

INDUSTRIAL POLICY, 2016

Preamble

Puducherry's long felt need is a new Industrial Policy which can trigger the **growth in Industrial** sector. Though the present Industrial Policy was formulated in 2013, just 3 years ago, the industrial activity has not picked up considerably. There is a felt need among various stakeholders of economy – the Government, industries and the business community – that a new Industrial Policy will **take Puducherry to a next level.** There is lot of expectations from the people of Puducherry and in particular, the Industrialists that Govt. will sure to formulate a new Policy and take all possible steps to revive the industries in Puducherry and bring back the lost glory of Puducherry.

The Government of Puducherry is committed to industrial development which requires lot of participation from Private sector with the **Government playing the role of facilitator and catalyst** and make Puducherry the most preferred investment destination. The new Industrial Policy will be an instrument through which the “Prosperous Puducherry” – the vision of the State could be achieved.

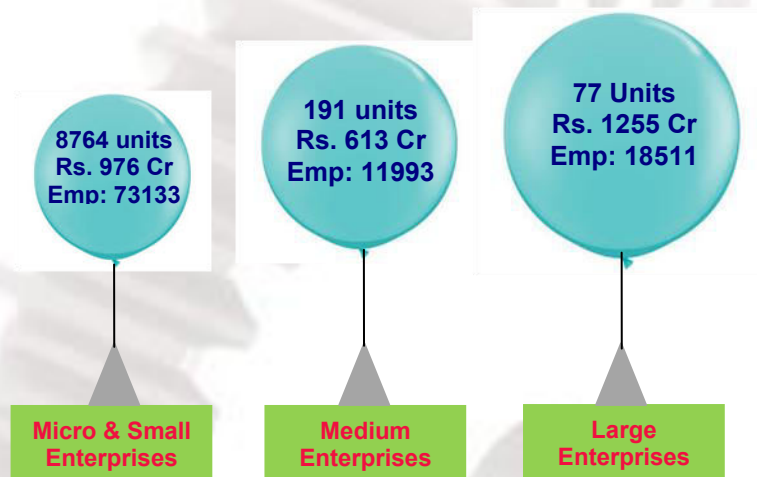
1. Background

The Union territory of Puducherry has an area of 479 sq.kms. with a population of 14 lakhs as per last census. It comprises of four coastal enclaves in South India. Puducherry is situated 170 kms. south of Chennai, Karaikal 150 kms. south of Puducherry while Yanam is about 900 kms. away in the lap of Kakinada District of Andhra Pradesh and Mahe in Kerala is 650 kms. away in the West Coast.

With its reputation of **being an investor-friendly**, the Union Territory is having proven track record of **attracting surplus investment** and has witnessed vibrant industrial growth over the years. Even though there was some industrial slow down for a few years because of the general down turn in the economy, the growth continues. Puducherry has 77 large and 8,732 Micro, Small and Medium Enterprises (MSMEs) and with an investment of 2,696 crores. These industries are deemed to be

the life line of Puducherry economy providing employment to about one lakh persons.

In order to facilitate sustained and balanced industrial development, the first Pondicherry Industrial Policy was notified in 1997 which sought to promote industrial development by bringing in simplified procedure and through a package of fiscal incentives. The policy 1997 improved the industrial growth to a significant level in spite of economic liberalization and introduction of **uniform sales tax** by the union government during 2000-2001.



2. Working of the Industrial Policy 2013

The industrial policy 2013 attempted to promote sustainable and balanced industrial development by gainfully **utilising the human resources so as to improve the standard of living**. It had identified agro processing, electronics and software development, leather products, light engineering and textiles as **thrust areas**. In order to promote industrial development, the policy announced various fiscal incentives and came out with a simplified procedure of licensing. Also the policy assured creation of infrastructure facility across the Union Territory apart from the structural changes in the existing system. There was a brief lull after 2012 mainly due to withdrawal of tax concessions and the downturn in the economy at national level.

- (i) The policy provided for **sensitisation of the technical institutions on training the manpower required for industries**; but no study was conducted to identify the skill required by the industry.

- (ii) All the tax concessions have been withdrawn and the scheme of subsidy needs to be restructured.
- (iii) The policy did not provide for a long-term vision for the infrastructure development.
- (iv) The industrial activity has not picked up.

3. Need for a new policy

The industrial sector plays a vital role in the economic development and there is a need to review the existing industrial policy in view of renewed emphasis laid by the Government of India on the manufacturing sector in the economy and to secure additional employment opportunities to the youth. Manufacturing sector has to be made robust and should become the engine of growth. The present Union Government made a new approach towards growth of industries across the country and adopted several new strategies like **MAKE IN INDIA**, STARTUP INDIA, STANDUP INDIA, EASE OF DOING BUSINESS.

Accordingly, the Government of Puducherry would also require to frame its new industrial policy in line with new policy initiatives of the Union Government across the country and hence need to rework the existing industrial policy.

4. New Industrial Policy

The new industrial policy has been framed which aims at promoting vibrant industrial growth in the context of overall economic development of the Union Territory with following Vision and Mission:

Vision

To create **“Prosperous Puducherry”** through accelerated industrial growth for the overall economic development and better quality of life of the people of Union Territory of Puducherry through proactive services and effective administration.

Mission

To make Puducherry an **International destination** for investments in industries enabled by **high-quality infrastructure, connectivity and responsive** governance duly preserving the environment and heritage, thereby promoting “Make in India” and “Startup India” initiatives dovetailing with Skill Development Mission.

To make Puducherry a **high tech manufacturing** and services hub leading to vibrant industrial growth based on Puducherry’s intrinsic strengths.

5. Objectives of the New Industrial Policy 2016

The policy seeks to introduce schemes to improve the economy of the Union Territory of Puducherry. The following would be the objectives of the new policy:-

- To create electronic manufacturing hub using the large technical resources.
- To ensure **synergy between academia and industries.**
- To ensure **rapid, balanced, sustainable eco friendly industrial development.**
- To bring a significant increase in the GSDP
- To develop a strong high tech manufacturing sector.
- To make Puducherry the most preferred investment destination.
- To Achieve **higher export growth.**
- To provide employment to the youth through skill development and soft skill under **Skill Development Mission and enhancing the employability of youth.**

6. Priority & Thrust area Industries

Government of Puducherry conducted various studies and consulted the experts and various Industrial Associations to identify the strength and advantages the Puducherry State enjoys given its geographical location, available natural and human resources etc. Accordingly, the new Policy identifies the following 9 priority sectors in which industries can be promoted and 15 thrust area industries which could trigger the growth of the industries which will receive Govt. support, attention and care. And investments in these thrust areas will be accorded higher priority over others:

Priority Sector

- Electronic, IT and **knowledge based industries**
- **Energy efficient and eco – friendly industries**
- Low water intensive industries
- Employment oriented industries
- Industries which can sustain on local resources
- **Industries that generate multiplier effect**
- **Export oriented industries**
- Industries based on nanotechnology.
- Halal food Industries

Thrust Area Industries

- Electronic Manufacturing
- IT / **ITES**
- **Auto components**
- **Plastic products**
- Agro & Food processing industry
- Marine products
- Solar Power, Alternative and Renewable energy products
- Leather products excluding Tannery
- Biotech industries
- **Engineering Industries**
- Gem and jewellery
- Textile, Garments and Apparel Parks
- Pharmaceutical Formulations
- Traditional Handicraft Industries
- Tourism Industries
- Flavour & Fragrance Industries

Thrust area Industries

1 Electronic manufacturing

Globally, electronics industry is the largest and fastest growing manufacturing industry in the world. Hardware will be the engine that will drive Indian software industry towards success and accordingly intends to lay focus on strengthening the existing hardware base.

The Government intends to provide strong infrastructural support coupled with an investor friendly policy and a responsive and positive implementation authority. Electronic industries can benefit from the vast knowledge resource of Engineering graduates coming out from large number of Engineering colleges as Puducherry has emerged as an educational hub.



2 IT AND ITES

The rapid growth of the Indian IT software and services industry has already positioned India on the global IT map. The advent of the Internet and Internet-enabled services has further increased the demands of a technology-based environment for the individuals and business in India. The strategic drivers for the IT& ITES is the commitment of the Government to create long term assets through abundant human resource in the U.T of Puducherry through **IT incubation Facility**, Promotion of Green IT, Initiatives related to Laws for Ease of Doing Business and development of IT Park.

Leveraging our strengths in core sector, the state now wishes to expand to the information economy and ensure action from Government, industry and academia, working in partnership towards the success of this sunrise sector. Government of Puducherry has proposed to develop world class infrastructure for the promotion and sustenance of IT & ITeS business and is committed to promote state as best business investment destination for both established players as well as startups.



3 Automobile Industry

Automobile Industry has been emerging as ever growing sector considering the market potential. This sector has been especially recognized as a sector having potential for creating employment on a large scale. Taking the advantage of nearby Chennai i.e., “Detroit of Southern India”, Puducherry Government would invite Major Automobile industries including Auto ancillary manufacturers to set up their units.



Puducherry is poised to emerge as the auto ancillary sourcing base of South India. The Union Territory is expected to attract investments and business orders from larger units in the neighbouring states.

4

Plastic industries

Plastic industries has high potential for the development and manufacture of special plastic products for Aero space, medical, green houses, defense, non conventional energy, and import substitutes. Government of Puducherry would explore further and invite such industries to setup their units in Puducherry.



Plastics are chemically inert substances and they do not cause either environmental or health hazards. Recycling plastic saves money and energy. Plastic recycling can offer twin benefits of solving the problem of plastic waste

menace and providing wide range of business opportunities. If plastics can be collected and recycled as per laid down guidelines/rules then the issue of plastic waste can be suitably addressed. Government is taking every step for collecting segregated biodegradable and non-biodegradable wastes. In



fact, there is wide scope for industries based on re-cycling of plastics waste. The recycling industry can play role of making the sector sustainable

5

Agro & Food Processing Industries

Puducherry was considered to be place for rice, sugar cane, pulses, cereals in early 70's and development of other industries has made the primary activity shrinking for the past one decade. To bring forward linkages with the industries the primary sector would be boosted with the commercial linkage with the agro processing industries. The schemes of Government of India would be effectively utilized for developing these promising industries.

The UT of Puducherry is implementing National Mission on Food processing scheme (NMFP) scheme from the year 2012-13 onwards. Under this scheme financial assistance is given to various food processing components such as Technology Upgradation / Establishment/ Modernisation of food processing industries, Cold Chain for non-horticulture products, Human Resource Development, Setting up of Primary Processing centres/Collection Centres, Modernisation of Meat shops, Halal food



Industries, Scheme of Reefer vehicles. Taking into consideration the potential for exports the halal food industries will be motivated and also encouraged to implement Green Supply Chain (GSC) practices and modern state of art machinery/technology.

Puducherry, Karaikal, Mahe and Yanam have diverse soil and climatic conditions which provides ample opportunity to grow a variety of crops. Rice, Sugarcane, banana, Mango, Groundnut, Vegetables, pulses, Tapioca are the significant agricultural produce in the union territory. The Government intends to bring investment in food processing industry by promoting primary and secondary Industries for processing of variety of crops.

6 Marine Products

Puducherry is well known for its long coast. The coastal length runs about 45 km including Puducherry, Karaikal, Yanam along the east coast in the bank of Bay of Bengal and Mahe on the Arabian Sea Coast.



There is a huge scope for investments in packaged products, marine processing plants,

operations in preservation, processing and export of coastal fish for the private sector as it holds vast, untapped marine resource of 61,700 MT with a great export potential, processing of fish/prawn into canned and frozen forms is carried out mostly for exports. Besides, there is an increased demand for processed and ready-to-eat marine products in the domestic and foreign market.

7 Solar power and Renewable energy products

Though Puducherry is a small Union Territory, it is suitable for power generation by solar & other means of alternative methods. Government of Puducherry would encourage setting up of industries for the manufacture of solar panels, electronic products for support of solar and other alternative energy industries.

The Union Territory of Puducherry has an average solar irradiance of 5.6-6.0 kWh / square meter / day and about 300 sunny days in a year, therefore, offering a good solar energy potential.

Renewable Energy Agency, Puducherry (REAP) is the State Nodal Agency of Ministry of New and Renewable Energy, New Delhi. REAP was established in December 2005.



The main objective is to implement Energy Efficiency & Energy Conservation measures to conserve 25% of Energy consumption by 2020. In order to achieve the goal, this Union Territory of Puducherry has announced the Solar Energy Policy with various incentives and concessions.

8

Leather products excluding tannery

Government of Puducherry keeping in mind the environmental hazards of the tannery encourage only the industries making use of the finished leather. Further, Puducherry known globally for the quality of finished leather products such as fashion wallets & bags, shoe and garments, it would be a boon for leather industries to establish their units.

Puducherry Government has identified leather products as a special focus sector, for growth and employment generation and is kept under Thrust area industries category. High growth potential on exports, the ready availability of tanned leather in the neighboring States, the abundance of essential raw materials and rapid strides in the areas of capacity



modernization, skill development and coupled with a favourable investment climate has made the Puducherry a favourable investment destination for leather products industry.

Bio tech industries

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The biotechnology is a sunrise sector and is on a strong growth trajectory with immense growth potential. It will play a significant role as an innovative manufacturing hub contributing to the growth of the economy of Puducherry and will be encouraged.

State-of-the-art infrastructure will be created at the Puducherry to attract industries and R&D institutions in the areas of biotechnology, nanotechnology, pharmaceuticals, bio-medicine and life sciences. There are plans in the offing for establishing a biotechnology park in Pondicherry. With Pondicherry's strong educational base, especially in the sciences, medicine and engineering, strong potential exists for promoting biotechnology, the Union Territory is in an advantageous position with the support from the educational institutions.



Product and Process oriented biotechnological research and development for application in agriculture, health sector and industry can get a focus.

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Engineering industries:

Engineering industries

are the backbone industries for every other manufacturing industry. It is expected that special engineering industries such as rapid prototyping, production of special metal alloys, non ferrous metal industries would be investing in Puducherry taking advantage of the new policy and the infrastructure available.



The engineering sector is a growing market. With development in associated sectors such as automotive, industrial goods and infrastructure, coupled with a well-developed technical human resources pool, engineering Industries has good potential for investment.



Puducherry has 744 engineering industries. Taking into consideration of the sturdy growth in the infrastructure of Puducherry and **Make in India movement** there is vast scope for investment in Engineering Industries.

11 Gem and Jewellery

Gem and Jewellery industries contribute a considerable foreign exchange to the country. These are labour oriented.

India is the fastest growing branded jewellery market in the world. It is expected to grow at an annual growth rate of 40%. Indian gems &



jewellery market is highly fragmented across the value chain with 96% of players operating in the unorganized sector, which are mostly family run labour intensive, using indigenous technology. MSME's are forming major constituents of the unorganized Gems and

Jewellery market of India. There are lot of advantages that Puducherry offers to the Gems and Jewellery market.

Puducherry has a vast pool of skilled labour that is available at a low cost. Intensive skill development initiatives would be taken up and the local artisan and craftsmen will be encouraged to upgrade their skill and to venture out to value addition and diversification.

12 Textile, Garments and Apparel Parks

Textiles and garments form a crucial part of the Indian economy. Puducherry with its legacy of handlooms and handicrafts, has a strong base of weaving and textile related skills. The availability of low cost skilled and unskilled labour in Puducherry gives the potential for establishment of textile unit / Apparel parks by major Textile Establishments.

Puducherry with its legacy of handlooms and handicrafts, has a strong base of weaving and textile related skills. Puducherry also has easily available low cost skilled and unskilled labour. Government of Puducherry aims to promote and develop a robust textile industry that provides sustainable employment to weavers and position Puducherry as a destination of choice to national textile majors. The policy aims to modernize textile manufacturing and improve productivity in order to ensure availability of quality fabric at affordable prices to cater to domestic and international market.



13 **Pharmaceutical formulations**

There are 74 USFDA approved manufacturing facilities in India and India is the largest exporter of formulations with 14% market share and ranks 12th in the world in terms of export value. There are 2 USFDA approved manufacturing units in this Union Territory of Puducherry.



Government of Puducherry always encourages pollution free industries and keeping the policy in mind, Pharmaceutical formulation industries would be encouraged. Research & development centre for developing new pharmaceutical formulations will also be encouraged.

14 Traditional handicraft industries

Puducherry is known globally for its tourism and **unique handicrafts**. **Local artisans would be encouraged to skill development in various handicrafts, diversification and e-commerce entrepreneurship.**



Traditional Arts and Handicrafts are the identity and evergreen witness for the Indian culture and heredity. Puducherry Handicrafts are unique and quality portrayals.

Artifacts of Puducherry

Wood Carving

Stone Carving

Terracotta

Paper Machie

Korai Design Mat

Pith Craft

Artistic Leather Crafts

Bronze Icons

Ceramic Art Wares

Gem & Jewellery Items

Stuffed Doll

Bathik

Kalamkari

Block Printing

Cane Crafts

Palm Leaf Articles

Perfumed Candle Crafts

Coconut Shell Craft

Wooden Educational & Creative toys

Lamp Shades of Paper & Crochet with Beads

Hammocks

The Villianur Terracotta Works and Tirukanur Papier Machie Craft are registered under Geographical Indications (GIs), which speak for the old tradition and reputation of handicrafts in Puducherry. Government will render all possible help in getting GIs for other handicraft products.



TOURISM INDUSTRIES

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Puducherry is multidimensional to say the least. A Place of history and preserved colonial charm, Sandy beaches, clean promenades, temples, monuments, heritage villas, quaint old-world town planning, spiritual mystique and a lingering French ambience define its unique character. It is definitely a place to unwind or just be - a great weekend getaway from Chennai or Bangalore. Further, it is in close proximity to historically renowned south Indian towns and cities known variously for their art, religious and cultural heritage as well as great natural beauty. But it is beginning to make news as an investment destination holding forth much promise now and in the years to come in many key sectors.



Puducherry a weeklong destination in South India.

Professional marketing campaign will be strengthening to attract more investors to invest in tourism sector especially in hotel industry. This not only fetches revenue for the administration but also increase the inflow of tourists in the years to come and the occupancy in hotels will also enhance resulting in good income. The above action will make

Government has already taken steps to prepare a comprehensive Tourism policy for development of tourism in the Union Territory for the

next 5 years. Further, Government is planning to promote homestays to boost tourism in the Union Territory of Puducherry. The comfortable homestay units on par with bed and breakfast scheme of Government of India enabling the tourists of middle and upper middle class to experience the Puducherry hospitality, cuisine, customs and traditions by staying with families. This system will also ease the suffering of tourists in getting hotel accommodation in peak seasons.

The key areas namely viz. Heritage and Star Hotels, Food courts and restaurants, Amusement parks, Arts & Crafts village, Boutiques, Eco-tourism, Beach resorts, Yacht & Boat Marinas, Health centres and spas, Convention centres, Entertainment multiplex have the potential to offer good returns on investment.

Tourism Department Government of Puducherry offers a slew of incentives for investors in tourism infrastructure. Investment opportunities exist to develop star & heritage hotels, amusement parks, multiplexes, food courts, beach resorts, eco-tourism, health spas, art & craft village and other tourism related products.

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Flavour and Fragrance industries

Availability of fertile lands in Pondicherry and Karaikal will be conducive to plant aromatic plants which will provide

perennial revenue to the farmers as well as the fragrance industries. One Fragrance and Flavours Development Centre will be set up at Pandit Jawaharlal Nehru College of Agriculture (PAJANCOA), Karaikal, Puducherry with the assistance of the Ministry of MSME.



Flavour & Fragrance Development Centre will provide the following services:

- ❖ Supply of planting materials/seeds.
- ❖ Production/Processing Facilities on Job work/loan basis.
- ❖ Quality Assurance & Analytical Services

- ❖ Creation of Fragrance and Flavours for various uses.
- ❖ Application of Fragrances in end-products.
- ❖ Sale of Essential Oils and its Fractions resultant to development & training
- ❖ Training in various disciplines of essential oil and perfumery industry.
- ❖ Field Surveys and Feasibility Studies.
- ❖ Consultancy Services.

The establishment of this FFDC will ensure continuous supply to the fragrance industries.

Special Focus on MSME:

The MSME sector has the potential to spread industrial growth across the country and can be a major partner in the process of inclusive growth. Puducherry has nearly 8955 MSMEs with an investment of Rs. 1589 crore providing employment to 85,000 persons.



Government of Puducherry will assist the MSME in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. This U.T. Administration will continue to encourage the MSME Sector in all the priority sectors as follows:

- Allocation of adequate number of small plots and developed sheds in all the Industrial estates.
- Marketing assistance to participate in national and international trade shows.
- State level bankers' committee for funding this sector
- Buyer-Seller Meet.
- Incentives and concessions.

Land Bank

The Government has already identified land bank of 1425 acres - 800 acres at Sederapet – Karasur villages in Puducherry for promotion of Multi Product Industries, - 600 acres at Polagam, Karaikal for encouraging seaport based / multi product industries and 25 acres at Mettupalayam for promotion of IT Park / Industries. Consolidation of additional land bank is also on the anvil while



preparing the Master Plan for the entire Union Territory of Puducherry. The consolidated land bank would give the Union Territory a strategic edge in attracting investments. This land will be administered within a framework of transparent policy for attracting the investments in industrial sector.

Industrial parks would have roads, power supply, water supply and sewage lines to start the industrial activity in shortest possible time.

All such land would have the requisite land conversion approved by the Government so as to ensure plug and play system.

All details of such land will be available through the web site of concerned Govt. departments along with details of access to major motor ways, airport, seaports and railway lines.

Land allotment will be made on transparent basis and land shall be allotted on long lease or outright sale.

Skill Development

Proposed Industrial growth requires increased demand for skilled and trained manpower. The new Industrial policy emphasizes strong skill development initiative in the Union Territory of Puducherry. Currently skill development



survey is being done and skill gap analysis will be done based on the survey.

The Union Territory of Puducherry has already set up Skill Development Society and Skill Development Mission. Based on the skill gap analysis and in line with National Skill Qualification Framework (NSQF), the Union Territory of Puducherry propose short term/long term/ modular courses in the existing ITIs & Polytechnic and **Engineering colleges with participation of Industry** and involving the Industrial Association. Government of India is setting up a Tool Room in Union Territory of Puducherry, which will help in imparting Advanced High Skilled Training in specific field. Also sector specific Central Govt. training centers / Private Institutes will be **tied-up for the Advanced Skill Development Training.**

Facilitation to large scale Industries

The Government of Puducherry will extend attractive benefits, incentives and concessions to mega projects on case to case basis on the basis of pioneering nature, locational aspects, technology, projects' importance to the Puducherry's industrial growth and its ability to generate large scale employment and revenues for the Union territory.

A High Level Investment Committee chaired by the Hon'ble Chief Minister will decide the benefits that can be extended to the industries. Those having **investment of above Rs. 100 crores in plant and machinery** or **providing employment to 500** persons is considered as **Mega Project** and those having investment of above Rs. 200 crores or providing employment to 1000



persons is considered as Super Mega Project and proportionate benefits will be extended by the High Level Investment Committee.

IPP – Infrastructure Project Proposals

The Government of Puducherry has prepared Comprehensive Mobility Plan for the entire Puducherry region covering an area of 293 Sq.Km. for achieving the desired Level of Service with an investment of Rs. 5321 crores.

Road Network System

- Roads network of 50 Kms. has been identified for Hop-on and Hop-off services to meet the tourism needs.
- 140 Kms. Stretch of road.
- Roads within CBD such as Jawaharlal Nehru Street, Ambour/Gingee Salai , Dumas Street, Romain Rolland Street, Suffren Street will be developed as model streets with all street infrastructures.
- At all rail level crossings, Rail Over Bridges will be constructed.

Multi-Level Parking Facilities

- It is proposed to have multi-level parking facilities at four locations within the core urban area to meet the parking demand and to increase the capacity of existing road networks.



Air Connectivity

- As Puducherry being a tourist destination place attracting both domestic and international tourist, it has been proposed to expand the runway for providing air connectivity to various destinations.

Sea Connectivity:

- Hover craft service is recommended between Puducherry and Cuddalore



- Ferry services between Puducherry to Chennai
- Ferry services between Puducherry to Karaikal.
- A truck terminal at Sedarapet in an area of 75 acres to cater for 2500 goods vehicles.
- MOU with Ennore Port to handle cargo from the existing Puducherry Port.

Electricity:

Electricity Department will provide:

- More substations to reduce distribution losses.
- Augment the existing power substation capacities
- Separate substation at each existing and new industrial estates to ensure quality power.
- Power availability at various substations and locations will be made available on the website.
- Effective Consumer Grievance cell



Linkages between University and Industries

University-Industry Interface is an interactive and collaborative arrangement between academic institutions and business Sector for the achievement of certain inclusive goals and objectives. Universities and industries, which for long have been operating in separate domains, are now rapidly inching closer to each other to create synergies.



Higher education institutions not only contribute skilled human resources to industries, but also in various intangible ways and have a wide range of relationships by way of seminars, workshops, training,



contract research, consultancy, **incubation**, patenting, etc. Pondicherry being an educational hub with 19 Engineering Colleges, 17 Science Colleges, one Central University and 8 Polytechnic Colleges, there is more to contribute towards Industrial growth by striking synergy at appropriate levels. The Government will always strive to

promote and support innovations/start-ups.

Make in India

The **'Make in India'**, a major national initiative which focuses on making India a global manufacturing hub was launched on 25th September 2014.

Key thrust of the programme would be on cutting down the delays in projects clearance, by providing an impetus to vibrant industrialization and manufacturing through development of adequate infrastructure and making it easier for companies to do



business in India. The 25 key sectors identified under the programme include automobiles, auto components, bio-technology, defence manufacturing, electronic systems, food processing, Pharmaceuticals, leather, mining, Renewable Energy, oil & gas, ports, railways and textile. In line with the policy of the Government of India, 10 key sectors have been included as the thrust sector of this UT.

The national programme aims at time-bound project clearances through a single online portal. The objective of the mega programme is to ensure that manufacturing sector which contributes around 15% of the country's Gross Domestic Products is to be increased to 25% in next few years. During 2014-15 the Puducherry contribution to GDP was Rs. 25819 Crores. This administration will put up persistent efforts to increase the contribution of the manufacturing sector to 30% of the revenue.

All the departments in Puducherry have been geared up to complete the actions advised by the Ministry of Commerce and Industry, Government of India, continually in respect of timeline for issue of clearances for ease of doing business and all set to complete the simplification process.

Stand-up India

Prime Minister launched the 'Stand up India' scheme as part of the government's efforts to support entrepreneurship among women and SC & ST communities on 05.04.2016.



The objective of the Stand-Up India scheme is to facilitate bank loans between Rs. 10 lakh and Rs. 1 Crore to at least one Scheduled Caste or Scheduled Tribe borrower and at least one woman borrower per bank branch.

The scheme, which covers all branches of Scheduled Commercial Banks, will be accessed in three potential ways:

- a. Directly at the branch or
- b. Through SIDBI's Stand-Up India portal (www.standupmitra.in) (<http://www.standupmitra.in/>) or
- c. Through the Lead District Manager ((LDM)

The registration on the portal starts the process of application for the loan at the selected bank. The loan application will be generated and tracked through the portal.



SIDBI and NABARD as Stand-Up India Connect Centers will then arrange for support for such trainee borrowers.

The loan shall be a Composite Loan. It is expected to cover 75 % of project cost and the rate of interest would be lowest applicable rate of the bank for that category. It shall be repayable in up to 7 years with a

moratorium of up to 18 months. A Rupay card will be issued to enable operation of the working capital component.

Startup India

This initiative from the Prime Minister of India, aims at fostering entrepreneurship and to transform India to a nation of job creators instead of being a nation of job seekers.



Start-ups are defined by Department of Industrial Policy & Promotion (DIPP), as an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding Rs. 25 crores in any preceding financial year, working towards **innovation, development,** deployment or commercialization of new products, processes or services driven by technology or intellectual property.

In order to alleviate the inevitable problem of lack of past experience, the Startups (in the manufacturing sector) are exempted from the restricting criteria of past experience without compromising on quality standards. The Credit guarantee mechanism through National Credit Guarantee Trust Company / SIDBI is being extended to Startups and capital gain tax exemption for investment in all Startups. **The profits** of Startup initiatives are exempted from income-tax for a period of 3 years. The Startup can be registered online and mobile application.

This administration will encourage such startups and assist through Single Window committee.

Pradhan Mantri Mudra Loan Yojana PMMY

The Hon'ble Prime Minister launched the Micro Units Development and Refinance Agency or the MUDRA Bank on 8th April'2015.



MUDRA is a financial initiative to facilitate the micro units and provide them sufficient funds.



This is a scheme to provide loans to small businesses and micro institutions. Finance will be provided in three stages:

Eligible activities	Objectives
<ul style="list-style-type: none"> ❖ Food Services, ❖ Vegetable and Fruit Vendors, ❖ Hair Cutting Saloon & Beauty Parlours, ❖ Transportation Services, ❖ Repair Shops, ❖ Self Help Groups, ❖ Hawkers, ❖ Artisans 	<ul style="list-style-type: none"> ❖ To get all Micro Finance Institutions and entities registered and regulate the same. ❖ To help small businesses grow and develop their enterprise further. ❖ To assist lower income groups in setting up and developing their business. ❖ To give SC/ST preference in lending.

Regional Micro Finance Institutions, Small

business finance companies and NBFCs, Scheduled urban and state co-operative banks will support MUDRA activities.

Tool Room and Technology Development Centre

The state of the art Tool Room cum Technology Development Centre, at Kalapet, Puducherry is scheduled to function from 2018. The Technology Development Centre will be ESDM focused, with a focus on segments such as industrial electronics, IT systems and hardware, automotive electronics etc. The Tool Room and Technology Development Centre will provide services to MSME's and contribute towards skilling youth to make them employable by imparting training relevant to industrial needs. The Technology Development Centre will provide handholding/ support to the entrepreneurs to make them more competitive.

The Technology Centre will focus on PCB manufacturing and design, with the key areas for specialization such as Industrial Electronics, Automotive Electronics, IT systems & hardware etc. The key services of the Technology Development Centre will be of five independent profit centres:

- a) Innovation and Design Centre
- b) Prototyping, Assessment, Testing and Calibration Centre.
- c) Manufacturing Incubation Centre.
- d) Technology Incubation Centre.
- e) Training Centre & Placement Cell.

The Technology Development Centre will form an Entrepreneur Club. Members of this club would receive all services of the Technology Development Centre at a subsidized rate. The Technology Development Centre would organize workshops and group discussions for entrepreneurs with key experts to help and guide members with their ideas. The



Technology Development Centre will form Productivity and Quality club for cluster of engineering industry and support them for a period of 12 months by assigning a mentor.

The invigorated efforts of this Union Territory of Puducherry is expected to catch up with the old charm of 1980's and early 1990's and become a major electronics and IT hub in India once again.

Inclusive Growth & Development

Inclusive growth advances equitable opportunities for economic participants during economic growth with benefits enjoyed by every section of society. It creates productive employment opportunities for a great majority of the country's working age population, and reduces poverty. The goal is to achieve a growth process in which people in different walks in life feel that they too benefit significantly from the process.



The Key elements of inclusive growth includes investment in human capital, Job creation, Structural transformation and broad-based growth, Progressive tax policies, Social protection, Non-discrimination, social inclusion and participation, Strong institutions, Benefit all groups, including the most marginalized, Reduce poverty and inequality, consider participation, not just distribution outcomes and therefore focus on increasing active participation in the economy.



It is a reality that a very miniscule proportion of existing industrial units are owned by SC/ST entrepreneurs. There are a number of structural barriers which the SC/ST entrepreneurs find extremely difficult to overcome. Since the Government is committed to social justice, the new Industrial Policy will take up a number of additional support measures meant to increase entrepreneurship among the SC/STs. This program will be implemented under the banner of **PRIDE- Puducherry** for

Rapid Incubation of Dalit Entrepreneurs and some of these initiatives will be as follows:

- Preferential allotment of plots in Industrial Parks
- State departmental procurement policy in tune with GOI SME procurement policy (20%)
- Intensive Entrepreneur and Skill Development programmes
- **Interest subsidy**
- **Subsidies and incentives.**
- **Reimbursement of Stamp duty paid by the industry on purchase of land meant for industrial use.**
- **Reimbursement of Stamp duty for Lease of Land/Shed/Buildings and also mortgages and hypothecation, at start of business**
- **Power cost reimbursement for 5 years from the date of commencement of commercial production.**
- Training Assistance.
- Marketing Assistance.

Ease of Doing Business

In accordance with the Business Reforms the main objective is to increase transparency and improve the efficiency and effectiveness of government functions.

To simplify the procedures and regulations, timelines are fixed for each department such that Licences / clearances are issued by the concerned department strictly within the specified period as mentioned in the Annexure-I .

An Industrial Guidance Bureau (IGB) set up at present in the Department of Industries is made functional for effective coordination between the line departments to enable the entrepreneurs to get various



licenses (Annexure-2). Weekly meetings are conducted to facilitate easy clearances.

Presently Common Application form is received through IGB and forwarded within 3 days to the respective departments. The departments scrutinize the applications and issue the necessary clearances/NOC/Permissions within the stipulated time period.

The Registration of EM part-I and part-II has been done away with. Instead the entrepreneur can file the Udyog Aadhaar online through the MSME portal. The whole system of Single window application has been developed online.

This administration will ensure the following:

- Digitization and simplification of process
- Minimizing of processing period
- Transparent and well defined inspection procedures.
- Improvement of business environment
- Timely clearances

Deemed clearances beyond the stipulated timeline if no decision is conveyed.

Awards to MSMEs

In order to identify, appreciate and motivate the Entrepreneurs / Enterprises of the Union Territory of Puducherry, scheme of awards will be instituted for the best outstanding Entrepreneurs / Enterprises. Separate awards for Micro, Small and Medium Enterprises will be given for each one of the following scheme of awards:



- a) Outstanding Entrepreneur Entrepreneur : Cash award of Rs. Two Lakh and a citation.
- b) Outstanding SC/ST Entrepreneur : Cash award of Rs. Two Lakh and a citation.
- c) Innovation in Technology (Product (or) Process) : Cash Award of Rs. Two lakhs and a citation.
- d) Outstanding Exporter : Cash Award of Rs. Two lakhs and a citation.
- e) Green and eco-friendly Measures : Cash Award of Rs. Two lakh and a citation.
- f) Outstanding Artisan of the year : Cash Award of Rs. Two lakh and a citation.

Rehabilitation of sick enterprises

The problem of industrial sickness has become a matter of great concern. Closure of industrial units leads to unemployment and wastage of investment made.



Causes

- a. General Recessionary Trend
- b. High prices of inputs
- c. Non- availability of Raw materials
- d. Changes in Government policies
- e. Infrastructure Bottlenecks
- f. Project Appraisal deficiencies
- g. Industrial unrest and lack of Employee motivation
- h. Wrong choice of technology
- i. Marketing problems
- j. Wrong location
- k. Lack of Finance
- l. Improper Capital structure
- m. Management deficiencies

Remedies

- a. Co operation between Financial Institutions.
- b. Co-ordination between various government agencies
- c. Checking over- valuation of Inventories
- d. Willing Co operation and clear understanding with the project promoters
- e. Marketing assistance
- f. Recovery of outstanding dues.
- g. Modernization of machinery
- h. Improving Labour relations
- i. Efficient management
- j. Performance incentives
- k. Austerity and Economy

In order to prevent and solve this malaise, a Committee under the chairmanship of Secretary to Government (Industries and Commerce) will be constituted with representatives of the concerned banks / financial institutions / industrial associations. This institutional mechanism will play the role of facilitator with a scheme of financial assistance to revive the sick units. Following scheme of assistance will be made available to facilitate the revival of sick units.

- (i) Subsidy @ 50% on the cost of diagnostic study by technical institutions initiated through FIs / Banks / Government with a maximum of Rs.50,000.
- (ii) Registered experts in the field of technology, marketing and finance may be engaged to advise sick unit. 50%of fees (maximum Rs.50,000/- per unit) will be reimbursed on implementing suggestion given by such expert.
- (iii) Interest subsidy @ 5% per annum limited to Rs. 3 lakhs per year for three years on additional finance for rehabilitation disbursed by banks / financial institutions.
- (iv) Other firms taking over a sick unit for rehabilitation will also be eligible for assistance as above.

Retention of Existing Industries

Government of Puducherry implemented uniform floor rate of tax for sales tax from financial year 2000. The sales tax exemption had also been withdrawn with effect from 2002. The Government of India has also not extended Income Tax exemption beyond 2001. Due to the withdrawal of tax concession there was a major reduction in fresh investment in industrial sector.

It is the responsibility of the Government to motivate the existing industrial units to sustain and to grow.

The Confederation of Indian Industry, other industrial associations in Puducherry and Karaikal and Yanam chamber of commerce often requesting the Government to extend possible incentives / concessions to overcome the **difficulties faced by the existing industrial units**. The policy / schemes announced by Government of India viz., Ease of Doing Business , **Make in India**, Skill India, Stand Up India , Start Up India etc., would be helpful to industrial units to grow at the expected level, still it is

felt that **certain incentives/concessions are required to solve their problems.**

The Government of Puducherry recognizes that quality power and uninterrupted power supply are keys to the growth of the industrial sector. The Government of Puducherry will provide quality power at competitive cost to industries. To retain the existing industries all efforts will be taken by making reforms in labour laws and maintaining peace and tranquility.

Ancillary/Vendor Development

The ancillary industries play a vital role in restructuring and improvement of an economy. Due to globalisation the values of interdependence, cooperation and authenticity have gained a lot over self and isolated development.



The SMEs play a symbiotic roll in association with large industrial houses and have high investment potential.

Therefore it would be apt for any administration to pay attention for promotion of ancillary industries as they hold the key and contribute for the integrated inclusive growth of the nation. By promotion of ancillary industries the labour and resources are put to optimum use.

This administration will extend protective support for the promotional of ancillary industries and assist in identification of item (high consumption both in value as well as in quantity) required by the large establishments.

This administration will also conduct Buyer-Sellers Meets in order to bring the large scale and the ancillary industries to a common platform to disseminate their demand and the capabilities of the ancillary units to meet out the demand respectively.



Industrial Corridor

The U.T. of Puducherry has requested Government of India to consider connecting Puducherry to the two industrial corridors namely the Chennai-Bengaluru Industrial corridor and Vizag – Chennai Industrial corridor



which are being planned by Government of India. Since the U.T. of Puducherry has close proximity to these two industrial corridors, inclusion of Puducherry as part of any of the two corridors will go a long way in harnessing the industry potential of the state. When Puducherry is linked with the corridor it will have access to two major markets in south India - Chennai and Bengaluru which will give a major boost to the industries functioning in Puducherry.

The government's "Make in India" initiative is a growth strategy based upon development of economic corridors whereby policy initiatives to spur manufacturing and overall growth are coordinated with transport corridors linking both developed and backward regions. Connecting Puducherry with the proposed corridors will facilitate the establishment of enterprises; allows uninterrupted operations; and facilitates the development of integrated national supply chains—including embedding micro, small, and medium-sized enterprises (MSMEs) and linking them with global production networks for the delivery of inputs and distribution of outputs in domestic and global markets.

The advantages to industries operating along the corridor include benefits arising from smooth access to industrial production units, decreased transportation and logistics costs, improved delivery time, and a reduction in inventory costs. The industrial corridor will bring growth, generate more jobs, raise productivity, and expand economic opportunities in Puducherry.

Corporate Social Responsibility

Corporate Social Responsibility which is traditionally seen as a philanthropic activity was made mandatory now. Companies that have a turnover above a particular financial limit as prescribed by the Government of India, from time to time are



expected to spend a portion of their profits on activities for the benefit of the community. As the companies have their own CSR Plans and are formulated at their corporate headquarters elsewhere in India may not benefit the local community of U.T. of Puducherry. Hence the Government intends to coordinate with the Industries to have a systematic and comprehensive annual state-wide plan so that CSR activities make a greater impact in Puducherry.

High Level Investment Committee

To attract new investments in the industrial projects and to retain the existing industrial establishments as well to encourage them to enhance their production capacity and turnover, a Committee under the Chairmanship of Hon'ble Chief Minister will be constituted so as to decide the special incentives / concessions to the industrial projects mainly taking into account the investment to be made by them and employment to be provided.

Composition of the High Level Committee:

- | | |
|--------------------------------------|------------------|
| 1. Hon'ble Chief Minister | Chairman |
| 2. Hon'ble Minister for Industries | Member |
| 3. Chief Secretary to Govt | Member |
| 4. Development Commissioner | Member |
| 5. Secretary to Govt. (Ind. & Com.) | Member |
| 6. Director of Industries & Commerce | Member Secretary |

INCENTIVES

Following subsidies / incentives will be provided :


1. **Capital Investment Subsidy** : (For new and expansion of existing industries)

- a) For Micro & Small Enterprises, 40% on the investments made on land, building, plant and machinery subject to a maximum of Rs.40.00 lakhs.
- b) For Medium & Large Enterprises, 35% on the investments made on land, building, plant and machinery subject to a maximum of Rs.35.00 lakhs.
- c) For Women/SC/ST Entrepreneurs, 45% on the investments made on land, building, plant and machinery subject to a maximum of Rs.75.00 lakhs.

2. **VAT / SGST** : (For new industries)

- a) For Micro & Small Enterprises, 100% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.
- b) For Medium Enterprises, 75% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.
- c) For Large Enterprises, 50% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.

3. **Interest Subsidy** : (For new industries)

 The industrial units availing loan from financial institutions towards creation of fixed assets and for working capital shall be eligible for an interest subsidy to an extent of 25% of the annual interest amount paid, for five years which shall be admissible from the date of commencement of commercial production, subject to a maximum of Rs.5 lakhs for a period of 5 years for Puducherry and Karaikal regions

and 7 years for Mahe and Yanam regions. The interest subsidy is also applicable to the units set up by person with disability / Ex-servicemen.

4. Stamp Duty Exemption: 100% stamp duty for purchase/lease of land/shed/ buildings, mortgages and hypothecations.

5. Infrastructure Development (for IT /ITES) : 30% subsidy subject to a maximum of Rs.1 crore will be granted on the investment made on building with a minimum extent of 50000 sq.ft. constructed area, by the infrastructure developers / industries for leasing out to IT industries or for own industrial use (for manufacturer of computer systems, software /Information Technology Enabled Services (ITES), Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO)).

6. Power Subsidy (For all Industries): Fixed power cost reimbursement of 50 paise per unit for a period of five years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions from the date of commencement of production.

7. Generator subsidy : The micro, small and medium industrial units (manufacturing and service sector) shall be eligible for the grant of 50% subsidy with a ceiling of Rs.5 lakhs per industrial unit.

8. Employment Incentive : Wage / employment subsidy of 20% wage / salary upto a maximum of Rs. 5 lakhs per annum, in case of workers who are covered under Provident Fund (PF) (if applicable) will be granted for a period of five years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions. Wage / employment subsidy would be available only if the units provide direct employment to at least 10 persons and if the unit provides at least 60% of the employment to the people of Union Territory of Puducherry.

9. Subsidy to pollution control equipment : The units which are installing pollution control equipment will be granted subsidy @ 25% upto a maximum of Rs. 5 lakhs.

10. Technology acquisition fund : Assistance for acquisition of appropriate technology in any form for specific product / process will be provided by way of 50% grant subject to maximum of Rs. 10 lakhs.

11. Skill enhancement fund: 50% of fees subject to a maximum of Rs. 3,000 per person for 2 weeks duration training on skill upgradation programme conducted by the Puducherry Management and Productivity

Council or any other institutes approved by the Department of Industries and Commerce.

12. Quality certification subsidy: Assistance will be granted to the eligible MSMEs for maximum 3 quality certifications @ 50% of the cost of quality certification with a ceiling of Rs. 2 lakhs.

13. Intellectual property protection support: Assistance @ 50% subject to a maximum of Rs.2 lakhs for meeting the expenditure for obtaining domestic patent and Rs. 5 lakhs for international patent.

14. Market development support: Assistance to MSME units for participation in international trade fair as a part of industry association will be given @ 50% of total rent and literature and display material subject to a maximum of Rs. 5 lakhs.

15. Assistance for energy and water conservation: 50% cost of energy / water audit conducted in a unit by a recognised institution / consultant subject to a limit of Rs. 25,000 will be reimbursed to MSME.

16. State Awards : Cash award of Rs.2.00 lakhs and a citation will be given.

Special Incentives for sick enterprises:

Package of Incentives for rehabilitation of sick enterprises and for retention of existing enterprises will be announced shortly.

Conditions:

The enterprises availing the aforesaid subsidies shall have to recruit local persons to the extent of a minimum of 60% of the total strength. However in deserving hi-tech, knowledge based enterprises the failure to adhere to the stipulation will be considered case to case basis and condonation will be accorded.

Fast Track Single Window System:

Industrial permission/licence/clearance/No Objection Certificate will be issued within 30 day from the date of application through Industries Department / Single Window System.

Validity of the Policy

Since requirements of industrial growth keep changing, there may be a need to review the working of the policy at regular intervals to fine tune it to the changing requirements. Hence an assessment of this policy will be made in consultation with the line development and stakeholders to make it more friendlier to the stakeholders.

Conclusion

The new Industrial Policy is expected to make Puducherry a preferred Industrial Investment Destination. It envisages strong and specific initiatives to ensure timely and hassle free guidance / clearances to new entrepreneurs. The policy has specific monitoring mechanism with provision for regular assessment of its performance.

The new policy will be able to meet its objectives since this has been prepared on the basis of discussion on various issues that emerged during multi-stage consultations with stakeholders and Government's interventions thereto.

The policy aims for sustainable industrialization by developing a strong manufacturing sector with focus on employment generation, product competitiveness, value addition in products and higher export oriented growth while conserving all aspects of environment.

The new Policy intends to leverage this unique strength and transform the state into the most preferred global destination for setting up IT hardware manufacturing units.

ANNEXURE – 1

CLEARANCES AND APPROVALS BY VARIOUS DEPARTMENTS WITH TIME LIMIT

Stage – I

Sl. No	Item/activity	Department/organisation	Time limit/ (working days)
1	Forwarding of common application to the concerned departments.	District Industries Centre	3
2	Issue of NOC from pollution angle	Pondicherry Pollution Control Committee.	45
3	Site clearance	Town and Country Planning Department.	30
4	Approval of factory building and machinery lay-out.	Inspectorate of Factories and Boilers.	30
5	Permission for land-use conversion/ground water clearance (outside the industrial estate).	Town and Country Planning Department / Agriculture Department	30
6	(a) Energisation of low tension connection on receipt of application.	Electricity Department	75
	(b) Energisation of high tension connection on receipt of application.	Electricity Department	120
7	Clearance under Revenue Acts (if required).	Revenue Department	30
8	Publication of proposals inviting objection, if any in the official gazette.	Directorate of Sty. and Printing.	15
9	Licence, (if required)	Food and Drugs Administration	30
10	Licence, (if required)	Civil Supplies Department	30
11	Statutory permission for establishment of the unit.	Municipality/ Commune Panchayat.	30

Stage – II

Licence / approvals before commencement of regular production after installation of plant and machinery

Sl. No	Item/activity	Department/organisation	Time limit/ (working days)
13	Licence	Municipality / Commune Panchayat.	30
14	Running licence	Inspectorate of	30

		Factories	
15	Consent for operation of the unit	Pondicherry Pollution Control Committee.	30

ANNEXURE – 2

**INDUSTRIAL GUIDANCE BUREAU
SINGLE WINDOW CLEARANCE**

Sl. No.	Line Departments	Purpose
1	Chief Inspectorate of Factories and Boilers. CIF	Clearance under Factories Act
2	Directorate of Science, Technology and Environment. DSTE	Environment/ Pollution Clearance
3	Town and Country Planning TCP	Site clearance
4	Puducherry Planning Authority PPA	Clearance for building plan approval
5	Town and Country planning Department. TCP	Clearance for land conversion
6	Revenue Department REV	Clearance from land acquisition
7	Municipality/Commune Panchayat LB	Public objection/issue of permission

The Flow from Application to Approval

