is the world's largest ship breaking yard. The state invites investment proposals in industrial sectors like chemicals, petrochemicals, pharmaceuticals, engineering, minerals, electronics as well as IT in addition to the tourism and infrastructure project.

Below are some of the recommendations for the above-mentioned major sectors, which CII strongly feels, should be part of the Election Manifesto and should be taken up by the incumbent party in power at the earliest:

## Focus Areas:

Agriculture and Food Processing	International Policy
Defence	Logistics
Education	Manufacturing
Financial Sector	MSMEs
Green Building & Green Infrastructure Sector	Skills Development
Healthcare	Start – Ups & Entrepreneurship
Information Technology & Digitization Sector	Sustainability & Environment

## 1. Focus Area: Agriculture & Food Processing

### Agenda for Development:

- Strengthening cluster-based development and value chain.
- Agricultural modernization creates the framework for industrialization by boosting labor productivity, increasing agricultural surplus to accumulate capital, and increasing foreign exchange via exports.
- Connecting farmers & rural producers to urban & international consumers.
- Partnership with Centers of Excellence overseas to promote Agriculture & Food processing exports from Gujarat.
- Increased use of information technology for disseminating agriculture related information to farmers and help them sell their produce directly to consumers.
- A more efficient supply chain by increasing linkages between food processing industries and farmers.
- Sustainable agriculture is far from mainstream in India, with only (crop rotation; agroforestry; rainwater harvesting; mulching and precision) SAPSs scaling beyond 5 per cent of the net sown area. Making sustainable agriculture visible by integrating data and information collection on SAPSs in the prevailing state-level agriculture data systems.



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- Encouraging farmers to take up allied activities such as bee farming, fish farming, dairy farming, etc. by extending loans at 0% interest for the initial years as was done in Japan and China.
  - Crop planning and farm advisory to farmers would help produce better quality of processed food and would aid in the production of higher-quality processed foods. Promoting agricultural export zones, encouraging contract farming, and developing an expansive cold storage infrastructure would enable Gujarat to lead the way in tapping this opportunity.

## **2. Focus Area: Defence**

### **Agenda for Development:**

- Gujarat has a plethora of companies manufacturing precision engineering goods which can be further aligned with the defence offset sector's requirement.
- MSMEs from Gujarat must be identified as vendors to procure and provide raw material for Aerospace & Defence companies in Gujarat. Raw material procured from the MSMEs should also be exported to various defence companies across the country to increase the export opportunity.
- Roadshows, events, and exhibitions must be held to promote Dholera SIR as the defence manufacturing hub.
- Industries have been demanding defence corridor in Gujarat to give a boost to this sector.
- Workshops and training for Defence Acquisition Procedure for MSMEs.

## **3. Focus Area: Education**

### **Agenda for Development:**

- A small body with industry members could be formed who would constantly review the syllabus/course to ensure that the education system is in line with the industry requirement.
- The National Education Policy 2020 (NEP) has laid importance on the universalization of Early Childhood Care and Education (ECCE) with a 2030 target to ensure that all students entering Grade 1 are school ready. The pedagogical and curricular structure of school education should be changed to reflect this importance.
- Focus on training teachers, to be in sync with children's education. ITT (Initial Teacher Training). TET (Teacher Eligibility Test) & CPD (Continuous Professional Development) should be made mandatory for teachers.
- Focus on 100 per cent retention at senior secondary level.
- Providing quality primary education to all children, especially in the rural areas.
- Improve access at the secondary and senior secondary level through more budget private schools.

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- Right to Education Act (RTE) practices need to be reviewed and regulated to ensure that the rightful and deserving people get admissions. There should be transparency to avoid misuse of this well intended scheme of universal education for all.
  - Integration of vocational and skill education in schools. Inclusion of entrepreneurship education at school level.
  - Since the design sector has massive potential and Gujarat is the hub & first preference for design, CII can collectively work with government to frame, project, and implement this design policy at the school level.
  - Focus on experiential learning model, equipping universities and institutions with technology infrastructure.
  - Blended learning is the future & technology plays an integral part in it. Focus on Digital Rollout of Technology for Education. Focus on developing content in different languages.
  - R&D infrastructure should be built or collaborated with a third party.

## **4. Focus Area: Financial Sector**

### **Agenda for Development:**

- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs) & strategies to attract large financial institutions.
- Fostering financial inclusion and encouraging saving habits can also provide funds for searching more productive sources of employment by providing access to easy finance and banking services.
- Promoting financial literacy in the state in collaboration with educational institutes and knowledge sharing on taxation, insurance and pension schemes & educating people on e-transactions, formal sector borrowings, and insurance purchases.
- On the consumer protection front, improvements in grievance redressal, introduction of innovative products for digital payments, measures to improve cyber security in banking are all expected to expand financial inclusion and provide financial services efficiently and cost-effectively.
- Maintaining orderly conditions in financial markets via the promotion of prudent regulation, the development and adoption of new technology, prudential documentation, and a robust legal framework.
- Enhancing knowledge on Foreign Exchange Management Act (FEMA) provision and Foreign direct investment (FDI) policy.

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## 5. Green Building & Green Infrastructure Sector

### Agenda for Development:

- Incentives to encourage renovation and retrofitting of existing buildings to green buildings.
  - Rebate in property tax for IGBC-rated Green Building Projects.
    - With suitable retrofitting, the existing building stock can contribute to a significant reduction in both energy and water consumption. In many cases, over a period, the performance level of existing buildings goes below optimum efficiency levels. If these buildings can also improve their indoor air quality and manage waste better, it will vastly optimise resource usage, resulting in significant benefits to the state. Greening of existing buildings offers immense untapped opportunities.
    - This incentive will encourage buyers to live and work in green buildings and create demand for such projects.

*Indian Green Building Council (IGBC), formed by CII, is spearheading the green building movement in India. IGBC is the country's premier body for green building certification.*

- Additional Floor Area Ratio (FAR) for upcoming green buildings, rated by IGBC
  - An IGBC-rated green building project requires significant effort and investment on the part of the project owner. Hence, the recommendation is to encourage through additional FAR and other suitable incentives.
- Few landmark state government buildings (upcoming and existing) can adopt the IGBC green building rating.
  - This would create tremendous awareness among the masses and private sector, thereby strengthening the green building movement in Gujarat.
    - *New Assembly Building (Shri Vithalbhai Patel Bhawan) is Gold-rated by IGBC under Green New Buildings Rating.*
  - Also, PMAY projects should be developed as per the IGBC Green Affordable Housing Rating.

*Rajkot Municipal Corporation has adopted this rating for multiple affordable housing projects.*

- Similarly, SMART, AMRUT cities and Industrial Parks and Clusters should be developed as per IGBC Green Cities Rating.
- Dholera city, GIFT city, Kandla SEZ and Rajkot Smart City are all IGBC Platinum-rated Green Cities.

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- Encourage low carbon products through Sustainable Procurement Policy (CII GreenPro).
    - GreenPro is a Type – 1 Ecolabel which enables the end users of the building sector and manufacturing sector to choose sustainable products, materials, and technologies for reducing the environmental impact during the construction, operation and maintenance of their buildings and factories.
    - A product which bears GreenPro Ecolabel has lower environmental impact and contributes significantly to enhancing the performance of Green Buildings and Green Companies. It empowers end users with product sustainability information and steers them towards purchasing sustainable products.
  - Gujarat Electricity Regulatory Commission (Net Metering Rooftop Solar PV Grid Interactive Systems) (Third Amendment) Regulations, 2022— states that net metering will be allowed for rooftop solar systems having a capacity of 1 kW and up to 1 MW. Gross metering for rooftop solar systems with 10 kW and up to 1 MW capacity will be permitted. Similar net metering regulations must be introduced for wind power as Net metering can be very helpful for the economics of a wind project because it allows a qualifying facility to receive a retail rate for a portion or for all the electricity generated.
  - Gujarat at present is providing chargeable FAR (Floor Area Ratio) with discount. Additional FAR should be introduced and implemented in upcoming green buildings, rated by IGBC. Example, Additional FAR of 10% in Kolkata, Additional FAR of 10% in Himachal Pradesh, 5% FAR in Uttar Pradesh, Additional FAR of 5% free of charge for IGBC rated Green Buildings in Jaipur.

## **6. Focus Area: Healthcare**

### **Agenda for Development:**

- Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, access to affordable and essential medicines and vaccines for all.
- The State must create healthcare focused human resources. Establishment of nursing colleges needs to be encouraged under PPP mode.
- Skill training of healthcare experts/doctors/nursing staff for emerging trends and technologies in healthcare such as Internet of Things (IOT), Surgical robots, Natural language processing (NLP) for clinical research and so on.
- Mobile healthcare units need to be initiated for remote places of the state. Promoting PPP in secondary and tertiary healthcare is important.



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## 7. Focus Area: Information Technology Sector & Digitalization

### Agenda for Development:

- One of the most efficiently governed states, Gujarat exemplifies modern infrastructure and laudable investments in virtually every arena of citizen service.
- Adopt best practices for digital governance and focus on bridging the digital gender disparity, assessing the digital economy, and protecting digital consumers. Develop a uniform measuring framework for the digital economy.
- Formulate state-level AI strategies and policies, data, and data flows, as well as policies to encourage digitalization of business models.
- Develop integrated digital platforms and boost key technology innovation in strategic and forward-thinking domains such as quantum information, network communications, integrated circuits, key software, big data, IoT, artificial intelligence, block-chain, and novel materials, among others.
- Deepen complete digital transformation in important industries, including full-chain digital transformation of traditional industries and higher levels of digitization in agriculture. Encourage industrial parks and clusters to embrace digital transformation.
- Industry incentive to setup/adopt IT companies – Incentive may be substantial to the capital invested.
- Setting up technology skill centers for upscaling IT skills.
- Policy formulation for fintech, encouraging setting up data center wherein CII can collectively work with Gujarat government for framing the policy.
- Museum of Innovation: Showcasing world innovations in IT at one place for inspiration & industries to collab with inventors for technology commercialization.

## 8. Focus Area: International Policy

### Agenda for Development:

- To explore possibilities for export markets and identify items of export potential.
- To educate MSMEs, industries on world marketing, tariffs and duties prevailing overseas.
- Export growth strategy for the state – product wise.
- Diaspora engagement for trade and community participation.
- Partnership with Centers of Excellence overseas to promote sectoral growth in Gujarat.
- Incentives/Subsidy on import of equipment's and technology to India.
- Exemption on duties for some goods to sell in overseas markets (For Ex: China & Turkey fetch better deals because of less duty).
- Incentives for leveraging large exports from Gujarat.

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## 9. Focus Area: Logistics

### Agenda for Development:

- Create an efficient and competitive logistics ecosystem to support Gujarat's industrial growth through regulatory reforms and streamlined processes.
- Reduce logistics cost and enhance efficiency by enabling multi modal transportation.
- Encourage green practices and adopt sustainable practices.
- Focus on skilling the manpower and organize the unorganized labour of logistics sector.
- Encouraging PPP in logistics as private sector can contribute to the development of logistics sector by providing capital, technical expertise, management practices and flexibility in operations.

## 10. Focus Area: Manufacturing

### Agenda for Development:

- Speeding up the mining reserves auction process to maximum 4 months from identification of reserves to auction.
- To boost the manufacturing sector, schemes providing financial incentives including interest subsidy scheme for MSMEs may be introduced.
- A centralized land records system and reforms in land laws is the need of the hour – to ward off internal constraints, local agitations and increase in land prices.
- Simplification and speeding up of environmental clearances to maximum 6 months.
- Manufacturing sector of Gujarat contributes up to 6.4% in GDP and 21% in exports of India. So, to further enhance the contribution of manufacturing sector of Gujarat, it is essential to embrace the latest technology and going for automation, in line with industry 4.0 to ensure maximum efficiency, productivity, and competitiveness in this sector.
- Fuel cost and electricity streamlined with some concessional benefits and enhancing road connectivity as part of boosting infrastructure across Gujarat will result in much higher productivity for manufacturing sector.

## 11. Focus Area: MSMEs

### Agenda for Development:

- Set up technology facilitation centers and promote ancillaries for encouraging technology adoption and facilitative regulation.
- Enabling MSMEs and creating awareness of the benefits of newer and useful IT technologies (AI, IOT, Block Chain, 3- D Printing, etc.)
- Connect MSMEs with available financial schemes offered by Ministry of MSMEs, banks, and financial institutions which includes financial assistance to set up workshops, 3D

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printing facilities, laser cutting machines to have an ecosystem for hardware product development.

- Leveraging the power of MSME sector to spread development amongst locals, rural as well as other economically underprivileged sections of society.
- Infrastructure & land requirements to be addressed on an immediate basis.
- Greater industry participation in skilling ecosystem - industry-led training & apprenticeships.
- Promoting skill development for Micro, Small and Medium Enterprises (MSMEs) & setting up of skill development centers in Gujarat to train youth for addressing the requirement of skilled youth / trained workforce.
- A comprehensive policy / plan to encourage and assist research leading to meaningful innovations among MSMEs is recommended.
- Establish 'Entrepreneur Development Centre' in each cluster, providing cluster specific skill development and business incubation centre.
- Suggested to have EDCs in all major districts of Gujarat.
- Bring informal entrepreneurs in mainstream by recognizing their enterprises. A single window system for their registration and ensuring their compliance may be introduced.
- Centre for Entrepreneurship Development (CED) – a Govt of Gujarat Organization could be the nodal agency (along with EDII if so required).
- A joint mechanism with Industries / Industry associations in respective districts may be worked out for an effective and sustainable EDC framework.

## **12. Skills Development**

### **Recommendations for Gujarat Development Plan: Skill Development**

#### **To introduce disruptive innovation and technological advancement in Skilling ecosystem of the State:**

##### **At the policy level:**

- Promoting skill development for Micro, Small and Medium Enterprises (MSMEs).
- Funding through skill vouchers to trainees' digital wallet & redeemable by industry.
- Policy support for encouraging Research and Development.
- Utilize idle infrastructure in PPP model in and around Industry clusters.
- Career counselling must be introduced in senior secondary level.
- Emphasis on soft skills and behavioral training.
- Apprenticeship should be a part of all vocational courses. There should also be robust system for skill assessment to be incorporated in academia.
- Recruitment by government & industry to be as per NSQF certification level.
- Need assessment study for number of trainers for training targets; setting up of training of trainer platforms to meet requirements.

- Leverage physical mode for penetration in far flung areas.
- Apprenticeships / Internships to be mandated / incentivized in VET institutes / Colleges, Industry to be incentivized to open doors to these.
- Universities to be encouraged for private sector partnerships to start vocational courses.
- Skill Development to be backed by Entrepreneurship and Leadership Development. Development of self-Learning Material / Manuals on Entrepreneurship (with special focus on entrepreneurship).

#### **Inclusion of Women and PwDs:**

- Special Tax Incentive under 80JJA for incremental hiring of women and PwDs.
- Specialized skill training & entrepreneurship programmes for women to ensure sustainable livelihood.
- Special skill delivery mechanism like mobile training units, flexible afternoon batches with local needs-based training etc must be introduced.

### **13. Focus Area: Start – Ups & Entrepreneurship**

#### **Agenda for Development:**

- Partnership with Centers of Excellence overseas to promote sectoral growth in Gujarat.
- New industrial clusters need to be developed to meet the requirements of planned growth. Gift City in Gandhinagar and New Rajkot Green City needs to be promoted. These projects aim to develop an ecosystem by providing co-working spaces to help start-ups to grow better. Advancement of this eco system is that these spaces are getting developed in form of cabins with capacity to accommodate either 5/10/15 persons.
- Setting up of skills development centre to train youth for addressing the requirement of skilled youth / trained workforce. Also, to align the available policies at Central to State Government i.e., down to the ground level.
- To make CII a nodal agency to create a marketplace for Start - ups. To develop or create marketing opportunities, CII may tie up with institutions like IIMs, IRMA etc.
- Time bound matrix for start-ups (specific time period). Matrix will help to understand the performance of a start - up within a stipulated time period.
- Create an ecosystem for start-ups to avail benefits under the various schemes of central and state government without any hassles related to registrations.

### **14. Focus Area: Sustainability & Environment**

#### **Agenda for Development:**

- A need based participatory approach to capacity building: initiate and sustain transformation.

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- Develop programmes for income generation and better utilization of resources, through field programmes designed specifically for rural communities.
  - Provide infrastructure, educational, communication, and experiential support for developing village water supply, sanitation, and hygiene systems.
  - We may build up projects related to community hygiene, solid waste management and greening of urban spaces through community participation.
  - Intensive monitoring to be done in the Common Environment Infrastructure from time to time.
  - Rapid assessment of industrial sectors focusing on environmental parameters would be worth reporting for the use of various stakeholders including the people of Gujarat.
  - CII has initiated its Centre of Excellence for sustainable Development as CII – ITC CESD.
  - CII Vision 2030 on Climate Change & Sustainability: Created a blueprint for collaborative action across value chains & sectors of the industry and stakeholder groups including policy, regulation, finance, and technology; CII Vision 2030 seeks to provide sectoral guidance on the differentiated responsibilities under the principle of “common but differentiate responsibilities; Aims to set high-level goals with achievable outcomes for 2030 with interim goals for 2025.
  - CII Climate Action Charter: CII would like to work with Gujarat Government to drive corporate climate action in the state, in alignment with the State Action Plan on Climate Change that aims to build a sustainable and climate-resilient future in line with the UN Sustainable Development Goals.
  - Cleaner Air-Better Life (CABL): Cleaner Air Better Life is a National Initiative of CII on the issue of air pollution. CABL was launched by CII in response to the severely degraded air quality across the country when hundreds of schools were shut down in the National Capital Region in 2016.
  - Activities under CII-CABL Initiative are positioned to strengthen the National Clean Air Plan (NCAP) and we would seek to work with Gujarat state government particularly to replicate the airshed management work for smart cities in the state.
  - Plastic Waste Management: The India Plastics Pact (IPP) is a collaboration between the CII and Worldwide Fund for Nature India (WWF India) that unites businesses, governments, NGOs, and citizens to create a circular economy for plastic packaging in India. Under IPP, CII is planning for a Consumer Awareness Campaign on responsible packaging & behavioral aspects of source segregation.
  - Regulatory Framework & Environment Compliances: More awareness sessions should be conducted regarding MoEFCC & NGT guidelines, clauses etc. for effective implementation of compliances.



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