

NEW
INDUSTRIAL
POLICY
2007



002419

ABSTRACT

Industries – Implementation of the New Industrial Policy 2007 – Orders – Issued

INDUSTRIES (MIB.1) DEPARTMENT

G.O. (Ms) No.15

Dated: 4.2.2008

Read:

ORDER:

The Government had been considering quite some time the need for bringing out a revised Industrial Policy document as there have been significant changes world over and stiff competitions between the State Governments in India as well as developing countries in attracting investment. An effective industrial policy is at the core of this effort.

2. Based on the inputs received from the Heads of Departments, Industry Associations, Industry Sector Councils & Groups, presentations made by Confederation of Indian Industry, Federation of Indian Chambers of Commerce & Industry, Council for Leather Exports and Auto Industry Associations like SIAM and ACMA and the suggestions made by the members of the Special Task Force on Industrial Development under the Chairmanship of Hon'ble Chief Minister, the Government formulated the New Industrial Policy 2007 and it was announced by the Hon'ble Chief Minister on 5.11.2007.

3. In respect of the various provisions relating to Industries Department as found in the New Industrial Policy 2007, the Government pass the following orders towards implementation of the same:-

(1) Infrastructure development:

- (a) Steps will be taken to upgrade infrastructure facilities in all industrial clusters, including water supply, power, communication facilities, roads, railways, etc. in order to improve the competitiveness of industry.
- (b) SIPCOT will use Public-Private Partnership for water supply projects and development of other infrastructure.
- (c) The dependence of industries and industrial parks on surface and ground water sources will be reduced and Projects for recycling of municipal sewage into water for industrial use would be set up to meet demand for industrial water.
- (d) Provision of railhead facilities for Sriperumbudur, Cheyyar and Cuddalore industrial areas would be given top priority.

(2) Industrial Parks

- (a) SIPCOT / TIDCO will develop a land bank of 10,000 acres for industrial parks across the State over the next five years with quality infrastructure facilities,

including social infrastructure like skill development centres, housing, business centres, restaurants, financial services, schools and hospitals to make available adequate supply of developed land for manufacturing and quality space for high technology industries and startups. At least 10% of area in such industrial parks would be set apart for such social infrastructure. This land bank will be developed mostly in dry and barren lands. Prime agricultural lands will be avoided.

- (b) New industrial parks/Special Economic Zones (SEZs) or expansions of industrial parks promoted by SIPCOT or TIDCO will reserve 20% of allottable area for Small and Medium Enterprises (SMEs), including SME vendors to major industries in the same park.
- (c) Tamil Nadu Special Economic Zones (Special Provisions) Act, 2005 and Tamil Nadu Special Economic Zones Policy of 2003 will be reviewed and updated. As a measure of balanced regional development, proposals for Special Economic Zones (SEZs) in industrially backward Blocks would be encouraged and given top priority.
- (d) Equal treatment would be given to parks promoted by SIPCOT, TIDCO or private developers. The incentives and facilities in the New Industrial Policy 2007 will be available to all SEZs also.
- (e) Industrial parks meeting criteria listed and providing the basic facilities in **Annex-A** to this order would be eligible to enjoy incentives under the New Industrial policy 2007. Applications for approval would be examined and final response (approval/rejection) given in 30 days.
- (f) Private industrial parks shall purchase land directly. Lands acquired by such parks/SEZs shall be as far as possible barren, non-irrigated and dry land. Proposals with more than 10% wet lands will not be approved.
- (g) A Back-ended Industrial Park Infrastructure Grant of Rs 2 crores or 25% of the investment in eligible fixed assets, whichever is less, would be granted only for approved industrial parks which are located 50 km away from Chennai city limits, subject to the condition that such industrial parks must attract at least 20 new units with investments primarily in manufacturing with a total direct employment of at least 2000. This grant may be used to fund common internal infrastructure like roads, water supply, Common Effluent Treatment Plant (CETP) or Commercial Hazardous Waste Treatment, Storage and Disposal Facility (HWTSDF). Environment Protection infrastructure have to be approved by Tamil Nadu Pollution Control Board.
- (h) Manufacturing units set up in approved industrial parks would be eligible for all subsidies and incentives applicable to manufacturing units and permissible under the New Industrial Policy 2007.
- (i) Necessary amendments and notifications would be considered to operationalise the Tamil Nadu Industrial Township Area Development Authority Act of 1997, including permission to retain the roads and open spaces within the park and maintain them.
- (j) The Floor Space Index (FSI) eligible for approved industrial parks will be on par with FSI permissible in Chennai Metropolitan area (CMDA area).

- (k) GUIDANCE bureau will serve as the single window clearance agency (as a fee based service) for all industrial parks and Special Economic Zones to guarantee speedy clearances in CMDA and non-CMDA areas.
- (l) In the first phase, Chennai-Manali-Ennore corridor and the Chengalpattu-Sriperumbudur-Ranipet corridor will be developed into Industrial Corridors of Excellence, with Special Economic Zones, Industrial & IT Parks, R&D institutions, Universities, social infrastructure like housing, health-care and schooling facilities. Similarly, the Madurai-Thoothukkudi and Coimbatore - Salem Corridors will also be developed. A suitable administrative arrangement will be made for each of these corridors to carry out sustainable land use planning and zoning as well as to plan and develop infrastructure facilities, efficient transportation systems, connectivity infrastructure, etc.
- (m) SIPCOT will develop a Nanotechnology Park on similar lines to science parks in developed countries. This park would focus on hi-tech manufacturing in semiconductor foundries, chip assembly & testing, opto-electronics, solar cell technologies and Nano-technology. It will be located in about 2000 acres and will have SEZ and Domestic Tariff Area zones. SMEs would be also provided space, including business incubation services. Universities, National and State Research Institutions would be encouraged to set up training, consultancy and R&D centres within this Park.

(3) Energy efficiency & Technology upgradation

A Tamil Nadu Technology and Efficiency Upgradation Initiative will be launched primarily through a fund to be administered by TIIC. This fund would be available as a soft loan for SMEs. Interest accumulations would add to the corpus. TIIC would work out necessary guidelines for this fund.

(4) Catalyzing innovation

- (a) 50% of the cost of filing a patent or Rs 2 lakhs, whichever is less, would be provided to technology innovators or stand alone R&D units or individuals for innovations capable of industrial application. The support will be available for filing the patent application in India or abroad, cost of registration and first time maintenance fee of the granted application.
- (b) Investments in Research and Development by manufacturing companies would be encouraged. Investment in R&D facilities would be given special treatment as part of structured package of assistance given to manufacturing companies.
- (c) Technology parks focused on R&D would be treated on par with Information Technology Parks for purpose of applicable incentives, including FSI norms, etc.

(5) Investment Promotion and Facilitation

- (a) International Exhibition and Convention centers would be set up in joint venture with local industry associations and private investors based on potential. A back-ended subsidy of 50% of the cost of land or Rs 1 crore, whichever is less, will be provided to reputed industry associations for setting up exhibition-cum-convention centres.

Incentives for manufacturing sector

- (b) Manufacturing units other than those belonging to categories listed in **Annex-B** to this order will be eligible for the following incentives:
- New manufacturing facilities set up in any district other than Chennai, Thiruvallur and Kanchipuram with an investment in eligible fixed assets of over Rs 250 crores in a period of 3 years would be eligible for a structured package of incentives to be decided on a case-to-case basis, with due weight to investment, employment and potential for attracting further investment through vendors and ancillaries. In case of Chennai, Thiruvallur and Kanchipuram districts, this minimum investment will be Rs. 350 crores.
 - New manufacturing facilities set up by an existing company in a new site or in an adjacent vacant site within existing facility for manufacturing a product already being manufactured in the existing unit or an entirely new product, would be treated as a new unit for the purpose of incentives under the policy, subject to the production volume/value in the older unit being preserved.
 - Expansion projects within the existing manufacturing facility of an industry with an investment in eligible fixed assets of over Rs 250 crores in a period of 3 years would be eligible for a structured package of incentives to be decided on a case-to-case basis, subject to preservation of existing production volume/value, in case of districts other than Kanchipuram, Thiruvallur and Chennai. In case of Chennai, Thiruvallur and Kanchipuram districts, this minimum investment will be Rs 350 crores.
 - As regards electronic hardware units, the eligibility for structured package of assistance for investments in new and expansion projects will be minimum investment of Rs.250 crores in eligible fixed assets within a period of 3 years in respect of Chennai, Tiruvallur and Kancheepuram districts. The eligibility in respect of other districts will be minimum investment of Rs.150 crores in eligible fixed assets within a period of 3 years.
 - Existing industrial units in existence in Tamil Nadu for over 10 years will be given suitable extra benefits for expansion projects over and above normal structured package of incentives, subject to investing minimum levels of investment mentioned above.
 - New or expansion manufacturing facilities with investments in eligible fixed assets over Rs. 1500 crores will be treated as super-mega projects and eligible for incentives over and above the normal structured package of incentives.
 - A back-ended State Capital Subsidy would be sanctioned for all manufacturing units, based on employment and investment in eligible fixed assets made within 3 years, irrespective of location, as below:
 - New Units investing between Rs 5 crores and Rs 50 crores and employing more than 100 direct workers would be eligible for a capital subsidy of Rs 30 lakhs;
 - New Units investing between Rs 50 crores and Rs 100 crores, and employing more than 200 direct workers would be eligible for a capital subsidy of Rs. 60 lakhs;

- New Units investing between Rs 100 crores and Rs 200 crores and employing 300 direct workers would be eligible for capital subsidy of Rs 100 lakhs;
- New as well as Expansion Units investing Rs 200 crores and above and employing more than 400 direct workers would be eligible for a capital subsidy of Rs 1.50 crore.
- Manufacturing units located within a SIPCOT industrial park or SIPCOT SEZ will be provided an additional 50% capital subsidy over and above the eligible limit.
- Dedicated Effluent Treatment Plants (ETP) and/or Hazardous Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy of Rs 30 lakhs or 25% of capital cost of setting up such ETP/HWTSDF, whichever is less.

Incentives for Infrastructure Sector

- (c) Recognizing the need for industrial infrastructure, development of certain categories of industrial infrastructure listed in **Annex-C** to this order would be incentivised.
- Developers investing in such industrial infrastructure projects would apply to the State Government for being notified as an approved industrial infrastructure project for purposes of receiving incentives herein.
 - An Industrial Infrastructure Subsidy of Rs 2 crores would be given for approved infrastructure projects involving investment of Rs 300 crores in 3 years.
 - Single window clearance would be available for all industrial infrastructure projects. GUIDANCE Bureau, on application, will provide single window clearance as a fee based service.

Corporate Social Responsibility

- (d) Government recognizes that companies assisted through a structured package of assistance have a responsibility to the society and community around their manufacturing facilities. Investing companies will be encouraged to participate in community and social development activities. Suitable provisions will be incorporated in the Memoranda of Understanding signed with such companies.
- (e) Additional incentives will be given to investing companies, which give preference to local employment and follow the Government's policy on reservation.

(6) Business facilitation

Enactment of a Business Facilitation Act would be considered for giving Single Window Committees, at State and District level, formal authority and clear time lines for each approval. A Business Facilitation e-Governance System will be put in place enabling investors to apply for Single Window Clearance on-line and to monitor clearances. The Director, Guidance Bureau is requested to send necessary proposals to Government in this regard.

(7) Promotion of Cluster infrastructure development

Quality of infrastructure in industrial clusters in Tamil Nadu would be upgraded through a 'Cluster development action plan' in collaboration with the industry. Departments of Municipal Administration, Rural Development, Local bodies, Highways, TNEB, Town & Country Planning, and Industries & Commerce would be involved in this exercise. Funds under various schemes of Government of India such as IIUS, TCIDS, etc., would be fully dovetailed to meet these special needs. SIPCOT is requested to send necessary proposal in this regard.

(8) Sector level strategies - Manufacturing

- (a) SIPCOT will set up a Special Economic Zone for auto-components near Chennai in about 300 acres. Facilities for training in high technology in auto-components would also be setup in this SEZ.
- (b) SIPCOT will promote an Engineering Goods Special Economic Zone near Coimbatore as a Public-Private-Partnership project with the local industry in about 250 acres for pumps, motors and foundry.
- (c) A Leather Products SEZ would be setup by SIPCOT in the Chennai-Ranipet corridor. A high technology environment-friendly Leather Processing Complex of international standards would be setup at a suitable location. SIPCOT is requested to take necessary further action in this regard.
- (d) Steps would be taken to make Natural Gas available from Krishna-Godavari basin and also from the Cochin LNG terminal through TIDCO and other private gas suppliers. Petrochemical Projects Investment Region (PCPIR) at Ennore or Cuddalore will be set up using PCPIR policy recently announced by Government of India. TIDCO is requested to take necessary follow up action in this regard.
- (e) Government would take all steps to enable effective use of fly ash by the cement industry from all sources, including TNEB. Clinker grinding units would be encouraged in the State. Exploration of new limestone resources would be given special thrust.
- (f) A specialized drugs and pharmaceuticals cluster with state-of-the-art environment protection facilities would be developed as part of the Nanguneri SEZ. A Pharma SEZ would be set up on the east coast with hi-tech environmental control systems to enable zero pollution. The Chairman & Managing Director, TIDCO is requested to take necessary further action.
- (g) Taking into account the fast growing importance of specific sub-sectors such as bio-pharma, bio-services, bio-manufacturing and bio-agriculture in the biotechnology sector, an updated Life Sciences Policy will be announced. TIDCO is requested to send necessary proposal in this regard. A state-level Life Sciences Innovation Fund will be created by TIDCO. TIDCO is requested to send Necessary draft guidelines in this regard. TIDCO is also requested to examine the possibility of leveraging funds from other sources such as Technology Development Board of Ministry of Science and Technology, Department of Biotechnology, Ministry of Agriculture, etc., of Government of India, funding from Multilateral institutions and other sources for this purpose.

- (h) Existing sugar mills will be encouraged to establish Integrated Sugar Complex consisting of sugar mills, co-generation plants and distilleries in all future projects.

Services Sector Strategies:

- (a) A fee-based single window clearance mechanism would be put in place, like GUIDANCE bureau, for all major construction projects covering clearance required from several Government departments. An e-governance package would be evolved for this single window clearance mechanism for construction industry.
- (b) A pilot Construction Cluster Park will be established with space for large industries as well as SMEs in the construction related industries and services.

(9) Export Promotion

- (a) "Industrial Cluster Export Promotion Committee" would be established for each major export cluster in the State under Chairmanship of a State Level Officer to address various administrative, procedural or infrastructure issues faced by exporters, settle local problems and forward larger policy and macro issues to SLEPC for decisions. The Director, Guidance Bureau is requested to send necessary proposal in this regard.
- (b) Government of Tamil Nadu will request Government of India to increase funding to exporting States under ASIDE keeping in mind increase in number of Special Economic Zones and EOUs in the State and pressure on infrastructure.

(10) Environment Protection:

- (a) Dyeing, leather tanning and industries that pollute would be encouraged to locate only within approved clusters with common environment management facilities.
- (b) Hazardous Waste Treatment, Storage and Disposal Facility (HWTSDF) will be set up at Gummidipoondi, Oragadam, Perundurai, Cuddalore, Karur and Tiruppur. SIPCOT is requested to take necessary follow up action.
- (c) TIIC will encourage industries from Tamil Nadu to benefit from Joint Implementation, Clean Development Mechanism and Emissions Trading mechanisms through active dissemination and facilitation.
4. The concerned agencies like TIDCO, SIPCOT, TIIC, TANCEM, Guidance Bureau, Directorate of Sugar, Directorate of Geology & Mining, TNPCB, etc., should formulate and submit proposals urgently to operationalise the above decisions.

(BY ORDER OF THE GOVERNOR)

M.F. FAROO QUI
SECRETARY TO GOVERNMENT

To

The Chairman & Managing Director, TIDCO
Egmore, Chennai-8

The Chairman & Managing Director, SIPCOT
Egmore, Chennai-8

The Chairperson, TIIC Ltd.,
692, Anna Salai, Chennai-35

The CMD, TANCEM, LLA Building, 735, Anna Salai, Chennai-2

The Director of Geology & Mining
Guindy, Chennai-32

The Commissioner of Sugar
690, Anna Salai, Chennai-35

The CMD, TASCO, 690, Anna Salai, Chennai-35

The Chairman, TNPCB, 76, Anna Salai, Guindy, Chennai-32

The Director, Guidance Bureau, Egmore, Chennai-8

Copy to:

The Principal Secretary to Government, Energy Department, Chennai-9

The Secretary to Government, Environment & Forests Department, Chennai-9

The Secretary to Government, Small Industries Department, Chennai-9

The Secretary to Government, Finance Department, Chennai-9

Industries (MIA) (MIB) (MIC) (MID) (MIE) (MIF) (MIG) (MMA) (OP.II) Department,
Chennai-9

Sf/Scs.

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Components of an Approved Industrial Park

1. Criteria for approval

- (a) Minimum area 250 acres in legal possession of applicant
- (b) Should be meant primarily for manufacturing activities
- (c) Should have provision for atleast 5 major manufacturing units and 20 SMEs
- (d) Should not have more than 10% wet land or double crop land
- (e) Should not include (for contiguity) more than 5% of Government land
- (f) Should be 50 km away from Chennai city limits

2. Processing area : not less than 65 % of total area

- Industrial plots for manufacturing
- Ready built sheds for industrial use
- R&D centres
- Testing & Certification centres
- Pathways and roads

3. Non-Processing Area : not more than 35% area

- **Business related non-processing area – not more than 20% of total area**
 - Office space for business support to processing area
 - Customs bonded warehouses and ICDs
 - Convention centers
 - Business centres – financial services
 - Education and Skill training centres related to processing area
 - Guest houses for use by businesses in processing area
- **Social Infrastructure – not more than 15% of total area**
 - Housing
 - Schools
 - Hospitals
 - General purpose education and training institutions
 - Entertainment & shopping centres
 - Open spaces, roads and pathways

Annexe-B**List of industries ineligible for incentives**

1. Sugar mills
2. Mineral water and aerated soft drinks
3. Alcoholic beverages
4. Ice cream and confectionery
5. Fertiliser and animal feed manufacture
6. Mining and beneficiation
7. Steel re-rolling, steel fabrication, stainless steel utensils
8. Tobacco processing, cigarette or beedi manufacture
9. Timber or wood processing
10. Servicing or repair facilities
11. Services sector
12. Any other industries as may be notified by Government

Annexe-C**Industrial Infrastructure projects eligible for Incentives**

The following would qualify as industrial infrastructure projects for purposes incentives under this Policy:

1. Desalination plants for Industrial Parks or Special Economic Zones
2. Dedicated Railway projects for Industrial parks or Special Economic Zone
3. Dedicated ports or container terminals for Industrial Parks or Special Economic Zones
4. High technology stand-alone industrial R&D centers
5. Dedicated new roads leading to industrial parks or Special Economic Zone
6. Common Hazardous Waste Treatment and Disposal Facilities for a cluster of industries
7. Common Effluent/Waste Water Recycling Plants for Industrial Parks or Special Economic Zones or a cluster of industries or marine effluent discharge scheme approved by TNPCB, like schemes proposed in the Cauvery, Amaravathi, Palar basins

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