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Vibrant Gujarat: Industrially Developed Gujarat

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Introduction

Gujarat State: The History and Introduction

Gujarat has been the front-runner in the overall economic development of the country all these years, as is evident from the fact that with mere 6% of geographical area, 5% of the population of India, the Gross State Domestic Product (GSDP) USD 38.4 Billion, the state contributes to 14% of the country's exports, the state having an annual average growth of 9% in the last 3 years, an average industrial growth of 15%, the state has 21 Special Economic Zones (SEZs) and many still in process.

Over the years, Gujarat has diversified its industrial base. The state was known for textiles industry. Today, refined petroleum products has emerged as the largest industrial group followed by chemicals including dyes and pharma products, agro and food processing, engineering industries, basic metal industry, textiles and apparels and other industries in descending order in terms of value of output in all industry in Gujarat. The industries in Gujarat produce variety of products. However, the important products, which have substantial contribution in India, include Soda Ash having 94% share, Salt (80%), Polyester Filament Yarn (75%), Refined Petroleum products (55%), Phosphate Fertilizers (36%), caustic soda (35%), Textile Fabrics (34%), Sponge iron (33%), cement (10%) and so on. Gujarat is also having largest share in diamond cutting & polishing. Some of the glimpses/glance of the Vibrant Gujarat is as under:

- **An Inner view of Industrially developed Gujarat:**

- **Large Industries:**

Industrial units having investment exceeding Rs. 10 crore in plant and machinery are classified as large industrial units. An Entrepreneur or a company desirous to set up a large project needs an approval from Government of India (GOI) under the Industries (Development and Regulations) Act. In July 1991, GOI liberalized the licensing procedure and exempted almost all industries from taking industrial license, except few industries, which are of strategic importance. As per the present licensing procedure, only two industries are reserved for the public sector and four industries, which are of strategic importance, need an industrial license. The remaining industries are required to file Industrial Entrepreneur Memorandum (IEM) with GOI, on observing certain requirements with respect to location and environment. In case of setting up an Export Oriented unit or setting up a project in Special Economic Zone (SEZ), a Letter of Permission (LoP) is to be



obtained from the Development Commissioner (SEZs). Thus, the procedure for starting a large industrial unit needs either filing of IEM, obtaining Letter of Intent (LOI)/ Industrial License or obtaining Letter of Permission (LoP) for 100% EOU or SEZ unit.

➤ **Micro, Small and Medium Enterprises:**

Government of India under Ministry of Micro, Small and Medium Enterprises have enacted the Micro, Small and Medium Enterprises Development Act 2006 and has put into operation effective from 2-10-2006. Under the Act, Micro, Small and Medium Enterprises are classified as under:

Enterprises-Investment in Plant & Machinery (Manufacturing)-Investment in Equipment (service)

Enterprises	Investment in Plant & Machinery (Manufacturing)	Investment in Equipment (service)
Micro	Less than Rs. 25 lakhs	Less than Rs. 10 lakhs
Small	Rs. 25 lakhs – Rs. 5 crores	Rs. 10 lakhs – Rs. 2 crores
Medium	Rs. 5 crore – Rs. 10 crores	Rs. 2 crore – Rs. 5 crores

The small and medium enterprises as classified above are required to file Entrepreneurs Memorandum (EM) Part-I to District Industries Centre for starting an industrial project. On completion of the project, the entrepreneur is required to file Entrepreneurs Memorandum (EM) Part-II.

Earlier there was a system of granting registration to small-scale industrial units by the District Industries Centre. These units are now required to file EM Part-II as Micro, Small or Medium Enterprises as classified above.

Gujarat has witnessed impressive industrial development in SME sector. There were only 2169 small industries in 1961 at the time formation of the state. The number of SSIs increased continuously and has reached over to 3, 12,000 by September 2006.



- **Exports and Special Economic Zones (SEZ) :**

Gujarat has registered impressive performance in exports of industrial products. Export from Gujarat in 2002-03 was Rs. 22,208 crore constituting 8.7% share in the country. The export from Gujarat improved to Rs. 31,976 crore constituting 10.9% share in 2003-04 and it further increased to Rs. 51,665 crore in 2004-05, constituting 14.3% share in the country. The export from Gujarat in 2005-06 was Rs. 64,538 crore contributing 14.3% share in the country. The export figures do not include export of gems and jewellery as most of the export is from Mumbai though the production centres are in Gujarat. In case, the export of gems and jewellery is added, the total export from Gujarat will work out over 25% in the country's export.

The State Government has established a GOG-AMA Centre at Ahmedabad Management Association (AMA) to promote international competitiveness of local industry. The State Government has introduced export award scheme to encourage exporters for better export performance.

The Government of Gujarat has been encouraging promotion of Special Economic Zones (SEZs). SEZs are considered as growth engines that can boost manufacturing, augments exports and generate employment. The State Government has enacted the Gujarat SEZ Act 2004. Besides the SEZ Rules 2005 and SEZ Regulations are in place. Under the Act, assistance is provided to the developer of SEZ for development of infrastructure and providing services. Tax concessions are provided to units coming up in the SEZ. The State Government has also introduced labour reforms and has carried out an amendment in the Industrial Disputes Act, providing flexibility in the employment of labour by units in SEZs.

In all, 39 SEZs are approved for Gujarat. These include multi product SEZs and sector specific SEZs covering textiles, pharma, engineering, chemicals, ceramics, gems and jewellery and IT/ITES sectors.

- **Infrastructure:**

Infrastructure facilities are essential for industrial development. The State Government has taken several initiatives for providing adequate infrastructure to industry. The status of important infrastructure facilities is as under:



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➤ **Power:**

The total installed capacity in Gujarat is at 9561 MW as on 31-3-2007. In addition, there are captive power plants with industries. The estimated peak demand for power in 2011-12 is estimated as 14,031 MW. New capacity of 2832 MW is under implementation. In addition, 10,000 MW capacity is planned Gujarat also encourages setting up wind power projects. Gujarat has adequate inter-regional transmission and distribution capacity for evacuation of electricity generated from the power stations for meeting the demand of consumers across the state. The power supply position to industry is satisfactory in Gujarat.

➤ **Gas:**

Gujarat has been a pioneer state in producing oil and gas, with Ankleshwar and Mehsana being the earliest gas fields discovered in the country. Gujarat also holds the unique distinction of being the only state with more than one gas producer. Apart from ONGC, Gujarat State Petroleum Corporation Ltd. (GSPC), Cairn Energy and Niko Resources are engaged in the production of natural gas in the state. In addition, there are two LNG terminals in the state having facility for import of LNG and regasification.

Gujarat has planned state wide gas grid of 2200 km of which 1134 kms of pipeline is operational. Almost all industrial area is connected with gas grid net work. It is planned to provide piped gas to 22 cities/towns of the state in near future.

➤ **Road:**

The total length of roads (except municipal roads) in the state is 74075 kms, of which 95.5% are surfaced road are include National Highways (NH), State Highways (SH), Major District Roads (MDR), Other Roads. The road length of National Highway is 3245 kms including Express Ways and 4-lane roads.

The Government of Gujarat has recognized the need for private participation in the Road sector. The Roads and Buildings (R&B) Department has identified several projects to be undertaken by the private sector.

➤ **Railways:**

The total length of railway lines in the state, as on 31st March 2007, was 5188 route kms comprising 2736 kms of Broad Gauge (BG), 1665 kms of Metre Gauge (MG) and 787 kms of Narrow Gauge (NG) lines.



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Three projects, namely Viramgam- Surendranagar-Pipavav; Gandhidham-Palanpur and Mundra-Adipur were been taken up under Private sector Participation (PSP) mode and have become operational.

➤ Airports

Gujarat has a fairly extensive network of airports and airfields scattered throughout the state. The airport locations in Gujarat can be classified as tourist centers and industrial centers. The state has 12 domestic airports and 1 international airport, the highest in any state of India. Ahmedabad is air connected main national and international cities.

➤ Ports:

The state has a 1600 km long coastline, representing one fourth of India's water front. Gujarat is strategically positioned to service the vast North and Central Indian hinterland. The state has 40 minor and intermediate ports, geographically dispersed across the state - South Gujarat (13), Saurashtra (23) and Kachchh (4) besides one major port at Kandla, which is under GOI.

Gujarat has formulated a Port Policy and promotes private sector investment in port development. Gujarat Maritime Board (GMB) has identified 10 green field sites for development as direct berthing deep-water ports. Out of these, Pipavav and Mundra port have been operational and two LNG terminals at Dahej and Hazira have become operational.

➤ Communications:

Gujarat has well developed tele-communication network. Gujarat accounts for 7% of telephone connections in the country both land lines and mobile telephones. One out of five persons in the state owns mobile phone.

Gujarat has also set up wide area net work (GSWAN) providing connectivity with district and taluka level offices with Gandhinagar the state capital.



➤ Technical Education:

Gujarat is having well developed educational facilities including technical education at degree, diploma and craftsmen level to provide skilled manpower. In addition, there are specialized institutions in different fields covering management, design, IT, plastic technology, tool manufacturing & design, EDP etc.

➤ Natural Resources:

Natural Resources play an important role in industrial development. Gujarat is endowed with important resources like marine, agriculture; besides animal wealth and human resources. The state government has taken several measures to explore and exploit these resources for industrial development. Information on important natural resources useful for industrial development in the state is as under:

• Agricultural Resources:

Agriculture is an important natural resource used in industry. Gujarat is known for the production of cash crops. Though Gujarat accounts for just 5% of the geographical area of the country, the state accounts for 30% of groundnut production, 18% of cotton production and 57% of tobacco production of the country. The other important agricultural crops used as industrial raw material include sugarcane, maize, rice, wheat, pulses, vegetables and fruits like banana and mango. The important agricultural produce in Gujarat used as raw material in industry are as under:

Crop	Area (in 1000 hectare)	Production (in 1000 tonnes)
Rice	683	1298
Wheat	916	2473
Cotton	1906	6772
Groundnut	1934	3389
Oil seeds (Total)	3038	4686



➤ **Animal wealth:**

Animal wealth is an important resource for industrial development, especially dairy industry; leather processing and cattle feed industry. As per the live stock census of 2003, Gujarat is having total live stock population of 228.5 lakh and 81.5 lakh poultry population.

Gujarat is known for dairy development. Almost all the districts of the state are having projects for milk production and dairy products. This development has been in the cooperative sector. The total average milk procurement is 60 lakh litres per day. AMUL has emerged as an international brand in milk and milk products. There has also been development of leather processing industry. There are a good number of leather collection centers in the state. There is scope for manufacturing leather-based products in the state.

• **Marine Resources:**

Gujarat is having 1600 km. long coast line offering important resources such as salt and marine products for industry.

Gujarat is the largest producer of salt in the country and contributes 80% of total salt production in India. In 2005-06, Gujarat produced 139 lakh tonnes of salt. Besides using salt for edible purpose, it has played an important role in the development of salt-based industry, especially production of inorganic chemicals.

Fish processing is also developed as an important industry. Gujarat is the second largest producer and exporter of marine products in the country. Veraval, Porbandar and Mangrol have developed as important fish processing centers. Gujarat accounts for 3.75 lakh hectares of brackish water area, out of the estimated 11.91 lakh hectares in India.



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