सत्यमेव जयते

GOVERNMENT OF PUDUCHERRY

INDUSTRIAL POLICY 2016



DIRECTORATE OF
INDUSTRIES & COMMERCE

INDUSTRIAL POLICY

2016

Dr. KIRAN BEDI
Lieutenant Governor
Raj Nivas
Puducherry

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MESSAGE

The unveiling of the Industrial Policy 2016 is another milestone in realizing our vision of *# Prosperous Puducherry*.

The Government of Puducherry is committed to play the role of a catalyst and facilitator for development of Industries. The Policy charts a course of optimism online with the policy initiatives of Government of India on skill development, Make in India, Start up India, Stand up India and Ease of doing Business. On the one hand the Policy aims to attract new investments and on the other hand it aims to sustain the existing Industries.

I am confident that the new policy will open up an Industrial friendly environment to nurture industrial growth and generate employment opportunities. It is only heartening that the policy is a product of open minded deliberations and discussions the Government Departments had with panel of experts, Confederation of Indian Industry and other member associations, Traders and stake holders.

I congratulate the Hon'ble Chief Minister, Hon'ble Minister for Industries, Chief Secretary for providing the right leadership to achieve the all round development of the Union Territory. Congratulations are also due to the team of Officers who have conceptualized and given shape to the policy incorporating the views, expressions, ideas and thoughts of the consultants and stake holders.

Puducherry

Dr. KIRAN BEDI
Lt. GOVERNOR

V. NARAYANASAMY
Chief Minister
Government of Puducherry

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MESSAGE



I am happy to bring out the new invigorating Industrial Policy, 2016 as promised by me in my maiden budget speech in the Legislative Assembly, Puducherry. The industrial policy provides the pathways to make use of the available land bank effectively.

My government will also introduce e-governance in this administration. Under fast track system my government has introduced the issue of clearances/ no objection certificates / licences / consents within a period of 30 days and deemed clearance if no communication is received within the stipulated time from the concerned departments.

The new Industrial Policy will improve the ease of doing business and would also effectively address the issues of faster industrial clearances, industrial land bank and the infrastructure facilities in industrial estates and parks. In order to assuage the bottlenecks of the industries sector the new industrial policy has come out with a package of incentives to annul the effects of GST regime and sops to offset their logistic overheads.

My government is focused in encouraging Foreign Direct Investment and to promote software parks, pharmaceutical formulation companies, apparel parks, food processing industries and automobile ancillary units. I hope that this policy will bring results for the betterment of quality of life and creation of more jobs to the people of Puducherry Union Territory. Our motto is to encourage environmental friendly industries in Puducherry.

I thank the resolute efforts put forth in a short time by my Cabinet Colleagues, Chief Secretary-Shri. Manoj Parida, I.A.S., Secretary (Industries and Commerce) - Shri. Arun L. Desai, I.A.S., and Director of Industries and Commerce - Shri. G. Malar Kannan and his team of officers. At this juncture I would also like to extend my thanks for the valuable suggestion from stake holders, Line Departments, CII, Industrial Associations to bring out the policy in the shortest possible time.

Puducherry

V. NARAYANASAMY

M.O.H.F. SHAHJAHAN
Minister for Industries & Commerce

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MESSAGE

I am immensely happy in the release of new Industrial policy. It is the process of industrialization which propels the economic growth, creating employment and prosperity to the people. The vision of this policy is to bring prosperity to the Union Territory of Puducherry through inclusive, sustainable and balanced industrial development thereby creating large employment opportunities to people of Union Territory of Puducherry. The policy aims to augment Industrial growth and spread the growth to nook and corner of the Union Territory of Puducherry. The determination of this Government for expeditious clearance of applications and the attractive incentives to the industries are the stepping stones to achieve greater heights.

The Tool Room and Technology Development Centre will provide services to MSME's and contribute towards skill development for the youth to make them employable. I hope that Puducherry will become a major Industrial hub in India. Awards to MSMEs will motivate the existing entrepreneurs. The focus of this Policy is positioning Puducherry in the forefront by providing adequate infrastructure support, reforms in governance and creates a conducive environment to enhance ease of doing business in Puducherry making it a favourite destination for investment.

I look forward to welcome the entrepreneurs from India and all over the world and invite them to become a partner in the progress of Union Territory of Puducherry. I appreciate the good effort and hard work extended by Shri. Manoj Parida, I.A.S., Chief Secretary, Shri. Arun L.Desai, I.A.S., Secretary (Industries and Commerce) and Shri. G. Malar Kannan, Director of Industries and Commerce and his team of officers.

Puducherry

M.O.H.F. SHAHJAHAN

MANOJ PARIDA, I.A.S.
Chief Secretary
Government of Puducherry

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MESSAGE

I am happy that our Government is bringing out a comprehensive new Industrial Policy with the vision of prosperous Puducherry through accelerated industrial growth for the overall economic development and better quality of life of the people of the Union Territory of Puducherry through proactive services and effective administration.

I hope that the new Industrial Policy will bring in considerable investment, provide more employment and thus improve the standard of living and overall economy of the Union Territory of Puducherry.

The support extended by Hon'ble Lt. Governor, Hon'ble Chief Minister and Hon'ble Minister (Industries), Secretaries to Government, Confederation of Indian Industry, Industrial Associations and stake holders are the guiding tools for bringing out the new Industrial Policy.

I congratulate the Secretary (Industries and Commerce) and Director of Industries and Commerce and his team for their timely hard work for releasing the new Industrial Policy.

Puducherry

MANOJ PARIDA, I.A.S.

ARUN L. DESAI, I.A.S.
Secretary to Government
(Industries & Commerce)

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MESSAGE

Industries & Commerce Department is playing a vital role in the Industrial Development of Puducherry. The industrial sector is the backbone of 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 overall development of industrial sector, The Government of India took 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 etc.

In order to promote sustainable and balanced industrial growth, the Directorate of Industries and Commerce have framed a New Industrial Policy covering 16 types of Incentives, Ease of doing business and all sort of support for development of industries in Puducherry.

I hope and trust that the New Industrial Policy will bring in a positive change in industrial climate and sustainable industrialization by developing strong manufacturing sector with focus on employment generation, Product competitiveness, higher export etc.

I compliment and congratulate the Director of Industries and Commerce and his team.

Puducherry

ARUN L. DESAI, I.A.S.

G. MALAR KANNAN
Director of Industries and
Commerce
Puducherry

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PREFACE

The preparation for New Industrial Policy, 2016 began at the moment when Hon'ble Lieutenant Governor while reviewing the activities of the Industries Department and Industrial Policy, 2013 said "we should have a New Industrial Policy at the shortest possible time".

As preparation of Policy is not a regular work of any Department, the easy option could be to engage a professional consultant with varied and in-depth knowledge in the subject so as to have a professional approach. Due to time constraints, the work of formulating new Industrial Policy landed on the shoulders of this Department. Theoretically no Agency could prepare Industrial Policy in a better way than the Industries Department.

Given the arduous task of Policy preparation, the Department swung into action, pooled together various resources, held consultative meeting with various stake holders like Confederation of Indian Industry, various Industrial Associations, line departments etc. These meetings helped in identification of thrust areas, our intrinsic strength, various tools to achieve the goals of Industrial Policy, intervention required by Govt. to achieve the projected growth etc.

The task of preparation of new Industrial Policy got into top gear, when the Hon'ble Chief Minister in the maiden budget speech announced that a new Industrial Policy would be announced very soon. The guidance received from Hon'ble Lieutenant Governor, Hon'ble Chief Minister, Hon'ble Industries Minister, Chief Secretary and Secretary (Industries and Commerce) was very useful in shaping the Policy and documenting various aspects of the Policy and I am thankful for all their guidance.

I would like to acknowledge the support and assistance provided by the team of officials headed by Mr. S. Dinakaran, Deputy Director, Assistant Directors Mr. B. Krishnamoorthy, Mr. V. Mokankumar & Mr. P. Muthukrishnan, and the team of officials headed by Mr. K.T. Alagiri, General Manager, District Industries Centre and the Technical Officers to bring out the Industrial Policy well in time.



Puducherry

G. MALAR KANNAN

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INDUSTRIAL POLICY, 2016

1. Preamble

Puducherry's long felt need is a new Industrial Policy which can trigger the growth in the Industrial sector. Though the earlier 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 Government will formulate a new Policy and take all possible steps to revive the industries in Puducherry and bring back the lost glory of Puducherry.

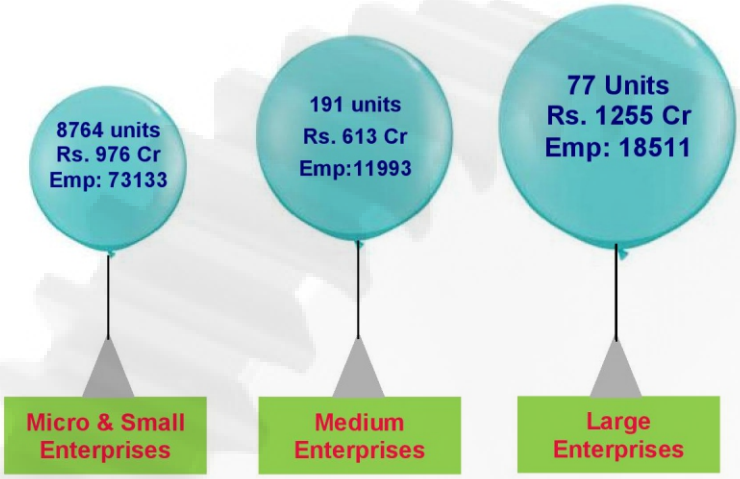
The Government of Puducherry is committed to industrial development which requires lot of participation from Private sector with the Government playing the role of facilitator and catalyst to make Puducherry the most preferred investment destination. The new Industrial Policy will be an instrument through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

2. 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 is 650 kms away bordering Kerala 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 8,955 Micro, Small and Medium Enterprises (MSMEs) and with an investment of 2,844 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 Puducherry 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.



3. 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. Further the policy assures 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.

4. 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.

5. New Industrial Policy, 2016

The new industrial policy has been framed aiming 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.

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 and 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 10 priority sectors in which industries can be promoted and 16 thrust area industries which could trigger the growth of the industries which will receive Government support, attention and care. 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
- Halal Hubs

Thrust Area Industries

- Electronic Manufacturing
- IT, ITES
- Automobile Industry
- Plastic Industries
- Agro and Food processing industry
- Marine products
- Solar Power and Renewable energy products
- Leather products excluding Tannery
- Biotech Industries
- Engineering Industries
- Gem and Jewellery
- Textile, Garments and Apparel Industries
- Pharmaceutical Formulations
- Traditional Handicraft Industries
- Tourism Industries
- Fragrance and Flavour Industries

7. 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 the Government 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 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 using abundant human resource in the U.T of Puducherry through IT incubation Facility, Promotion of Green IT, 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 and 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 India”, Puducherry Government would invite Major Automobile industries including Auto ancillary manufacturers to set up their units.



Puducherry is also 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, defence, 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 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 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 make the plastic sector sustainable.



5 Agro and Food Processing Industries

Puducherry was considered to be a 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 (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, Reefer vehicles. Taking into consideration the potential for exports, the halal food industries will be motivated and 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 marine fish for the private sector as it holds vast, untapped marine resource of 61,700 MT per annum with a higher 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 and 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), the State Nodal Agency of Ministry of New and Renewable Energy, New Delhi was established in December 2005.



The main objective is to implement Energy Efficiency and 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 neighbouring 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 Puducherry a favourable investment destination for leather industry.

9 Biotech Industries

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 Puducherry to attract industries and R & D institutions in the areas of biotechnology, nanotechnology, pharmaceuticals, biomedicine and life sciences.

There are plans in the offing for establishing a biotechnology park in Puducherry. With Puducherry'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.

10 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 have 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. MSMEs 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 reasonable 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 Industries

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 cost effective skilled and unskilled labour in Puducherry gives the potential for establishment of textile unit / Apparel parks by major Textile Establishments.



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 and 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
- Papier 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 Thirukanur Papier Machie Craft are registered under Geographical Indications (GIs), which speaks for the old tradition and reputation of handicrafts in Puducherry. Government will render all possible help in getting GIs for other handicraft products.

15 Tourism Industries

Puducherry is multi-dimensional 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.



Professional marketing campaign will be strengthened to attract more investors to invest in tourism sector especially in hotel industry. This not only fetches revenue for the administration but also increases the inflow of tourists and the occupancy in hotels which will result in increased business.

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 home stays to boost tourism in the Union Territory of Puducherry. The comfortable home stay 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's hospitability, cuisine, customs and traditions by staying with families. This system will also ease the suffering of tourists in getting hotel accommodation in peak seasons.

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

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

16 Fragrance and Flavour Industries



Availability of fertile lands in Puducherry and Karaikal will be conducive to cultivate aromatic plants which will provide perennial revenue to the farmers as well as the fragrance industries. One Fragrance and Flavour Development Centre will be set up at Pandit Jawaharlal Nehru College of Agriculture (PAJANCOA), Karaikal with the assistance of the Ministry of MSME.

Fragrance and Flavour Development Centre will provide the following services:

- Supply of planting materials/seeds.
- Production/Processing Facilities.
- Quality Assurance and 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.

8. 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 8,955 MSMEs with an investment of ₹ 1,589 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 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.

9. Land Bank



The Government has already identified land bank of 1,425 acres - 800 acres at Sederapet and 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 Government 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.

10. 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 proposes short term/long term/ modular courses in the existing ITIs and Polytechnic and Engineering colleges with participation of Industry and involving the Industrial Associations. 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 Government training centers / Private Institutes will be tied-up for the Advanced Skill Development Training.

11. 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 Committee chaired by the Hon'ble Chief Minister will decide the benefits that can be extended to the industries. Those having investment of above ₹ 100 crores in plant and machinery or providing employment to 500 persons is considered as Mega Project and those having investment of above ₹ 200 crores or providing employment to 1,000 persons is considered as Super Mega Project and proportionate benefits will be extended by the High Level Committee.

12. Infrastructure Project Proposals

The Government of Puducherry has prepared Comprehensive Mobility Plan for the entire Puducherry region covering an area of 294 Sq.Km. for achieving the desired level of service with an investment of ₹ 5,321 crores.

Road Network System

- Road 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 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 2,500 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.



13. Linkage 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 have a wide range of relationships by way of seminars, workshops, training, contract research, consultancy, incubation, patenting, etc. Puducherry 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.

14. 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 and 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 ₹ 25,819 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.

15. 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 ₹ 10 lakh and ₹ 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, can 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.

16. 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 and Promotion (DIPP), as an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding ₹ 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 Industrial Guidance Bureau.

17. Pradhan Mantri Mudra Loan Yojana PMMY

The Hon'ble Prime Minister launched the **Micro Units Development and Refinance Agency or the MUDRA Bank.**

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.

Shishu



Up to ₹ 50,000

Stage - 1

Kishor



₹ 50,000 to ₹ 5,00,000

Stage - 2

Tarun



₹ 5,00,000 to ₹ 10,00,000

Stage - 3

Eligible activities

- Food Services
- Vegetable and Fruit Vendors
- Hair Cutting Saloon and Beauty Parlours
- Transportation Services
- Repair Shops
- Self Help Groups
- Hawkers
- Artisans

Objectives

- 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

All Scheduled Commercial Banks in public and private sector, Regional Rural Banks, all Micro Finance Institutions (MFI), small business finance companies and NBFCs, Scheduled urban and state co-operative banks will support MUDRA activities.

18. 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 Electronics Systems Design and Manufacturing (ESDM) focused, with specific 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 MSMEs 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 and 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 and 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 industries and support them for a period of 12 months by assigning a mentor.

The invigorated efforts of the 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.

19. Inclusive Growth and 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 of 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 to all groups, including the most marginalized, Reduction of poverty and inequality 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, mortgages and hypothecation of Land/Shed/Buildings.
- Power cost reimbursement for 5 years from the date of commencement of commercial production.
- Training Assistance.
- Marketing Assistance.

20. 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 below.

An Industrial Guidance Bureau (IGB) set up at present in the Department of Industries and Commerce is functioning for effective co-ordination between the line departments to enable the entrepreneurs to get various licences. Weekly meetings are conducted to facilitate easy clearances.

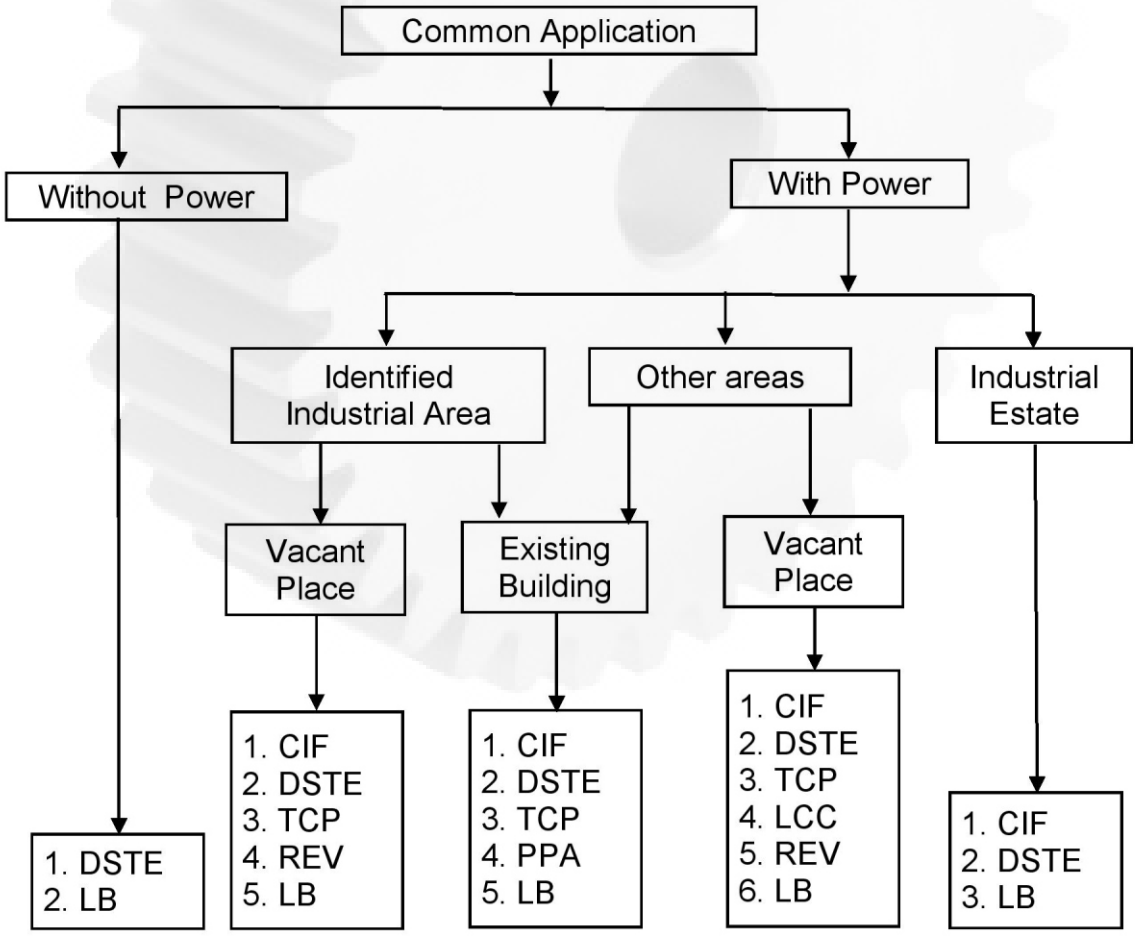
Common Application received through IGB is forwarded within 3 days to the line departments for the following purposes.

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 & Country Planning Department – Land Use Conversion Committee	LCC	Land use Conversion
6	Revenue Department	REV	Clearance from land acquisition
7	Municipality/Commune Panchayat	LB	Public objection / issue of permission

The Flow of Common Applications to the Departments



The departments scrutinize the applications and issue the necessary clearances/NOC/Permissions within the stipulated time period.

Clearances and Approvals by Various Departments

Sl. No	Item/activity	Department/ organisation	Time limit/ (working days)
Pre Establishment Stage			
1	Forwarding of common application to the concerned departments.	District Industries Centre.	3
2	Issue of NOC and Consent to establish.	Pondicherry Pollution Control Committee.	30
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	Clearance under Revenue Acts (if required).	Revenue Department.	30
7	Licence, (if required).	Food and Drugs Administration.	30
8	Statutory permission for establishment of the unit.	Municipality/ Commune Panchayat.	30
Post Establishment Stage			
9	Licence.	Municipality / Commune Panchayat.	30
10	Factory Licence.	Inspectorate of Factories.	30
11	Air and Water Consent for operation of the unit.	Pondicherry Pollution Control Committee.	30

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.

21. 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. A cash award of ₹ 2 lakhs and a citation will be given to Micro, Small and Medium Enterprises in the following categories:

a) Outstanding Entrepreneur.

b) Outstanding SC/ST Entrepreneur.

c) Innovation in Technology (Product (or) Process).

d) Outstanding Exporter.

e) Green and eco-friendly Measures.

f) Outstanding Artisan of the year.

22. Rehabilitation of Sick Enterprieses

The problem of industrial sickness has become a matter of great concern. Closure of industrial units lead 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 ₹ 50,000.

(ii) Registered experts in the field of technology, marketing and finance may be engaged to advise sick unit. 50%of fees (maximum ₹ 50,000 per unit) will be reimbursed on implementing suggestion given by such expert.

(iii) Interest subsidy @ 5% per annum limited to ₹ 3 lakhs per year for three years on additional finance disbursed by banks / financial institutions for rehabilitation.

(iv) Other firms taking over a sick unit for rehabilitation will also be eligible for assistance as above.

23. Retention of Existing Industries

Government of Puducherry implemented uniform floor rate 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 are 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, Startup India etc., would be helpful to industrial units to grow at the expected level.

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.

24. Ancillary / Vendor Development



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

The SMEs play a symbiotic role 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 promotion 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.

25. Industrial Corridor



The U.T. of Puducherry has requested the 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 co-ordinated 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.

26. 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 co-ordinate with the Industries to have a systematic and comprehensive annual state-wide plan so that CSR activities make a greater impact in Puducherry.

27. High Level 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 Government	Member
4.	Development Commissioner	Member
5.	Secretary to Government (Ind & Com)	Member
6.	Director of Industries & Commerce	Member Secretary

28. Incentives

There are 16 types of subsidies proposed for the growth of industries.

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

a) For Micro and Small Enterprises, 40% on the investments made on land, building, plant and machinery subject to a maximum of ₹ 40.00 lakhs.

b) For Medium and Large Enterprises, 35% on the investments made on land, building, plant and machinery subject to a maximum of ₹ 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 ₹ 75.00 lakhs.

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

a) For Micro and 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 ₹ 5 lakhs per annum for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.

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

5. **Infrastructure Development Subsidy (For IT / ITES):** 30% subsidy subject to a maximum of ₹ 1 crore will be granted on the investment made on building with a minimum extent of 50,000 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, 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.

7. **Generator Subsidy:** 50% subsidy on the investment on Generator with a ceiling of ₹ 5 lakhs per industrial unit for micro, small and medium industrial units.

8. **Employment Incentive:** Wage / employment subsidy of 20% wage / salary up to a maximum of ₹ 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 at least 60% of the employment to the people of Union Territory of Puducherry.

9. **Subsidy on Pollution Control Equipment:** The units which are installing pollution control equipment will be granted subsidy @ 25% up to a maximum of ₹ 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 a maximum of ₹ 10 lakhs.

11. **Skill Enhancement Fund:** 50% of fees subject to a maximum of ₹ 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 ₹ 2 lakhs.

13. Intellectual Property Protection Support: Assistance @ 50% subject to a maximum of ₹ 2 lakhs for meeting the expenditure for obtaining domestic patent and ₹ 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 ₹ 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 ₹ 25,000 will be reimbursed to MSME.

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

Special Package for sick/closed enterprises:

A separate Package of Incentives/concessions will be considered for rehabilitation of sick/closed industries.

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 for exemption on case to case basis.

29. Fast Track Single Window System

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

30. 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 departments and stakeholders to make any revision in the policy.

31. 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.

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 of industries in Puducherry.

GOVERNMENT OF PUDUCHERRY

ABSTRACT

Department of Industries and Commerce-Industrial Policy, 2016-Orders Issued-Reg.

Department of Industries and Commerce

G.O. Ms. No. 7 /2016/Ind.A Puducherry, dated 04-10-2016

Read: I.D. Note No. 1-13/Ind.&Com./A-6/2016, dated 16-09-2016. of Director of Industries and Commerce, Puducherry

*****

ORDER:-

The following notification shall be published in the next issue of official Extraordinary Gazette.

NOTIFICATION

Whereas 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 current impasse in industrial growth has necessitated the new industrial policy to ensure a vibrant growth of industrial sector in the Union Territory of Puducherry.

2. Whereas several rounds of consultative and interactive meetings with line departments such as Electricity Department, Commercial Tax Department, Labour Department, Local Administration Department, CII, Chamber of Commerce, all Industrial Associations, business delegates were held and their valuable suggestions/inputs are incorporated in the Industrial Policy, 2016.

3. Whereas the Industrial Policy, 2016 has been formulated with the 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 pro-active services and effective administration.

4. Whereas the Industrial Policy was approved by the Council of Ministers on 08-09-2016.

5. And now therefore the Hon'ble Lieutenant Governor is pleased to accord approval for the "Industrial Policy, 2016" which is appended to this order.

6. The Department of Industries and Commerce shall formulate guidelines wherever required for implementing the schemes.

/BY ORDER OF THE LIEUTENANT GOVERNOR/

(**G. MALAR KANNAN**)
Additional Secretary (Ind. & Com.)

To

The Director of Stationery and Printing, Puducherry.

With the request to publish the above notification in the next issue of Extraordinary Gazette and send 50 copies to this Department for record.

Copy to:-

All Secretaries / Secretary to Lieutenant Governor/ Secretary to Chief Minister/PS to Speaker/Dy. Speaker/PS to all Ministers.

1. The Director of Industries and Commerce, Puducherry.
2. All Heads of Departments, Puducherry.
3. The Finance Department, Puducherry.
4. The Director of Accounts and Treasuries, Puducherry, Karaikal, Mahe and Yanam.
5. The Office of the Accountant General (Audit), Tamilnadu & Puducherry, Chennai.
6. The Office of the Accountant General (Audit), Puducherry.
7. The Central Record Branch, Puducherry.
8. G.O. File/Spare.

