

Polices & Procedures

POLICIES

Gujarat has everything it takes to be called India's No. 1 State'. Besides in the state there exists business friendly e opportunities and moreover the state is endowed with rich natural resources like mineral, energy, marine and agricu needed for setting up industries. To tap the huge possibilities in the area of development, The Government of Gujar: business friendly policies for various sectors. The deluge of inquiries as well as investment commitments by the priv last three Vibrant Gujarat Investor's Summits. The Government of Gujarat has announced following major policies:

Power Policy

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CIVIL AVIATION POLICY(DRAFT)

Circulated for comments by :
Ministry of Civil Aviation
Government of India
April, 2000

MISSION

To maintain a competitive civil aviation environment which ensures safety and security in accordance with internatic efficient, cost-effective and orderly growth of air transport and contributes to social and economic development of th STRATEGIC OBJECTIVES

The objectives of this policy are the creation and continued facilitation of a competitive and service-oriented civil avi

1. the interests of the users of civil aviation are the guiding force behind all decisions, systems and arrangement
2. safe, efficient , reliable and widespread quality air transport services are provided at reasonable prices,
3. there exists a well-defined regulatory framework catering to changing needs and circumstances, all players and stakeholders are assured of a level playing field;
4. private participation is encouraged and opportunities created for investors to realize adequate returns on their
5. recognizing that aviation today is an important element of infrastructure, rapid upgradation of airport infrastru priority to the busiest airports and those handling international flights;
6. recognizing that transportation of air cargo is vital to the economic growth of the country, creation and develo for air transportation of cargo and express cargo is encouraged,
7. "airline operations and acquisition of aircraft" is conferred "infrastructure" status for overall growth of civil avi;
8. domestic and international aviation in the country are encouraged to grow at par with world aviation industry;
9. inter-linkages with other modes of transport are encouraged and stimulated;
10. trade, tourism and overall economic activity and growth is encouraged;
11. international cooperation in aviation and development in tune with international trends and best practices, cor sovereignty is promoted;
12. indigenous development of aircraft, components and aviation products is encouraged,
13. Security of civil aviation operations is ensured through appropriate systems, policies, and practices, and
14. Effective systems are put in place for timely crisis and disaster management, including investigation of incider

CONSULTATION WITH USERS

1. The success of any policy depends upon the benefits it gives to the various users. A constant interaction with users is paramount for successful implementation of and constant improvement in the policy. There is an urge arrangement at different levels for such interaction.
2. Therefore, Facilitation Committees consisting of representatives of various users of civil aviation sector i.e. go and travel operators, aircraft-operators, airport-operators, exporters and importers, cargo handling agents, ae be set up at national, regional and local levels to ensure that the interests of ultimate users are best safeguar monitoring and feedback between the Facilitation Committees of national regional and local levels. There will l with these Facilitation Committees before amendments in policy/ rules / regulations are undertaken.
3. Highest priority will be accorded to the passengers/ users and suitable mechanisms will be set up for this purp Citizens' Charters and effective action for, and monitoring of, grievance redressal.

REGULATORY FRAMEWORK

1. In the context of a multiplicity of airlines, airport operators (including private sector), and the possibility of oli need for an autonomous regulatory authority which could work as a watchdog, as well as a facilitator for the s minimum standards for all agencies, settle disputes with regard to abuse of monopoly and ensure level playin Therefore, a statutory autonomous Civil Aviation Authority (CAA) will be constituted. The basic objectives of s be to ensure aviation safety, security and effective regulation of air transport in the country in the liberalised e
2. The functions of the CAA will be as under:
 - o set the standards for various agencies and personnel of civil aviation sector;

- issue license to these agencies and personnel;
 - regulate tariff;
 - ensure that these agencies and personnel continuously fulfil the standards;
 - take appropriate preventive/corrective/punitive action against the agencies and personnel for violations
 - ensure that there are no unfair trade practices and market dominance through encouragement of entry accordance with Competition Policy of the Government;
 - ensure level playing field for all agencies and
 - study and analyse the trends in international and domestic civil aviation, project likely future scenario a
3. ○ The agencies mentioned above include airport, airport-operators, passenger aircraft operators, cargo air private aircraft operators, flying clubs, aero-sports clubs, security agency, training institute, air-travel o having role in civil aviation sector
 - The personnel mentioned above include pilots, flight engineers, navigators, cabin crew, flight despatche engineers/ technicians, air traffic controllers and personnel engaged in the maintenance of communicati traffic management systems and other ground aids.
 4. Civil Aviation Authority will conduct safety and security audit including flight inspections of the concerned ager meeting the prescribed standards.
 5. Civil Aviation Authority will be required to publish Annual Report on the Air Safety and Security Environment ii
 6. Civil Aviation Authority will also be required to make available information regarding passenger and cargo traf an appropriate consolidated format on a commercial basis.
 7. A comprehensive Indian Aviation Law will be framed to replace the existing Acts relating to aviation and secur the present day civil aviation scenario, and would also put the proposed CAA in place.

PRIVATE SECTOR PARTICIPATION

1. Private sector participation will be a major thrust area in the civil aviation sector for promoting investment, im and increasing competition.
2. Competitive regulatory framework with minimal controls will be created to encourage entry and operation of p
3. Private sector investment in the construction/ upgradations/ operation of new as well as existing airports inclu infrastructure will be encouraged.
4. Rationalization of various charges and price of ATF/AVGas will be undertaken to render operation of smaller ai major investment in feeder and regional air services by the private sector.
5. Training Institutes for pilots, flight engineers, maintenance personnel, air-traffic controller, security will be enc
6. Private sector investment in non-aeronautical activities like shopping complex, golf course, entertainment par will be encouraged to increase revenue, improve viability of airports and to promote tourism. CAA will ensure primary aeronautical functions, and is consistent with the security requirements.
7. Government will gradually reduce its equity in PSUs in the sector.
8. Government will encourage employee participation through issue of shares and ESOP.

AIRPORT INFRASTRUCTURE

1. The Government will aim at ensuring adequate world class airport infrastructure capacity in accordance with c utilization of available capacities and efficiently managing the airport infrastructure by increasing involvement
2. Greenfield airport will be permitted by the Government where
 - the existing airport is unable to meet the projected requirement of traffic or
 - a new focal point of traffic emerges with sufficient viability and
 - the new location is normally not within an aerial distance of 150 kilometers of an existing airport
3. Encouragement will be given to development/ construction in private sector of small airstrips/ helipads /helipc cheaper to construct. These will be particularly suitable in remote hilly or island areas, large business, city cer other important nodal points. This will also facilitate increase in small aircraft operations.
4. Private sector participation
 - Private sector will be free to undertake
 - construction and operation of new airports/airstrips/ helipads/heliports including cargo complexes cargo satellite cities and cargo handling facilities
 - upgradation and operation of existing airports/airstrips/helipads/heliports in consultation with the cargo complexes, Express cargo terminals, cargo satellite cities and cargo handling facilities
 - Foreign equity participation will be permitted up to 74 % with automatic approval and 100 % with speci
 - Private sector participation will include participation of state government, urban local bodies, private cor ventures on Build-Own-Operate (BOO) basis or any other pattern of ownership and management depen
 - Restructuring of major airports of Airports Authority of India will be undertaken through long-term lease efficient management, improvement of standards of services/ facilities and attracting private investmen
 - At privately managed airports, air traffic control (ATC) and aviation security will continue to be provided India (AAI) and customs and immigration facilities by respective Government departments.
 - The equipment needed for any service would normally be provided by the agency responsible for the se would be established for sharing of revenue between different agencies. Keeping in view their respective responsibilities.
5. All airports /airstrips /helipads /heliports used for scheduled air-transport services will be licensed by Civil Avi;
6. Airport/ airstrip/ heliport/ helipad operators will follow ICAO guidelines for levying airport/ airstrip/ heliport/ h recovery principle. The CAA would put in a place a regulatory mechanism to prevent abuse of monopolistic na

7. An objective and well-defined transparent mechanism for allocation of slots at airports will be ensued at all times.
8. CAA will ensure fair play between different airport/ airstrip/ heliport/ helipad operators and user agencies so that no heliport/ helipad operator is accused of discriminating against any particular airline or any other user. Similarly, no airport-operator is discriminated against with regard to allotment as point of call, if there is demand for air services.
9. More international gateways shall be provided. It would be ensured that there is at least one international airport in every country in order to give a boost to trade and tourism and adequate capacity in all the routes.
10. Major thrust will be given for increasing the share of commercial revenue from non-aeronautical sources by giving incentives to airport/ airstrip/ heliport/ helipad operators in the matter of raising non-aeronautical revenue.
11. New Ground Handling regulations with following broad particulars envisage :
 - o At airports managed by AAI, new private investors have been allowed by AAI to undertake ground handling and self-handling by carriers which will increase competition resulting in improvement in services and reduction in cost.
 - o At private airports, at least limited competition will be mandatory.
12. A rationalized dynamic system for airport charges for AAI airports will be introduced for
 - o optimum utilization of airport by using peak and off-peak time charges,
 - o increasing revenue of airport operators
 - o promoting airports in far-flung regions by having varying airport charges from airport to airport depending on the location of the airport.
 - o promoting use of small aircraft
13. A new Director of Lands shall be established in AAI and land use guidelines will be formulated for utilizing vacant land at airports
 - o Vacant land at airports will be evaluated for construction of aviation related activities (e.g. cargo complexes, etc)
 - o For optimal exploitation of airport land for civil aviation purposes, private-sector/ State Government participation will be encouraged.
 - o Land at such airports where there is no likelihood of future use for civil aviation purposes will be utilized for recreation like golf courses, tennis, etc. either by AAI itself or in joint venture.
 - o Effective steps will be taken for removing encroachments from AAI land and if necessary, comprehensive guidelines will be formulated.
14. Cargo handling
 - o Infrastructure like satellite freight cities with multi-modal transport, cargo terminals, cold storage centers, etc. retrieval systems, mechanized transport of cargo, dedicated express cargo terminals with airside and city-side access, etc. computerization and automation etc. will be set up on priority basis.
 - o Private sector participation in cargo handling will be encouraged.
 - o Efficient Electronic Data Interchange systems will be developed and linked amongst all stakeholders in the industry.
 - o Air cargo complexes and dedicated express cargo terminals (with airside and city-side openings) will be set up at airports.
15. Operation of airports would be in accordance with the provisions relating to prevention of air, water and noise pollution.
16. Guidelines for naming of airports will be formulated to ensure that the airports are named after the cities they serve in accordance with international norms.
17. Air Traffic services
 - o Air Traffic controllers will be licensed by CAA.
 - o AAI will continue to provide Air Traffic Services over the Indian air Space as per standards set by CAA in accordance with ICAO standards.
 - o Approach and aerodrome control services may be provided by licensed ATCs engaged by the airport operator.
 - o New satellite based CNS/ATM systems will be introduced as per ICAO's Regional Plan.
 - o India to have a significant say in the provision of new satellite based CNS/ATM services in Asia- pacific/ Indian Ocean Region.
 - o Fresh Air traffic Services and Controlling (Departure, holding and approach) procedures will be evolved to enable Indian aircraft to exploit their inherent advantages and to reduce the cost of their operations and efficient use of airspace without compromising safety. This will also give boost to Flying Clubs.
 - o Efforts will be made for Civil-Military co-ordination for
 - Greater sharing of civil and military airspace for unidirectional air-corridors and straightening of a
 - Uniform air-traffic procedures ,
 - Additional slots for civilian flights at military airports,
 - Sharing of revenues at civil enclaves
18. DOMESTIC PASSENGER AND CARGO AIR TRANSPORT
 1. The government will encourage provision of safe passenger and cargo air transport services to every region at reasonable prices.
 2. It is necessary that both airline operations as well as airport infrastructure be treated as mutually dependent. Therefore, given similar concessions to promote a balanced growth of the sector. Therefore, airline operations and airport infrastructure will be given the status of "infrastructure " .
 3. Private sector participation in providing domestic passengers and cargo air transport services will be encouraged.
 4. Permission to start scheduled passenger and cargo air transport service would be given by government on the basis of competency, minimum capital requirement and viability of the company to provide a safe and reliable service. A minimum number of aircraft for scheduled operators permit.
 5. Capacity induction will be regulated with a view to ensuring safety, security and preventing unhealthy competition.
 6. Government and CAA will ensure that there is no discrimination between different passenger and cargo services.
 7. Foreign equity up to 25% and Non-Resident Indian investment up to 100% will be permitted for domestic air transport services. However, participation from foreign airlines either directly or indirectly will not be permitted. Such participation will be subject to effective control by Indians will be a pre-requisite.
 8. Wet leasing of foreign registered aircraft by operators will be permitted only in special circumstances like

augmentation of capacity for short term, to meet the capacity requirements for handling natural calamities.

9. ATF will be taken out from administered price mechanism for petroleum prices. The price of ATF for domestic use will be governed by market and customs duty. Airlines will also be permitted import of ATF.
 10. There will be freedom to operate non-revenue and passenger charter and cargo flights to any foreign destination. Foreign carriers will also be allowed to travel on these flights.
 11. Helicopter operations will be given a new boost by a total change in outlook. At present, fixed wing norms are broadly applied to rotary wing aircraft. Fresh guidelines will be formulated in consultation with user industry for rotary wing aircraft. Fresh Air Traffic Services and controlling procedures, which exploit the inherent advantages of rotary wing aircraft, will be evolved. This will also reduce the cost of operations of helicopters and encourage their use. Encouragement will be given to use of helicopters in the areas of heli-tourism, adventure sports, mountaineering, point heli-services to bypass traffic congestion on the road, connecting remote areas and islands in North and Lakshadweep, religious places, sky crane for construction/ laying of transmission lines etc.
 12. Flying clubs, Aerosports like hang-gliding, ballooning, heli-skiing, para-jumping etc. will be promoted by investment and formulating liberalized guidelines in consultation with users. This will include rationalized air space control.
 13. Special consideration will also be given to Private operators and Corporate operators by way of rationalized air space control and encouragement for construction of smaller airstrips/heliport etc. in private sector.
19. PROMOTION OF GENERAL AVIATION AND SMALL AIRCRAFT OPERATION
1. There is a need to open up the country and tap the latent demand for air services in many parts of the country. However, the traffic profile in these areas does not permit viable operations of jet. Even smaller aircraft operations are not viable because of the high cost of operation and high break-even factor.
 2. While Route-Dispersion Guidelines do help in providing air services in the remote and inaccessible areas, to encourage widespread air-connectivity. Passenger and cargo air transport services to many regions where operation of small aircraft is made economically viable either on stand alone basis or in conjunction with other modes of transport.
 3. Therefore, Aviation Turbine Fuel (ATF) for turbo prop aircraft operations will be provided at par with price of ATF for turbojet aircraft with a cap of 4% on sales tax. Operation of smaller aircraft/ charters will be further encouraged through reduction of charges, Inland Air Travel Tax (IATT) and Avgas prices. For the NorthEast region, IATT has been fully exempted. Government will consider extending similar facilities to other category II areas.
 4. There is a need to change the traditional concept of airport development, ownership and operations in view of the growth of general aviation aircraft/charters operations. Participation of state Government, urban local bodies, airline/ aircraft operators will be encouraged in development, upgradation and management of small airports/ airstrips. These airports will be developed as traditional airport and will be bare-bone type with no frills. Such airports need not be mandatorily manned by pilots. Security and safety of operations will rest on the aircraft operator in conjunction with the local administrative authorities. Encouragement will be given to encourage the operation of small aircraft/ air taxis, as operators themselves or in collaboration with State Government. Local bodies/ residents of a specific locality, factory, nearby factories, tourist operators will be able to manage such airports and ensure safety and efficiency at reduced cost. This will boost passenger transport and tourism.
 5. Single engine aircraft of seating capacity upto 10 seats can be permitted for passenger charter and cargo operations over land areas having no hilly terrain in accordance with the single engine operation guidelines.

20. INTERNATIONAL AIR TRANSPORT

1. The Government will aim at ensuring adequate capacity to fully meet the requirement of international traffic.
2. Liberal bilateral rights will be given for promoting international operations to less developed regions of the world and to countries far away (e.g. Latin America) to promote trade and tourism in those regions.
3. Government will ensure that traffic rights are utilized to the maximum extent possible through direct operations by way of joint flights, code sharing arrangements etc. by the two national carriers i.e. Air India and Air Sahara. Domestic carriers who fulfill the minimum criteria for designation as Indian carrier to operate international operations will be permitted to meet this objective. Initially, they may be permitted to fly to neighbouring countries against the right of first refusal by national carriers. The requirement of substantial ownership and effective control will continue to be operative.
4. There will be freedom to international tourist Charter operation to different custom airports.
5. Government will also establish, in the long run, an objective and well-defined mechanism for sharing of traffic rights amongst all airlines in a transparent manner.
6. Government will ensure that there will be no discrimination between different airport operators in allotment of traffic rights as per bilateral agreements if demand exists.
7. Efforts will be made by national carriers to join global alliances in their own commercial interest and in the interest of passengers through code-sharing, exchange of frequent-flier programs etc.
8. There will be no restriction on international cargo flights. However, they will not be allowed to carry domestic cargo within the country.
9. Tourist charters from domestic airports to foreign destinations will also be permitted subject to safeguarding the interests of national carriers.
10. Air India and Indian Airlines would be guaranteed the use of traffic rights actually being utilised by them in the event of privatisation.

IT POLICY INTRODUCTION

During the last quarter of this century Information Technology (IT) has transformed the way of human life as no other technology has. The potential of converting our society into a truly knowledge based society. IT also gives us a chance in ensuring that society is an equitable society. Now, there is no area of human life, which is not affected by information technology in one way or another. If we, the people of the State of Gujarat reap the benefits of this epoch making development, it is imperative that the State Government formulate a coordinated strategy which could affect all the facets of life of citizens of the State.

MISSION

To help improve processes in the Government by using computing devices, communication systems associated elect better delivery systems to the citizens. It is very clearly understood that IT is not an end in itself but means to prov citizens of the State. It does not aim at merely automating existing process but the target is to use IT to improve ov and pass the benefits to the citizens of the State.

OBJECTIVES

- Over all IT growth in the state of Gujarat
- To create enormous new employment opportunities in the state
- To train and develop skilled manpower in IT
- To facilitate information outlets at the doorstep of the common man
- To make Government-Citizen interface more effective, efficient and transparent

This will enable people at large to access information related to - education, i.e. technical and non technical course (admission procedures, admission list, results etc., health services - like various medical expertise available at differe services etc; transport service information - like bus arrival and departure timings, reservation facilities etc. Informa the on-line delivery of various application forms to the users irrespective of their location in the state.

CONNECTIVITY

State Government recognizes the importance setting up of an elaborate network to bring about a seamless transitio computing devices currently in use in the public domain or those, which may be put to use in future. Government al would act as core of IT infrastructure in the State. To ensure proliferation of IT, the department has decided to creat The core of this corridor would be connecting the State capital right upto Taluka headquarters by first connecting th headquarters .The district headquarters would be subsequently connected to the taluka headquarters. The State Go end by the year 2001." Information corridor" would be a major tool in implementing IT Policy in the State. IT would obtaining synergies with the existing networks in the public domain as well. On peripheries of this "information corri supporting databases of various Government departments as well as computerized public counters, kiosks/informati electronic interface of the citizens with the Government.

INFORMATION TECHNOLOGY IN GOVERNMENT

The usage of IT strategies in Government would be a key to improving processes which will ensure better delivery s also aim at creating transparent Government so as to fulfill the citizens' charter.

IT developments in State Government would be through the following stages:

- For each department, identification of key area on priority basis needs to be computerized first .The criterion v systems first which improve the delivery systems for the citizens. This includes ration card, driving license, NA etc. This is only an indicative list.
- By completing these data base in a time-bound fashion and making them operational, delivery time for the cit demonstrably in a time-bound fashion.
- To create greater convenience for the citizens, it would be imperative to create efficient/intelligent interface, v computer-supported counters, Kiosks etc. The Government would strive to ensure that all the forms required interface with the Government would be available for filling in electronically by the year 2005. Prior to this, cit through Kiosks/other vendors by way of electronic devices. This would be achieved by the year 2002 AD. Cho and complete forms by means other than electronic would also be kept open.

The system of information Kiosks would be the major integrators of various databases existing with various Governr will bring suitable legislation to guarantee protection of citizens related information which would be existing on vari In order to ensure that there is no duplication of data entry and thereby to avoid confusion, the State Government v to all citizens of the State. These would be in the form of suitable smart cards. This will ensure security to individual provide one point coding system.

Enabling mechanism

- All departments will prepare there IT Action Plan, which would have a one-year focus and a five-year perspect
- One percent of the State Government budget would be committed to IT related activities which is expected to AD
- To ensure quicker availability of funds, a separate IT sub-head would be created within each major head. IT re to any economy measures and they would be made available as far as practicable in lump-sum to the departn form of quarterly/monthly releases
- To oversee implementation of IT strategies in the departments, each department will have Chief Information (directly to Secretary of the department. Considering the nature of mobility of IT professionals, such CIO would basis and recruitment would be freed from encumbrances of Gujarat Public Service Commission (GPSC).
- All departments would create shareable databases of rules and other related information. This would include i recruitment/service rules, plan achievements for various schemes etc.
- Creation of E-mail system.
- Creation of document imaging system to reduce paper work

- Each department will create web page within the State Government's web-site to display grievance-handling procedure. A grievance handling cell (GHC) or a Grievance Redressal Cell (GRC) facility would be provided to citizens for their grievances to be handled electronically as well.
- Certain inter-departmental projects which have considerable significance as being underlying feature for all other projects of considerable importance for the well being of the citizens of the State would be given a special status of priority. Inter-departmental projects include projects such as disaster management system, citizen's database, budget etc. Inter-departmental committees would monitor them.

Where withal for achievements

Government has set up IT Department for implementation of IT Policy. IT department should remain a very lean department with only policy aspects as well as monitoring of the implementation of the State IT policy.

An agency with fair amount of autonomy would be set up for helping various players in IT field and in implementing this organization would also select consultants/specialists for providing services to various Government departments through framework contracts. Some of these would include :

- Information strategy development
- IT architecture design including network and communication.
- Program and project management.
- Contract support system.
- Internet/intranet services.
- Computer and communication security.
- Systems audit
- Disaster recovery.
- Outsourcing including actual running of system.
- Training.
- Testing

This organization would also help augment its finance from various resources including raising from the market. Its departments/agencies would be strictly fees-based. It would also take up other activities such as hardware acquisition, training etc. It will also maintain an inventory of technological developments in the field of IT and keep various Government departments informed. It would also work as an agency for identification of projects for private sector participation and would take up private sector proponent as well in coordination with Gujarat Infrastructure Development Board.

As mentioned above, State Government is committed to providing resources for proliferation of information technology. At least 1% of the budget by 2000AD.

IT INCENTIVE POLICY

Information Technology (IT) Industry
Incentive Scheme (1999-2004)

Preamble

The Information Technology (IT) Policy of the state has acknowledged the potential of IT in transforming the society. The need to accelerate development of IT industry in the state of Gujarat. This in turn will help proliferate IT culture and create employment opportunities. During the last few years, IT has been the fastest growing segment of the economy with enormous potential for export and growth. To give an impetus to this industry, it is imperative that, the incentive policy should take into account typical characteristics of this industry. Since, in IT industry, the investment in intangible assets tends to exceed tangible assets, the incentive policy has taken into account this factor as well.

TITLE

This scheme shall be known as Information Technology Industry - Incentive Scheme 1999-2004, hereinafter referred to as the Incentive Scheme, operative from 01-04-99.

This scheme shall become operative with effect from 01-04-99 and shall remain in force for a period of 5 years, from the date of commencement of this scheme. If necessary, the scheme will be modified after two years, and based on the experience of State Government and the need of the industry, if necessary, will be made.

Area Of Operation

It would be operative anywhere in the state of Gujarat.

Definition

- " IT " include computer, digital-data communication and digital data broadcasting products as notified by the Ministry of Information Technology or Central Board of Excise & Customs.
- "IT Industry" would include development, production and services related to IT products, IT Software and IT services as defined in the list of IT industry heads.
- The "Eligible New Information Technology Unit" means a new unit in IT industry set up after the cut-off date. The criteria for eligibility are as follows:
- The new project should have obtained SSI registration from concerned District Industries Center or obtained the approval of the State Government or obtained receipt against filling of Industrial Entrepreneur Memorandum.
- The new project should have a separate identifiable capital investment means that, it should not have any link with any existing manufacturing/IT Industry unit.

- Eligible IT Unit

It is an existing IT Unit which registers itself as an IT Industry after the cut - off date. Such an unit should have before the cut - off date.

- Indian half Circuit- satellite communication link between two earth station via satellite (International segment one earth station to satellite and the second part is Satellite to other Earth station. The segment between the satellite is "Indian half Circuit" and satellite to other earth station overseas, anywhere in the world is the Second half Circuit)
- Eligible Total Capital Investment

It includes:

1. Investment made in the land. The actual cost of the land including the legal charges incurred for acquisition project. A plot of land acquired under lease agreement except from GIDC Estate / Infocity on rental basis. Fixed Capital investment.
2. New building
New building means building required for project including administrative building. The investment made in training building for the staff of respective unit. The cost incurred on purchase of old building or repair work for consideration as fixed capital investment. Residential accommodation for the employees of the unit, would also be eligible. Old residential building will not be eligible.
3. Machinery
This includes plant & Machinery needed to set up 'Eligible New IT Unit'. This would also include 'IT Product' and IT Software installed at the residence of the employees of the eligible new unit will also qualify as of the Eligible total Capital investment. The cost of electrification, transportation, erection, installation and overhead - plant and machinery. The investment made in acquiring air-conditioning plant/machine will also include like bus/buses for the conveyance of the workers from the surrounding villages/towns to the factory and of the capacity limited to the connected load. Plant for non-conventional source of energy. Cost of material for purification or de-salination of water. Plant for pollution control measures. Testing facilities. The investment in furniture will be allowed up to 10% of eligible fixed capital investment.
 - Assets Acquired
The eligible fixed assets acquired and brought up to twelve months from the date of commencement will be eligible as "Eligible Total capital investment". No assets acquired, created and/or bought after the scheme shall be considered eligible. Assets acquired under DGP scheme/under hire purchase scheme/lease scheme would be considered eligible, exclusive of cost of interest.
 - Ineligible Investment: - The following investment shall not be considered eligible for any incentive:
 1. Working Capital
 2. Commissioning fee
 3. Goodwill fees
 4. Royalty
 5. Preliminary and Pre-operative expenses.
 6. Second-hand equipments purchased or reinstalled/shifted
 7. Capitalised Interest
 8. Any other investment which is not expressly narrated as eligible.
 9. Technical know-how fee.
 - Eligible Turnover
This is the turnover from "IT Product", "IT Software". It would be calculated on the basis of accounts as per Income tax authorities. Explanation: Turnover from "IT Services" undertaken by the company will be considered under the eligible turnover.
 - Eligible Incremental Turnover
This is the difference between the eligible turnover of the current year and the eligible turnover of the previous year.
 - Cut-off Date: 01-04-1999

The Industrial policy

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ROAD POLICY - December 1996

Roads & Building Department
Government of Gujarat

Introduction

Transportation plays a principle role in Economic and general development. A well laid out road network is essential for the movement of men and materials, without which trade and industry cannot maintain a competitive edge. At the present time, the State is witnessing phenomenal all round growth as a result of economic restructuring, an efficient and dependable Road Network is crucial and needs to be accorded overriding priority. There has been a tremendous increase in the share of road transport in the last four decades with the total freight movement increasing from 11% to 60% and the passenger movement from 11% to 60%. In other words, our economy which was earlier rail dominated, has now become predominantly road dominated.

In so far as the State of Gujarat is concerned, the road network has registered an eight fold increase from a mere 7% in 1950 (1995). Even though the existing road network in Gujarat is qualitatively rated as the best in the country, it is grossly inadequate and needs major upgradation and improvement in order to meet with the present transportation needs. Recognising this fact, (

decided to accord special priority to road development and to revamp the road policy with a view to effectively meet the demand ahead.

Composition of Roads

The total length of roads in Gujarat State has increased from 45,108 kms in 1980 to 70,609 kms in 1995, of which, surfaced roads increased from 29,895 kms to 64,028 kms over the same period. As a proportion of total road length, surfaced roads increased from 66.27% in 1980 to 90.67% in 1995. The growth in surfaced road length approximately at an annual rate of 5.2% has been primarily driven by the growing importance of the road transport system in the movement of passengers and goods. In 1995, Gujarat has 1,570 kms of National Highways, 19,655 kms of State Highways, 20,364 kms of Major District Roads and 18,665 kms of Village Roads. The National Highways network in Gujarat is in very good condition with four laning of important sections of National Highways with the provision of Paved shoulders where necessary. In fact, 166 kms of the National Highway connecting Ahmedabad to Bombay, about 166 kms have been four lane and the entire road has paved shoulders. Over the last decade and a half, the proportion of State Highways and Major District Roads in the total road length has increased significantly.

LENGTH IN KMS				
Category/Year	1980	1985	1990	1995
NH	1435	1421	1572	1570
SH	9097	9387	16430	19655
MDR	10542	11195	21931	20364
ODR	10671	12330	10022	10335
VR	13463	23512	15610	18665
Total	45108	57845	65565	70609

Vehicle Density

Over the last decade and a half, registered motor vehicles have grown at an annual rate of approximately 14%, resulting in an increase in the overall vehicle density. On the State Highways, vehicle density has increased from 50 to 107 vehicles per km. This is a two fold increase, two wheelers have increased seven fold, passenger cars three fold and goods vehicles three fold.

Technological Upgradation

Gujarat has traditionally been known for its good road transport system and has probably the best maintained road network in the country. The Roads and Building Department has continuously endeavored to acquire modern technology for road construction to meet the demands on the road transport system. Gujarat was the first state to take up road construction using hot mix plants in the early seventies and even village roads in Gujarat are now mechanically constructed. The State has more than 100 hot mix plants and modern hot-mix Plants and pave finishers are owned by the Roads and Buildings Departments itself. The State has adopted high specifications like wet mix macadam, dense bituminous macadam, and asphaltic concrete. It has also introduced other modern equipment like vibratory rollers, wet-mix macadam plants, motor graders, full width sensor paves, etc.

Plan Outlay

Plan outlay on Roads and Bridges has increased progressively from Rs.2200 million during the Sixth Plan to Rs.2578 million during the Seventh Plan and Rs.3500 million during the Eighth Plan. The provision of funds for maintenance of State Roads has also increased to Rs.1695 million in 1994-95.

Connectivity

The initial thrust of the Five Year Plans has been towards achieving village connectivity. Out of 18,028 villages in the State, 16,028 villages remain to be connected by all weather roads. All villages are planned to be connected by all weather roads by the end of the Ninth Plan.

World Bank assisted Gujarat Rural Roads Project

The State Government has very recently successfully completed a Rs.350.00 crores World Bank Assisted Rural Road Project. 1000 Kms of new construction/reconstruction and improvement of rural roads have been completed in 13 out of 19 districts. This is the most successful World Bank assisted Road Project in the country to date.

Road Development Plan

The total length of roads proposed to be developed according to the Gujarat Road Development Plan for 1981-2001 is 1,00,000 kms, following categories, for which the total development cost works out to Rs.20094 million.

Though Gujarat has a better maintained road system than all other states, the tremendous increase in traffic has created a gap between the carrying capacity and demand. As a result, there is a pressing need for immediate remedial measures in the form of widening and capacity augmentation. The deficiencies are likely to be further compounded due to the following reasons.

- About Rs.500000 million worth of new industries are already in various stages of installation in the state.
- The Sardar Sarovar Narmada Project, the largest water resources development project in India and probably the largest irrigation project, will provide irrigation benefits to about 18 lacs hectares spread over 18 districts and with an installed capacity of 1450 MW will be operational in the next few years.
- Development of ports is expected to generate very huge interstate traffic.
- Rail Transport System The share of Railways in movement of passengers as well as goods has been persistent and increasing.

due to the higher flexibility of road transport. The total railway network in the state comprises 2457 kms of broad gauge and 874 kms of narrow gauge. However, upgradation to broad gauge and consequent switching over to be taken up countrywide, would prove very helpful. The inter modal approach of the road policy incorporate railway network, particularly for long distance haulage.

- Ports Gujarat is a maritime state with a coast line of about 1600 kms which accounts for almost 30% of the country's 139 minor and intermediate ports in the country, 40 are located in Gujarat with Kandla being the only major port. Gujarat influence a vast area extending over central, western and northern India. This vast hinterland offers tremendous development. The minor and intermediate ports of Gujarat handle about 8.5% of the national shipping cargo which is handled by all minor ports of India. The present as well as projected traffic from the ports has been accounted for in the road policy. Three major corridors for movement of port traffic have been identified. They are as below :
 - Ports around the Gulf of Kutch linked to the northern states through NH 15 and NH 14.
 - Ports in southern Saurashtra connected to Ahmedabad.
 - Ports in South Gujarat linked to the proposed Vadodara-Bombay Express Way.

Objectives

The basic aim of all the developmental policies of Government is to work towards rapid economic and social upliftment ensuring that the growth achieved is balanced, and the accruing benefits are evenly spread. The road Policy is structured to provide a road network across the length and breadth of the State so as to effectively meet with the transportation needs of the State and with the right inter modal mix. Connectivity and easy access being basic to all other developmental activities, a major effort is made to integrate the backward and far flung areas into the road network. The objectives of the road policy could be

- To provide connectivity to all villages by all weather roads by the end of 1997, and thus, further improve quality in terms of quick access to health services, better education, social services, etc.
- To provide an adequate and efficient road system encompassing all transportation needs so as to ensure smooth movement of goods and passenger traffic both within the State as well as on interstate routes.
- To constantly upgrade technology by inducting superior and quicker construction and maintenance methods with a view to reduce transportation cost as well as to reduce the overall life cycle cost of roads.
- To induct more scientific principles of resource allocation for maintenance and new construction programs.
- Overall, to set high standards of road safety and travel comfort.

Strategy & Approach

In order to meet the steeply growing transportation needs of the state, the existing road network is planned to be upgraded and new links are to be provided. The strategy and approach are as follows:

1. Removing the deficiencies in the existing road length by an optimal combination of widening and strengthening of stretches/corridors.
2. Providing new links particularly in areas of concentrated industrial growth and to speed up the movements of goods and passengers.
3. Providing missing bridges and cross drainage works.
4. Connecting the remaining villages by all weather roads.
5. Replacing existing level crossing by road overbridges.
6. Improvement of road geometric and safety provisions.
7. Removing regional imbalances in the road network.

All this calls for massive capital investment which cannot possibly come from any single source of funding. It is, therefore, a multi pronged strategy for resourcing funds for the purpose.

- **Optimal use of available resources**
Government has carefully prioritised the investment programme in road infrastructure so as to ensure efficient use of resources. Road projects have been prioritised for widening/strengthening on the basis of commercial traffic, both existing and projected. The efficiency is specifically accounted for in the planning.
- **Privatisation**
In view of the acute paucity of budgetary resources, it has been decided to go in for private funding of road projects. A carefully selected projects is being prepared for the purpose.
The state is geared up to facilitate private funding and all basic spade work for it has been done. The main procedure is as under:
- **Enabling Legislation**
To facilitate private sector participation in road projects, the Gujarat Government has amended the Bombay Motor Vehicle Act which permits the levy of toll on either new construction or strengthening/improvements of road and bridge projects which would provide further guiding framework to facilitate private sector participation is under finalisation. A modified Act is kept as Annexure-C.
Guidelines framed for private sector participation are enclosed as Annexure-B.
- **Procedure for Selection of Party**
Parties will be selected on the basis of open competitive bidding ensuring transparency and equal opportunity based on evaluation of bids by a high level empowered committee set up for the purpose.
- **Incentives**
To ensure commercial viability of road projects, an appropriate combination of the following incentives can be provided by the Government.

1. Acquiring land at Government cost for right of way.
2. In cases, wherever levy of toll alone is not enough for ensuring financial viability, Government could consider investor for commercial development so as to augment returns.
3. Granting advertisement and air space rights within the right of way.
4. Subsidising loss of revenue due to traffic being less than that projected.
5. Exemption from royalty on construction materials.
6. Granting permission for plantation of trees and deriving revenue thereof in the land width during concession p
7. Utilisation of Government quarries in the vicinity of the project.
8. Allowing construction in segments and levying of toll on completed segments so as to utilise the toll revenue t segments.
9. Government/Government Corporation's equity participation in Special Purpose vehicles formed for individual r
10. Funds from external funding agencies
In view of the huge backlog in upgradation of existing roads, substantial use of funds from external lending a
11. Schemes with beneficiaries participation
The State Government has already adopted a policy of taking up industry specific roads with the beneficiary ir of the cost, the remaining being borne by the Government. A good number of works have been already taken pattern.
12. Resource mobilisation
The State Government is examining alternative sources of revenue for road development and this could includ
13. Funding by Philanthropists
The State Government has also developed a scheme to involve philanthropists and the general public in under improvement of rural roads wherein they would meet 75% of the cost and balance would be contributed by th

Implementation

Implementation of the road policy would be done by the Roads and Buildings Department through a special impleme speedy disposal.

The State Government will set up a high level committee headed by the Chief Secretary to review the progress and policy.

The progress made on the implementation of the policy will be periodically reported to the Infrastructure Developme Government.

PORT POLICY Ports & Fisheries Department

Government of Gujarat

INTRODUCTION

Gujarat, situated on the western coast of India, is a principal Maritime State endowed with favorable strategic port I Gujarat is by a virtue of having nearly 1600 kms long coastline, which accounts for 1/3rd of the coastline of India ar outlet to Middle East, Africa and Europe.

In 1991, Government of India initiated various economic, trade and industrial reforms, through the policy of liberalis trading activities. The rationalisation of import duties and stress on export promotion have seen imports increasing I Gujarat State, is one of those frontline States that can take up the policy of liberalisation and privatisation, announc through a process of globalisation.

Gujarat itself is experiencing a phenomenal interest in investment both from Mega-Industrial sectors within the cour Nationals abroad. Investment to the tune of \$ 30 billion are already in the pipeline. From an analysis of the present flowing in, one can perceive a particular trend which is manifesting itself - investments are converging in and around Investments of over Rs. 16,000 crores are taking place at Hazira, Rs. 15,000 crores are planned at Vagra. Rs. 20,00 near Pipavav and near Jamnagar port locations. The logic of locating these industries is rather clear, viz., the large b industrial raw-materials and want access to the international market through sea routes, which is definitely more vi surface transport or air transport.

Another major advantage is that, Gujarat has a vast hinterland consisting of fast developing Northern and Central Ir The State of Rajasthan, Madhya Pradesh, Western Uttar Pradesh, Delhi, Haryana, Punjab, Himachal Pradesh and Jam constitute 35% of the total exports, are potential customers for Gujarat ports. Export of surplus foodgrains from the States and import of fertilizers to these major consumers, offer great potential for growth of cargo in near future. A taking place in these hinterland States have a direct bearing on Gujarat ports.

Indian ports handled 197 million tones of cargo in 1994-95, 90% of which were contributed by the Major Ports. The turn-around time, waiting time and average ship per day output, has a significant influence on development scenari under tremendous pressure to handle the increasing cargo traffic, resulting into demurrages and huge loss in the fo In the global scenario, during the last decade, new technology development has taken place, especially in the conta new port layout to accommodate container traffic. This technology development demands new institutional set-up a solving the problems of port modernisation. With the global shipping industry introducing suppressed vessels, the Pi integrated with inter-modal cargo flows and co-ordinated sea vessels and hinterland vehicle arrivals and departures locations of Gujarat are highly suited to adapt itself, to the current technology development in the areas of commun handling and ship technology, which needs drastic changes in the physical layout of ports as well as equipment's, or is in this perspective that it is imperative, Gujarat approaches the problem, by focussing on an integrated strategy, i future demands scenario. It makes itself evident, that any globalisation that is to take place, has to take place throu

PRESENT STATUS OF THE GUJARAT PORTS

1. Along the 1600 Kms. of coastline of Gujarat, there are 41 ports, of which Kandla is a major port. Out of remaining 16 intermediate ports and 29 are minor ports under the control of Gujarat Maritime Board.
2. These ports can be broadly classified into three categories :
 - o Three all weather ports viz: Porbandar, Okha and Sikka with all weather direct berthing facilities.
 - o Seven ports are all weather lighterage ports.
 - o The remaining thirty ports are fair weather lighterage ports for sailing vessels and fishing boats.

The minor and intermediate ports of Gujarat handle about 8.5% of national shipping cargo. Nevertheless, Gujarat handles 16 million tones of cargo, which account for 70% of the total cargo handled by all minor ports of India.

Draft of 8 to 10 metres are available at Porbandar, Okha and Sikka, where ships ranging from 15000 to 25000 tones are berthed. At Porbandar which handles cargo containers for fish exports, container cargo handling facilities do not exist in other ports. Expanding berthing facilities in the existing minor and intermediate ports. All that is possible is, to enhance the handling equipment, which can increase the traffic from present 16 million tones to 24 million tones. Due to the inherent limitations, it is essential to identify potential green field sites on Gujarat coast for port development.

With major coastal based Mega cement plants coming up in Kutch and Saurashtra, cement and clinker export through ports is being marketed nationally and internationally. Similarly, proximity of Gujarat coastline to Middle-East countries provides an opportunity for petroleum refineries and storage of petroleum products for hinterland consumption. Export of salt and import of coal cargo apart from the existing items of import and export. As indicated earlier, the massive spurt in the industrialisation and import of industrial raw-materials and export of finished goods to the global market through ports. The vast coastline has tremendous potential for marine fisheries and subsequent processing and exports. Over and above this, any development in ports have a direct impact on Gujarat ports.

Against this future potential, at present, the ports are being planned totally in isolation, without taking into consideration industry, trade and commerce. No integrated plan exists to create ports of international design and status, linked with channel roads that carry cargo efficiently and other related infrastructure.

Pipavav port is an ideal location for a direct berthing port facility. Gujarat Maritime Board, along with a private sector port as a joint venture project. An estimated Rs. 260 crores is likely to be invested in Pipavav port during the coming years to develop a modern port in the Saurashtra region.

OBJECTIVES

Based on the above mentioned emerging scenario, the following objectives are identified for the new Port Policy.

- To increase Gujarat's share in the Export and Import sector, in national and international Trade & Commerce, in line with globalisation policy.
- To decongest the overburden on existing major ports on Western India to cater to the needs of increasing trade with States, by providing efficient facilities and services and to support the countries domestic and international trade.
- To handle 100 million tones of cargo in Gujarat Maritime waters accounting approximately for 25% of India's total cargo.
- It is estimated that 50% of total industrial investment coming to Gujarat will be port-based. To provide port facilities for export oriented industries and port-based industries.
- Taking fullest advantage of the strategic location of Gujarat coast, in the World Maritime Scenario,
 - o to encourage ship building, ship repairing and establish manufacturing facilities for Cranes, Dredgers and other equipment.
 - o to provide facilities for coastal shipping of passenger and cargo traffic between Kutch, Saurashtra and South Gujarat. Extension of these services to important places like Bombay, Goa etc.
- To fulfill future power requirements of Gujarat,
 - o by establishing barge mounted power plants.
 - o by providing exclusive port facilities for importing different kinds of power fuels, and
- To attract private sector investment in the existing minor and intermediate ports and in the new port locations.