



GUJARAT

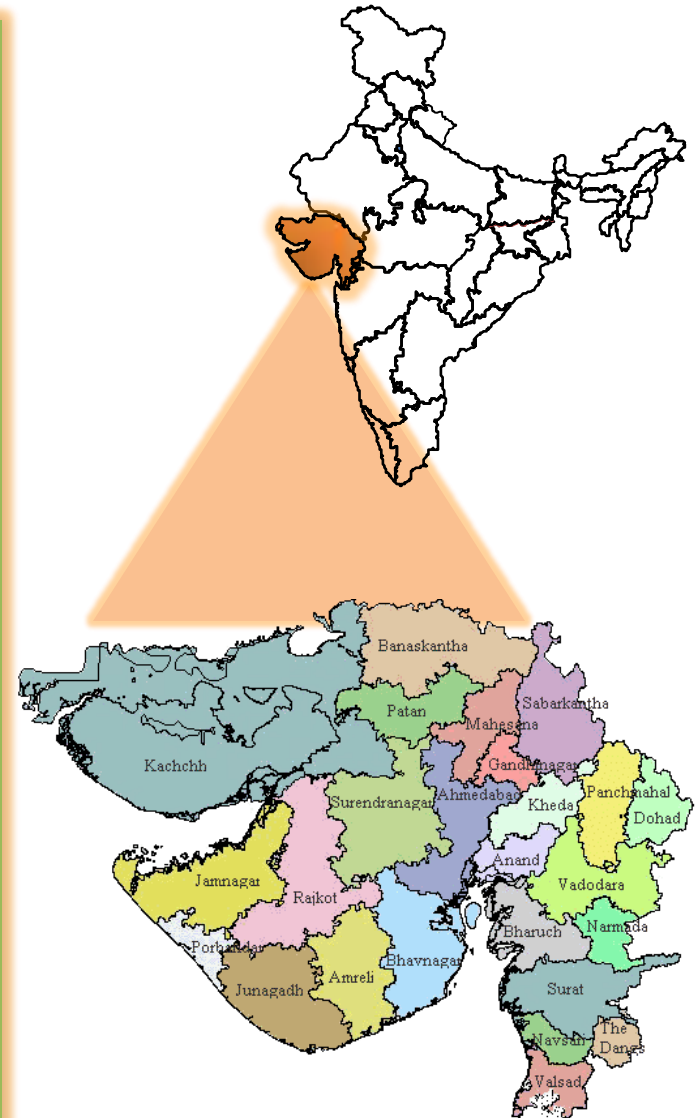
December 2008



State Economy and Socio Economic Profile

Gujarat – a snapshot

- On May 1, 1960, Gujarat was created out of 17 northern districts of the former state of Bombay
- Located on the western coast of India, it has the longest coastline of 1,600 Km.
- Population of approximately 50.7 million (five per cent of India) and an area of 1,96,024 Sq. Km. (six per cent of India)
- Bounded by the Arabian Sea to the west and south west and by Pakistan in the North
- Flanked by states of Rajasthan and Madhya Pradesh towards the north east and east, Maharashtra and the Union Territories of Daman, Diu and Nagar Haveli, towards the south
- Gandhinagar, the capital city of Gujarat is located close to Ahmedabad, the commercial capital
- Diverse climatic conditions with mild and pleasant winters and hot and dry summers and heavy monsoon
- The state currently has 25 districts (226 talukas, 18,618 villages, 242 towns)



Socio-economic snapshot

Demographic indicators	
Population density	258 per Sq. Km.
Rural population (%)	62.64
Urban population (%)	37.36
Decadal growth rate	22.66% (1991-2001)
Birth rate	23.5 (2006)
Death rate	7.3 (2006)
Growth rate	16.6 (2005)
Sex ratio	920 females per 1,000 males (2001)
Effective literacy rate	69.14 % (2001)

Source: Socio-Economic Review 2007-2008

Economic indicators

Growth trends in Gross State Domestic Product (GSDP)

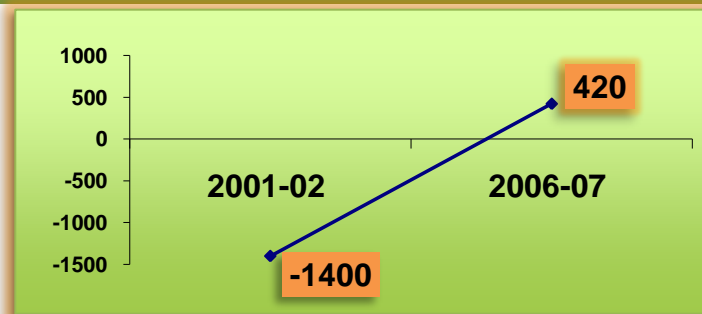
- Current GSDP is US\$ 60.60 billion (E) (at current prices)
- GSDP Growth (2006-2007) – 15.81 per cent
- Gujarat has set the highest growth target of 11.2 per cent for 11th Five Year Plan

- Tertiary sector- highest contributor to GSDP
- Manufacturing sector- a key driver of Gujarat's economy

- Per capita income of Gujarat (2006-2007) is US\$ 705, higher than the national average (US\$ 627.2)

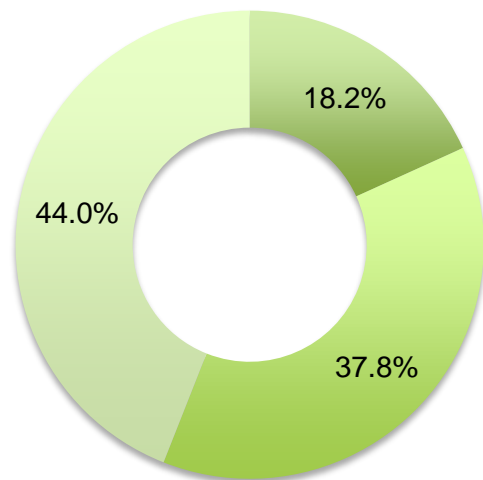
Source: Socio-Economic Review 2007-2008

From revenue deficit to revenue surplus (US\$ mn) *

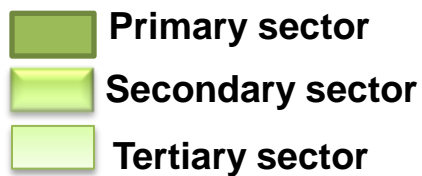


Economic profile

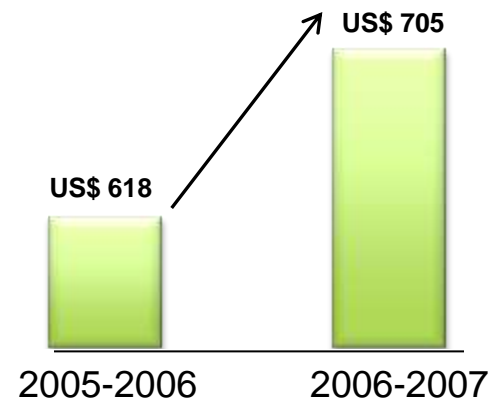
Composition of GSDP
as per economic activity *



* Source: Socio-Economic Review 2007-2008



Increase in per capita income
(at current prices) *



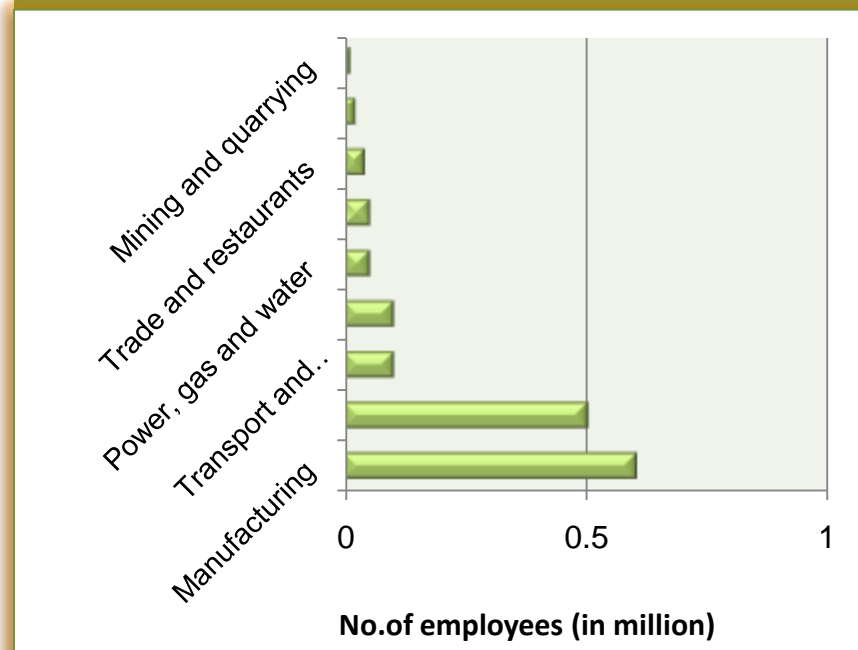
* Source: Socio-Economic Review 2007-2008

Socio-economic profile

Employment distribution

- Manufacturing accounts for largest share of employment across industries
- Employment in public sector establishments was 1.8 million (June 2007)
- Employment in private sector was one million (June 2007)
- Public sector employed 18.66 per cent and private sector employed 10.21 per cent women (June 2007)

Employment distribution across sectors, 2000



Source: Socio-Economic Review 2006-2007

| Infrastructure Status

Physical infrastructure – ports

- 41 ports along 1,600 Km. coastline including one major port at Kandla and 40 minor ports
- State has six direct berthing commercial ports, 14 direct berthing captive port terminals, 11 lighterage cargo ports
- Amount of total cargo handled is 143 mmtpa* (approx. 25 per cent of India) (May 2007)
- Two LNG Terminals- cost efficient transportation of natural gas, crude oil and petroleum products from Middle East and Europe
- First state to take up port privatisation
- Modern mechanised cargo handling systems in all new ports
- Port Policy envisages development of 10 greenfield sites

Ports of Gujarat



Source: Gujarat Maritime Board

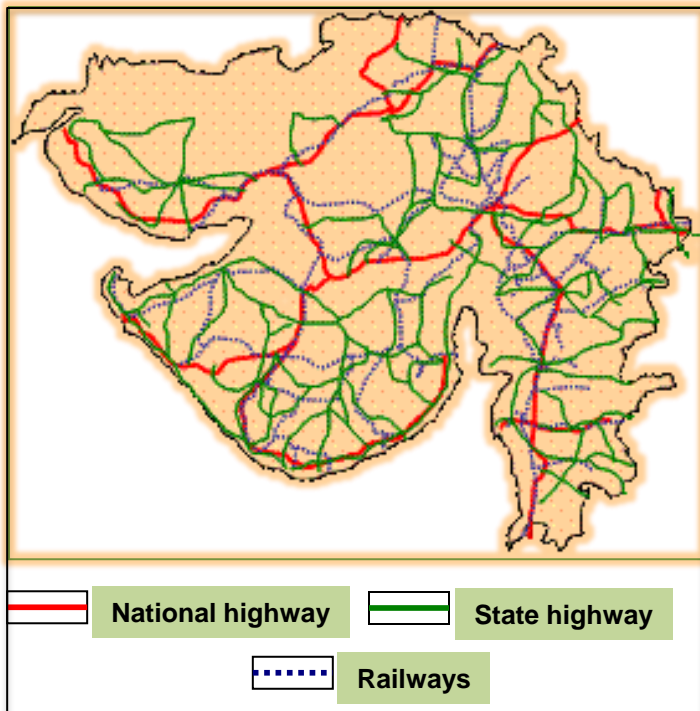
Physical infrastructure – rail, road and air – 1/2

- Road network of 74,111 Km., including national highways (2,781 Km.), state highways (18,738 Km.) and expressways (93 Km.); targeted to increase to 1,14,866 Km.
- 38.2 per cent of total expressways and national highways in the state are multi-lane; 87.9 per cent of total roads are asphalt-surfaced
- 98.86 per cent rural connectivity through all weather roads, the highest in India
- Pragatipath Yojana (government initiative introduced in 2005) envisaged development of nine high speed corridors and widening of highways to connect tribal, coastal, industrial and rural areas with mainstream areas
- 13 domestic airports (highest in the country) and one international airport (Ahmedabad)
- Extensive railway network of 5,188 Km.

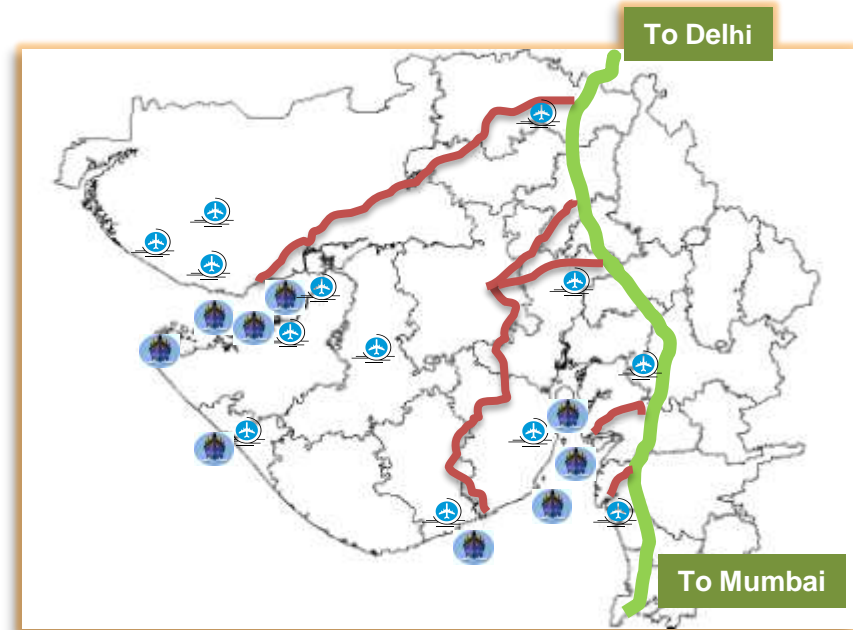
Sources: Gujarat State Road Development Corporation, Socio- economic survey, 2007- 08

Physical infrastructure – rail, road and air – 2/2

Transportation network across Gujarat



Sources: Gujarat State Road Development Corporation, Socio-economic survey, 2007- 08



Railroad	Length (Km.)
Broad gauge	2,736
Metre gauge	1,665
Narrow gauge	787

Sources: Compiled from industry sources, EY research



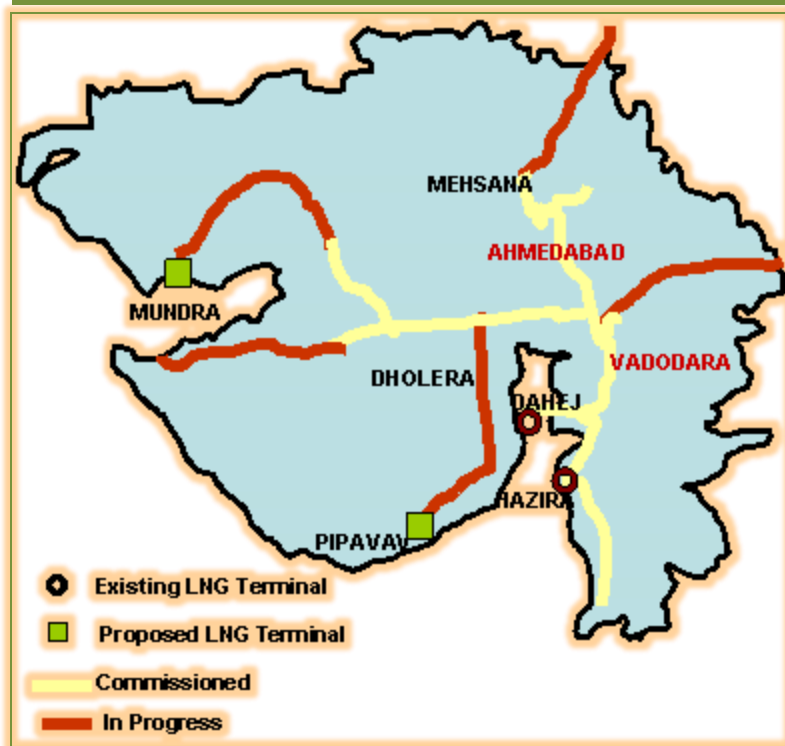
Physical infrastructure – power – 1/2

- Electricity generation capacity of 17,403 MW (including captive power generation capacity) (2007-2008)
- Over 18,000 villages supplied with 24-hr, three-phase electricity under Jyotigram Yojana
- Unbundling of Gujarat Electricity Board (GEB) has led to reduction in transmission and distribution (T&D) losses from 30.90 per cent (2003-2004) to 21.5 per cent (2006-2007)
- Only state in India with a 2,200 Km. integrated gas grid operated on an open access, common carrier principle
- City Gas Distribution Project to connect two million households with Piped Gas Network (PNG) over next few years
- Gujarat State Petroleum Corporation (GSPC) holds 42 oil and gas fields across India, in addition to exploration blocks in Australia, Egypt and Yemen
- GSPC discovered the largest gas reserve in India at Krishna-Godavari Basin with an estimated reserve of 20 TCF*

* Trillion Cubic Feet

Physical infrastructure – power – 2/2

Integrated gas grid for energy security



Integrated gas grid

Current transmission	13 mmscmd**
Total length	2,200 Km.
Completed	1,200 Km.
Under-construction	800 Km.

Source: Gujarat State Petroleum Corporation.

** million metric standard cubic metre per day

Physical infrastructure – telecom and IT infrastructure – 1/2

- **Key initiatives introduced as part of the E-Governance drive:**
 - Gujarat State Wide Area Network (GSWAN), world's second largest IP-based WAN connecting over 2,800 government offices
 - Availability of Secretariat Integrated Communication Network (SICN) with over 7,500 voice connections
 - Online redressal of citizen grievances through State Wide Grievance Attention on public grievances by application of Technology (SWAGAT)
 - Integrated Workflow and Document Management System (IWDMS) streamlines documentation in government office
- All district headquarters provided with back-up support of transportable V-SAT terminals
- Availability of State Disaster Resource Network (SDRN) – Database of disaster management related inventory
- Bhaskaracharya Institute for Space Applications and Geoinformatics (BISAG) has satellite communication facilities with a dedicated bandwidth

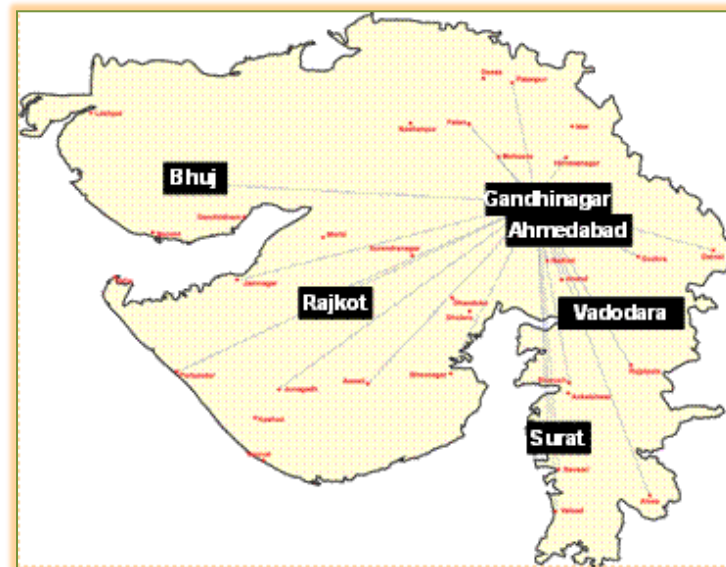
Physical infrastructure – telecom and IT infrastructure – 2/2

Telecommunication snapshot (October 31, 2006)

Phones per 100 population (including WLL + mobile)	6.77
Phones per Sq. Km. (including WLL + mobile)	17.48
No. of internet subscribers	1,46,176
No. of cellphone subscribers (November 30, 2006)	74,13,500 (52.89% increase from November 2005)

Source: Socio-Economic Review, 2006-2007

Gujarat state wide area network



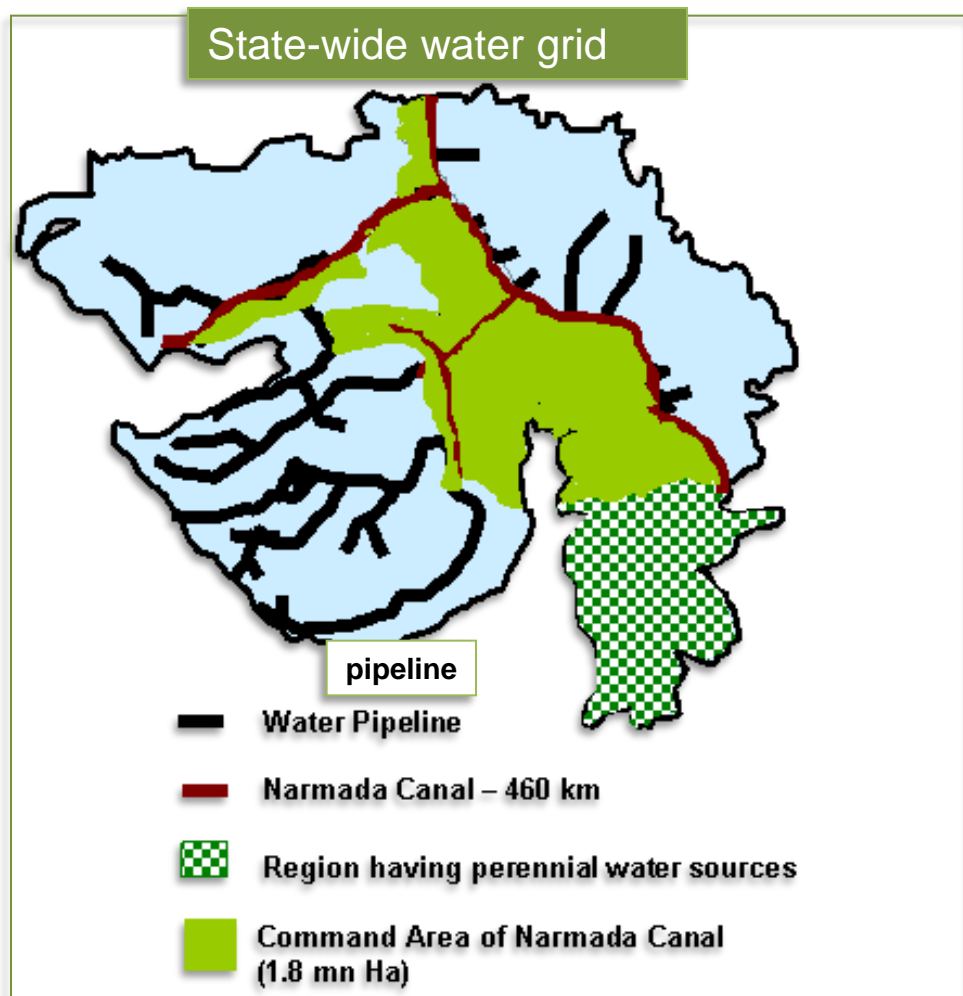
Source: Vibrant Gujarat documents, EY research

Physical infrastructure – water – 1/2

- To overcome the uneven availability of water in the state, the development of the water grid was proposed
- Government plans to cover 75 per cent population through the grid by 2010
- Water Conservation Schemes:
 - 87,179 check dams*
 - 35,379 bori bandhs (Dams made of sand bags)
 - 1,30,262 khet talavadi (Farm ponds)
 - 5,551 deepened ponds
- Gujarat Water Users' Participatory Irrigation Management Bill, 2007 – Authorizes farmers to constitute Water Users' Associations (WUA) for management of canals handed over, after rehabilitation by the Government

* Check Dam – Small weir constructed across rivulet having minimum discharge of 1 cusec after monsoon

Physical infrastructure – water – 2/2



Source: www.guj-nwrs.gujarat.gov.in

Surface water	38,100 MCM*
Ground water	12,000 MCM
Total	50,100 MCM

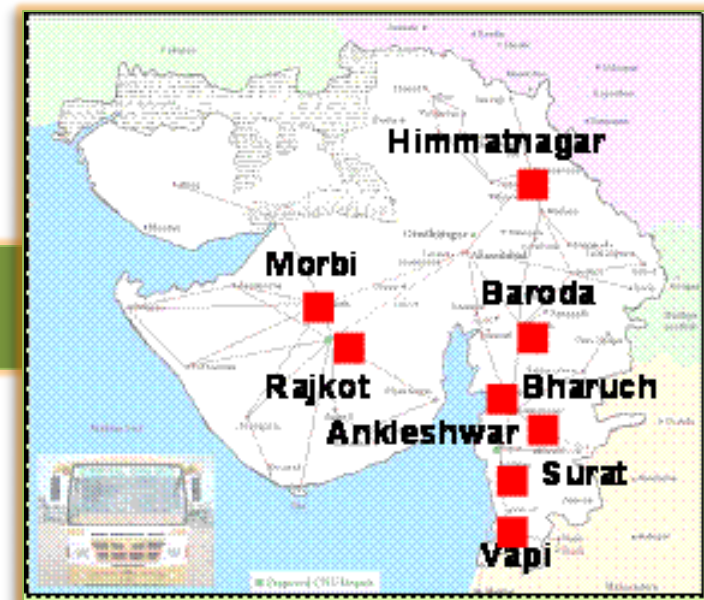
* million cubic metre

Urban infrastructure – 1/3

CNG initiatives of the State

- Replacement of conventional fuels by Compressed Natural Gas (CNG) for all buses and auto rickshaws
- 90 CNG stations already established
- 535 CNG buses and 31,513 CNG auto rickshaws currently operational
- In Ahmedabad, CNG auto rickshaws made mandatory

Proposed CNG bus depot and operation (2007-2008)



■ Proposed CNG Depots

Urban infrastructure – 2/3

Bus Rapid Transit System (BRTS)

- Implemented jointly by state government, Gujarat Infrastructure Development Board (GIDB), Ahmedabad Municipal Corporation (AMC) and Ahmedabad Urban Development Authority (AUDA)
- Total BRTS network – 380 Km., 20 per cent completed (August 2007)
- Entire project to be completed by 2010

Simulation of
BRTS Project



Urban infrastructure – 3/3

River-front development

- Development around Sabarmati and Tapi rivers undertaken to revitalise city and improve existing infrastructure
- Envisages development of commercial, residential and recreational facilities
- Sabarmati River Front Development Corporation honoured with Prime Minister's Award for *Excellence in Urban Planning and Design* for development along Sabarmati River

Other reforms

- Municipal accounting
- Solid waste management
- Energy efficiency



Proposed night view along Sabarmati river

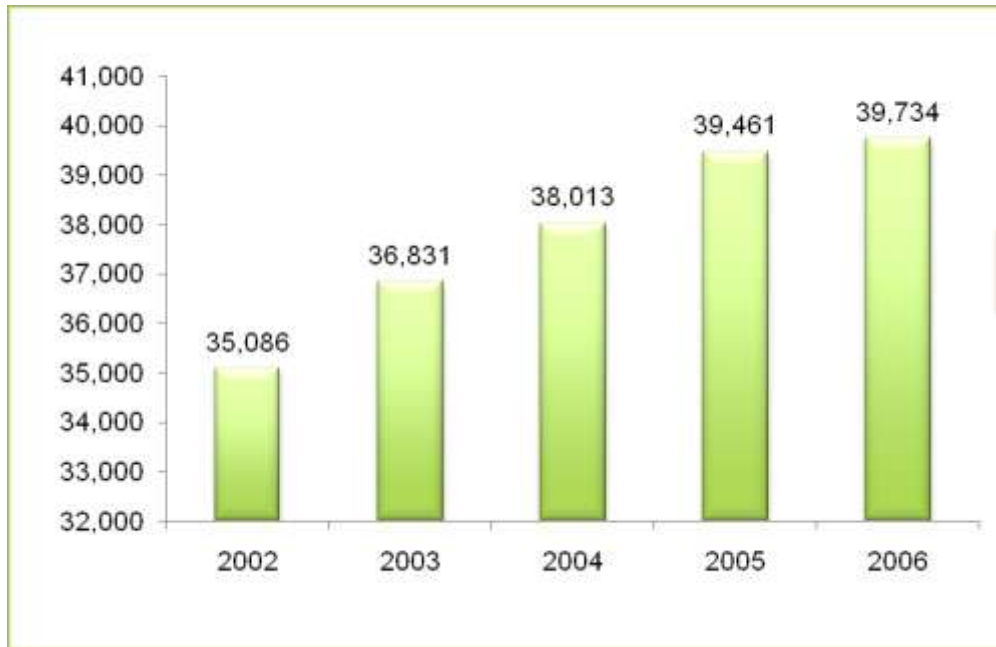
Healthcare facilities

- State currently has 13 medical colleges, 1,072 Primary Health centres (PHC), 7,274 Sub centres, 273 Community Health centres (CHC) and 85 mobile healthcare units
- Public Private Partnership in healthcare delivery
 - Chiranjeevi Scheme introduced to reduce maternal and infant mortality, involves collaborations between government and private-sector specialists to provide safe child delivery, for socio-economically weaker sections
 - Transfer of Palanpur Hospital's management to Wockhardt

Maternal Mortality Rate (MMR)	389 (2005)	172 (Aug 2007)
Infant Mortality Rate (IMR)	64 (2005)	54 (Aug 2007)
No. of private specialists enrolled	801 (till August 2007)	
No. of deliveries by private specialists	95,066 (till August 2007)	
Lives saved under Chiranjeevi Scheme	548 mothers and 3,443 new borns	

Source: Department of Health, GoG

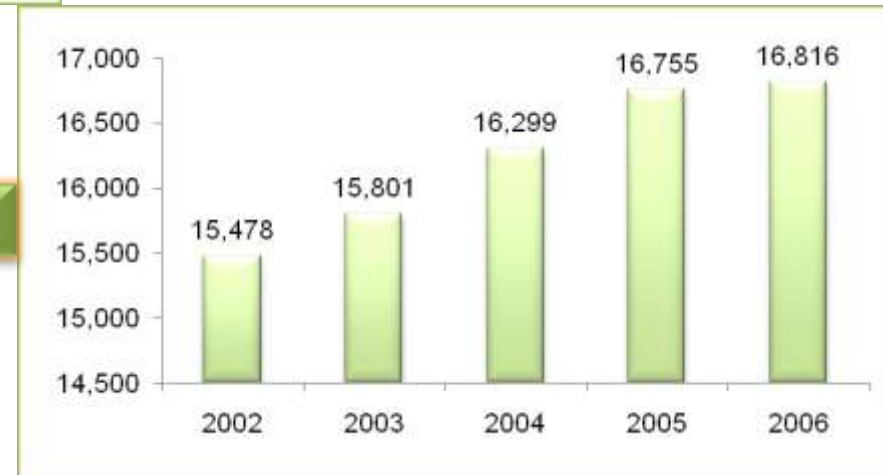
Social infrastructure – health – 2/2



No. of registered doctors (2006)

Source: Department of Health, GoG

No. of registered nurses (2006)



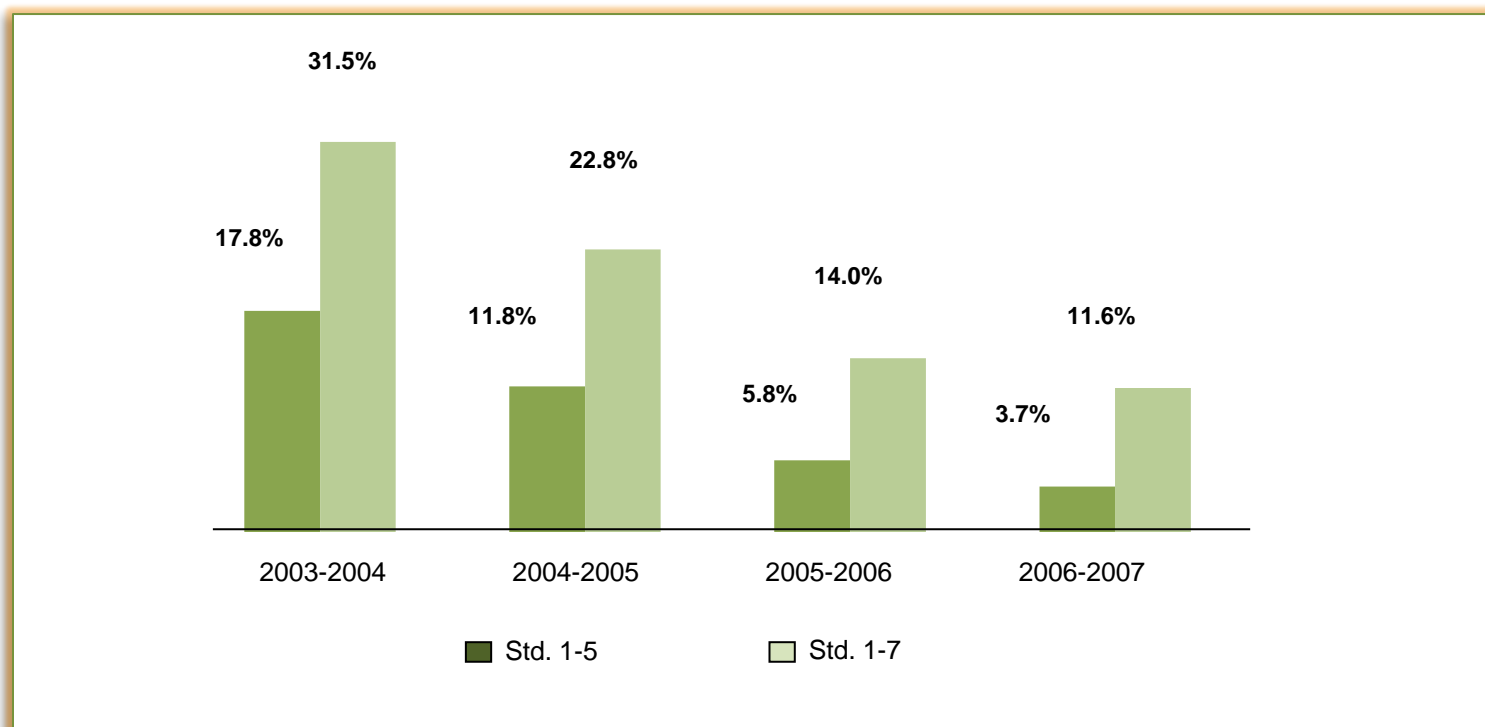
Source: Department of Health, GoG

Social infrastructure – education – 1/2

- New enrolments in primary school– 9,44,432 (2003-2007)
- Addition of 4,357 government primary schools (2003-2007)
- Appointment of 36,583 teachers to meet demand of increasing primary schools (2003-2007)
- Kanya Kelavani – State-wide girl child education campaign to increase enrolment ratio and decrease drop out rates
 - Increase in net enrolment ratio from 75 to 97 per cent
 - Increase in enrolment ratio of girls to boys from 845 (2003-2004) to 866 (2006-2007)
- Vidya Laxmi Yojana – Undertaken to achieve 100 per cent enrolment and retention of girls in primary schools
 - Around 6,99,000 girls have been given Vidya Laxmi Bond in last five years

Social infrastructure – education – 2/2

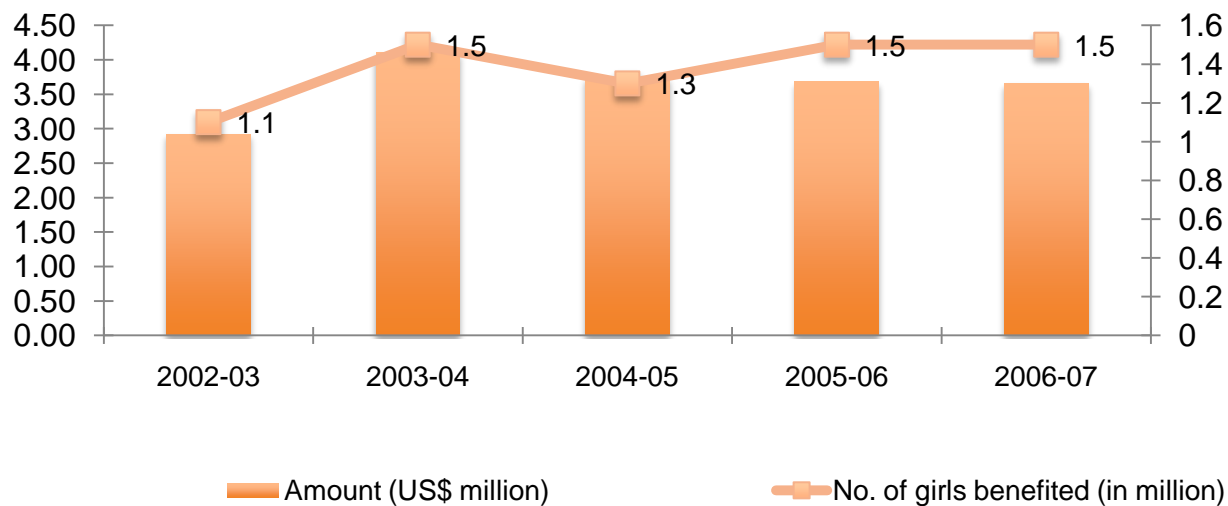
Reduction in year-wise drop-out rates (primary school)



Source: Department of Education, GoI

Social infrastructure – education – 2/2

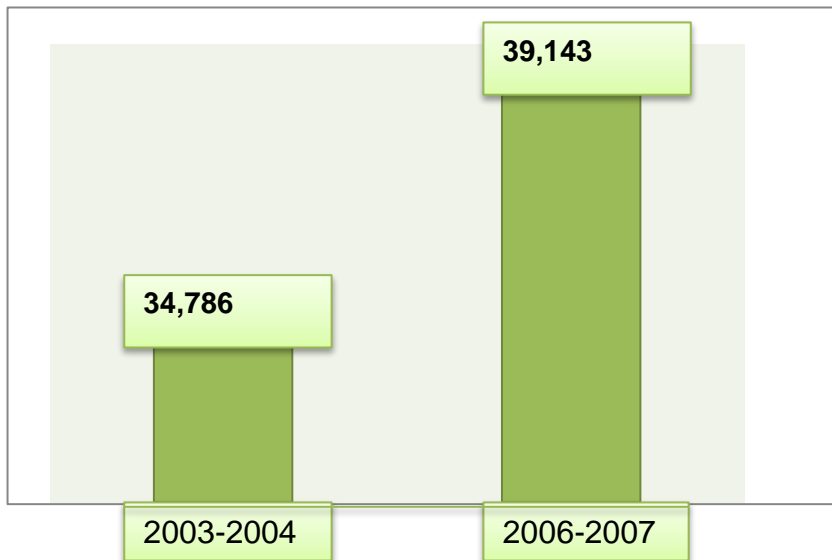
Number of girl children benefited under Vidya Laxmi Yojana



Source: Department of Primary Education, GoG

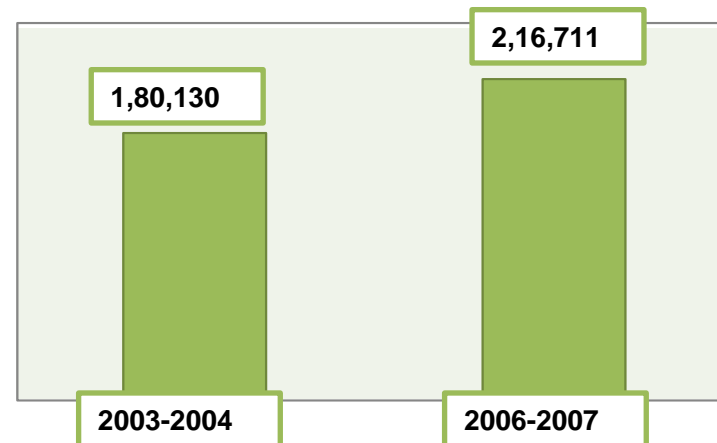
Social infrastructure – education – 2/2

Number of schools



Source: Department of Higher Education, GoG

Number of school teachers



Source: Department of Higher Education, GoG

Industrial infrastructure – 1/5

SMEs*, product clusters and industrial estates

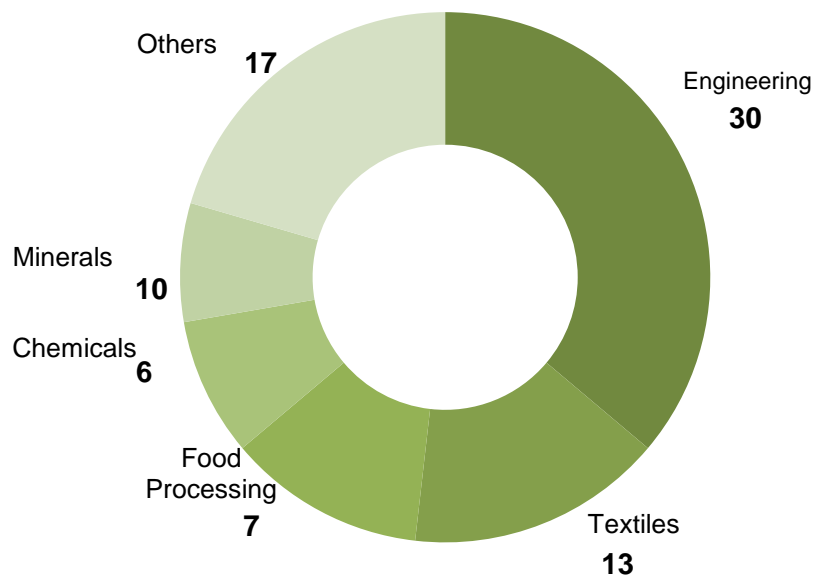
- State's manufacturing industry supported by 312,000 small and 2, 200 medium units
- State has 83 product clusters
- Cluster Development Scheme** launched for furthering growth of product clusters
- Successful clusters include Ceramics cluster (Morbi), Brass parts cluster (Jamnagar), Fish Processing cluster (Veraval) and Power Looms cluster (Ahmedabad)
- Gujarat has 182 industrial estates established by Gujarat Industrial Development Corporation (GIDC) for specific sectors - chemicals, electronics, gems, apparels and granite
- Industrial estates are set up on non-agricultural land after assessment of industrial viability

*Small and medium enterprises

** Clusters are groups of industries manufacturing identical and complimentary products having critical mass of 50 units, located within a radius of 10 Km.

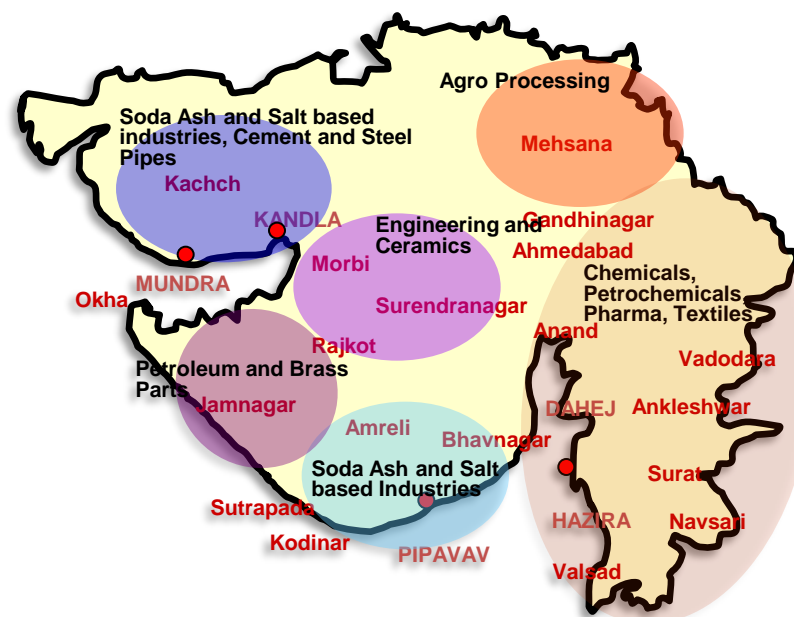
Industrial infrastructure – 2/5

Number of cluster as per industry type, Gujarat



Source: Industries Commissionerate, GoG

Product clusters, Gujarat



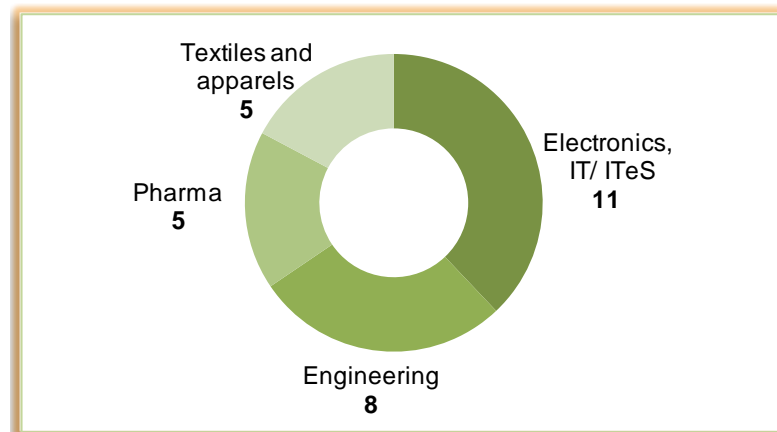
Source: Industries Commissionerate, GoG

Industrial infrastructure – 3/5

Special Economic Zones (SEZs)

- Gujarat has 55 approved SEZs (44 sector-specific and 11 multi-product), as on September 2008
- Current SEZ status: Functional (10), notified (15), in- principle approval (eight), formal approval (22)
- Leading SEZ state with highest geographical area (over 15,000 hectares) under SEZ development
- Key upcoming SEZs: Reliance SEZ (chemicals and petrochemicals), Pharmez (pharmaceuticals) and Essar Hazira SEZ (engineering)
- First state to formulate SEZ Policy which includes flexible labour laws and exit options for investors

Key sector-wise break-up of SEZs



Specific SEZ type	Number
Chemicals	2
Power	2
Gems and jewellery	1
Ceramics and glass	1
Biotechnology	1
Handicraft	1
Multi service	3

Source: Industries Commissionerate, GoG

Industrial infrastructure – 4/5

Key investment regions – Delhi-Mumbai Industrial Corridor

- Gujarat's share of the Delhi-Mumbai Dedicated Freight Corridor of 1,483 Km. is 38 per cent (564 Km.)
- Two investment regions identified for Phase 1 development:
 - *Ahmedabad-Dholera Investment Region*
 - *Vadodara-Ankleshwar Industrial Area*
- DMIC influence area in Gujarat
 - 62 per cent of total area (18 districts out of 25)
 - 74 per cent of population (37 million)
- Excellent connectivity to ports such as Mundra, Pipavav, Dholera, Dahej, Hazira and Maroli
- Other key projects include Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) at Dahej and Special Investment Region (SIR) at Dholera
- Gujarat International Finance-Tec City (GIFT), a collaboration between GUDC* and IL&FS**, being developed as Central Finance and Business District

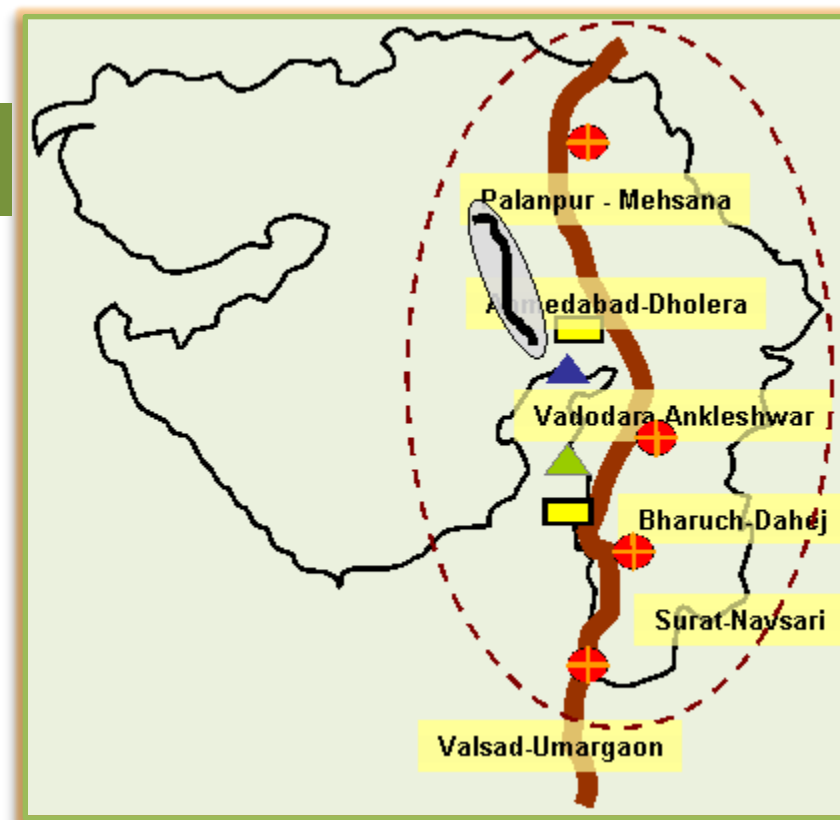
*Gujarat Urban Development Company Ltd.








** Infrastructure Leasing and Financial Services Co. Ltd.

Sources: Industries Commissionerate, GoG, 3inetwork publications, industry sources

Industrial infrastructure – 5/5

Delhi-Mumbai industrial corridor passing through Gujarat



	Mumbai- Delhi High Axle Load Freight Corridor (DFC)
	Ahmedabad-Gandhinagar knowledge corridor
	Investment region (200 Sq. Km.)
	Industrial area (100 Sq. Km.)
	Petroleum, Chemical and Petrochemical Investment Region (PCPIR)
	Special Investment Region (SIR)
	DMIC influence area

| State Policies and Incentives

State policies and incentives

State Industrial Policy – key highlights

- Gujarat Industrial Policy introduced in 2003
- Policy proposed to address industry requirements on long term basis
- Key highlights of the policy:
 - Facilitating access to concrete, speedy and authentic information for entrepreneurs
 - Up-gradation of industrial and urban infrastructure
 - Development of thrust industries
 - Constitution of Gujarat Industrial Promotion Board (GIPB) to provide single window mechanism for large projects
 - Promotion and development of SEZs and industrial parks
 - Flexibility of labor laws in SEZs
 - Power reforms
 - Cluster development for SMEs
 - Human resource development and creation of employment opportunities
 - Creating a global brand image for Gujarat and its products
 - Strengthening existing manufacturing base
 - Environment protection

State policies and incentives – 1/2

Agro policy- key highlights

- Financial support and incentives for agro-industrial projects for development and facilitation of infrastructure, marketing and research,
- Six per cent per annum back ended interest subsidy for first five years from commencement,
- Provision of support to private sector industries, apex cooperative industries and Agriculture Product Marketing Committees (APMCs) for setting up centres of Excellence.
- Initiatives undertaken for export of agri products:
 - Development of agri-export zones and air cargo complex
 - 25 per cent air freight subsidy on agri exports
 - Financial assistance (upto 50 per cent of cost) for R&D activities
 - Kiosks at APMCs for connectivity with related depts. of agriculture, universities, industries and international markets

State policies and incentives – 1/2

Port policy- key highlights

- Enhancing Gujarat's share in national EXIM sector,
- Decongesting existing ports on western coast through efficient services to support domestic and international trade,
- Providing port facilities to promote export-oriented industries and port-based industries entailing almost 50 per cent of total industrial investment,
- Encouraging shipbuilding, ship repairing and manufacturing facilities for cranes, dredgers and floating crafts,
- Promoting coastal shipping for passengers and cargo traffic between various locations within and outside Gujarat
- Supporting power plants by offering exclusive facilities for import of different power fuels,
- Encouraging private sector investment in minor and intermediate ports as well as new port locations.

State policies and incentives – 1/2

Power policy - key highlights

- Carry-out planning and building up adequate capacity in generation, transmission and distribution,
- Achieve optimum utilization of existing equipments,
- Rationalize tariff structure,
- Improve quality of services to achieve cost effectiveness,
- Strive for energy conservation,
- Encourage power generation by utilizing non-conventional sources,
- De-monopolize distribution of power and invite involvement of private partners

State policies and incentives – 1/2

IT policy - key highlights

- Capital subsidy at 25 per cent for eligible new IT units on total eligible capital investment,
- Special incentives as capital subsidy to large units on graduated scale,
- Turnover incentive at five per cent of eligible annual turnover with a ceiling of US\$ 1.2 million,
- Incidence of Sales Tax on computer hardware and peripherals to be reduced,
- Connectivity incentive where government would subsidize leased line rental up to 500 Km., to an extent of 50 per cent of the lease rentals.

State policies and incentives – 1/2

Mineral policy - key highlights

- Invite participation from private sector for mining and exploration,
- Prioritize exploration of lignite to meet power demand of State and fuel requirement of industries,
- Creation of data bank by compiling geological and technical details of State and Central Government agencies in geological survey and mineral exploration,
- Implement environment assessment norms which would be constantly monitored in leases of major minerals,
- Promote use of modern technology in mining.

State policies and incentives – 1/2

Road policy - key highlights

- First state in India to have a law governing Built Own and Transfer (BOT) transaction,
- Impart connectivity to all villages by all-weather roads to improve quality of life in rural areas,
- Develop efficient road system to ensure smooth and uninterrupted flow of goods and passenger traffic,
- Constantly upgrade technology by inducting superior and quicker construction and maintenance methods,
- Induct scientific principles of resource allocation for maintenance and new construction programmes,
- Set high standards of road safety and travel comforts

| Business Opportunities

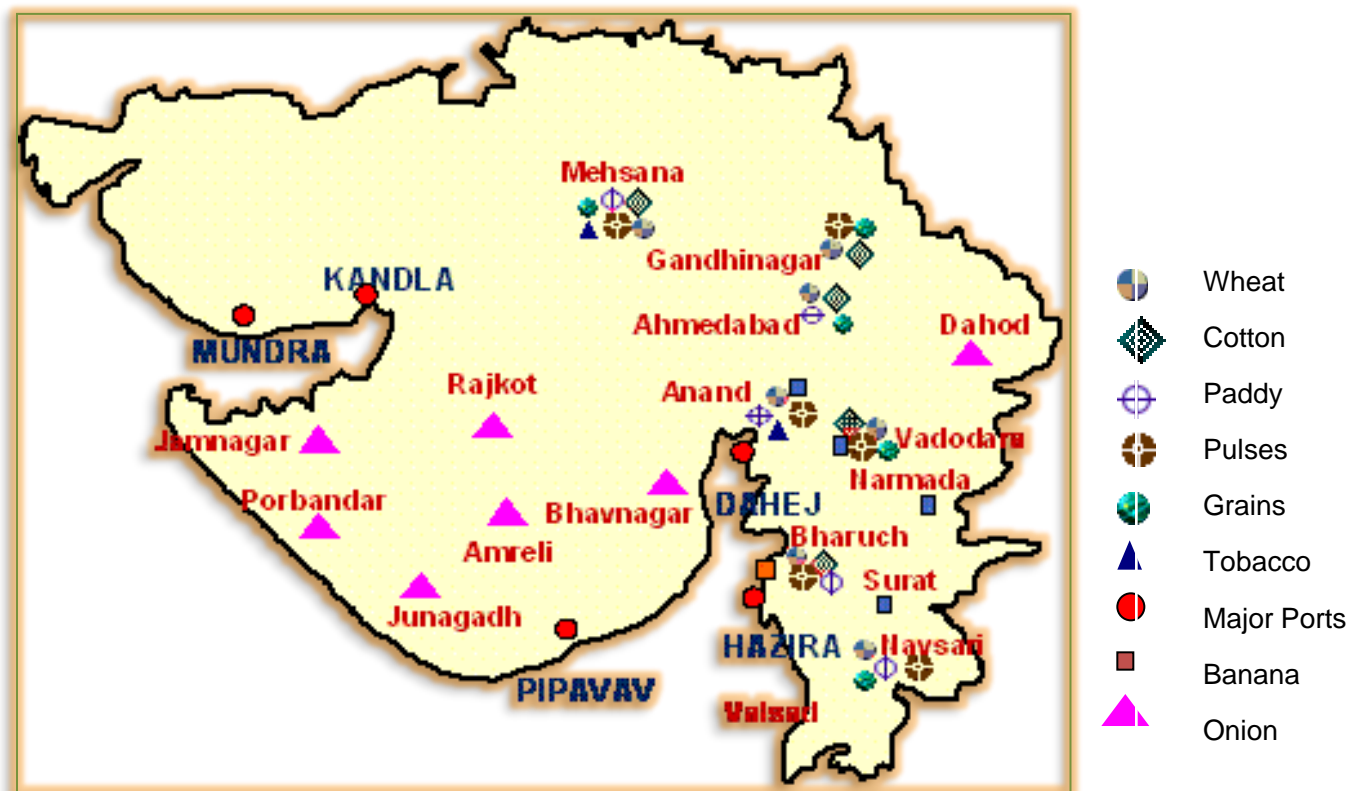
Attractive Sectors

Agro and food processing

- Agro sector, including animal husbandry, contributes 15.5 per cent to Gujarat's GSDP (2005-2006)
- Significant share in national production of principal crops
 - Highest production of groundnut – 3.39 MT
 - Highest production of cotton – 6.77 MT
 - Second highest production of onion – 2.13 MT
- Strong marketing network
- Annual average growth rate – 24.11 per cent (2001-2005)
- 204 market committees
- 193 main yards
- 207 sub-market yards
- State has significant number of well established food processing units:
 - 3,700 small scale industrial units
 - 1,875 working factories
 - 150 large and medium scale units

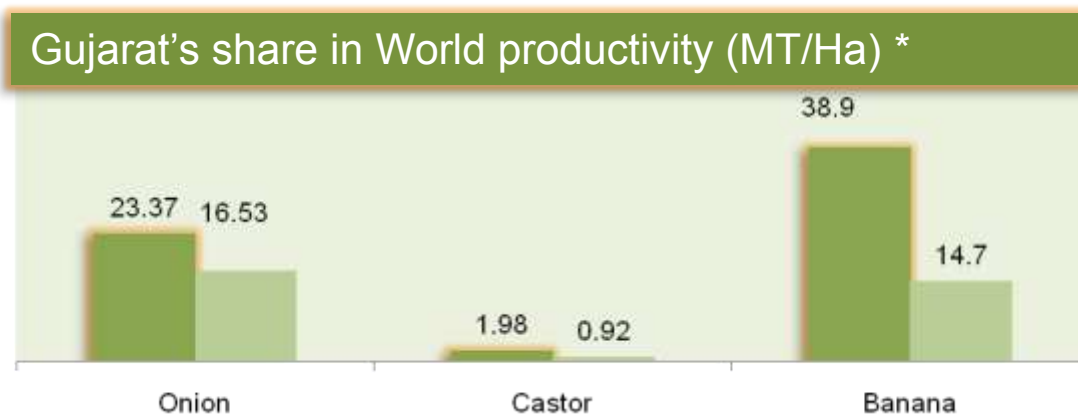
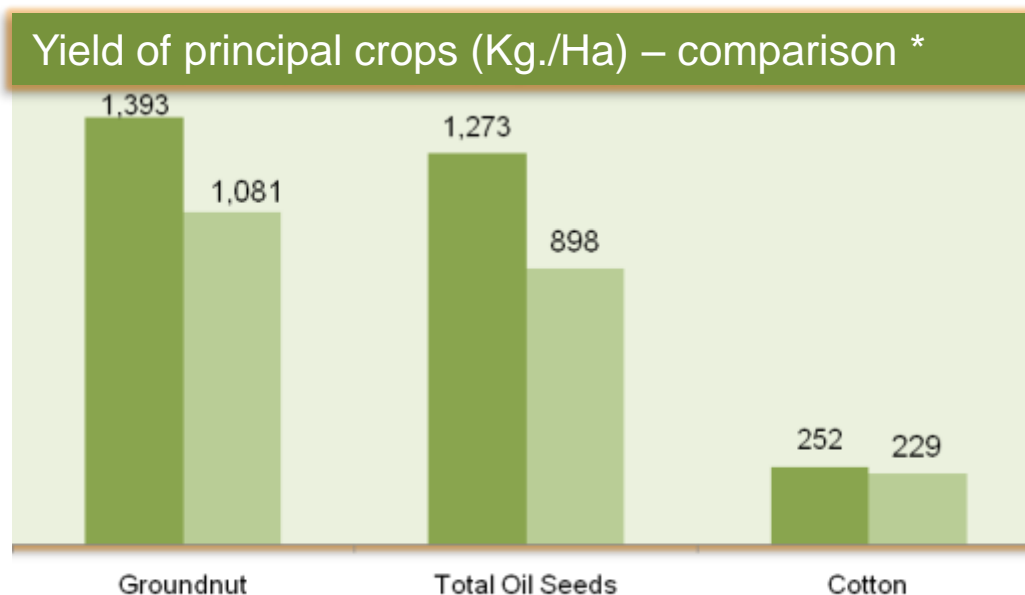
Attractive Sectors

Major crops of Gujarat *



* Sources: Socio-Economic Review 2006-2007 and EY research

Attractive Sectors



* Sources: Socio-Economic Review 2006-2007 and EY research

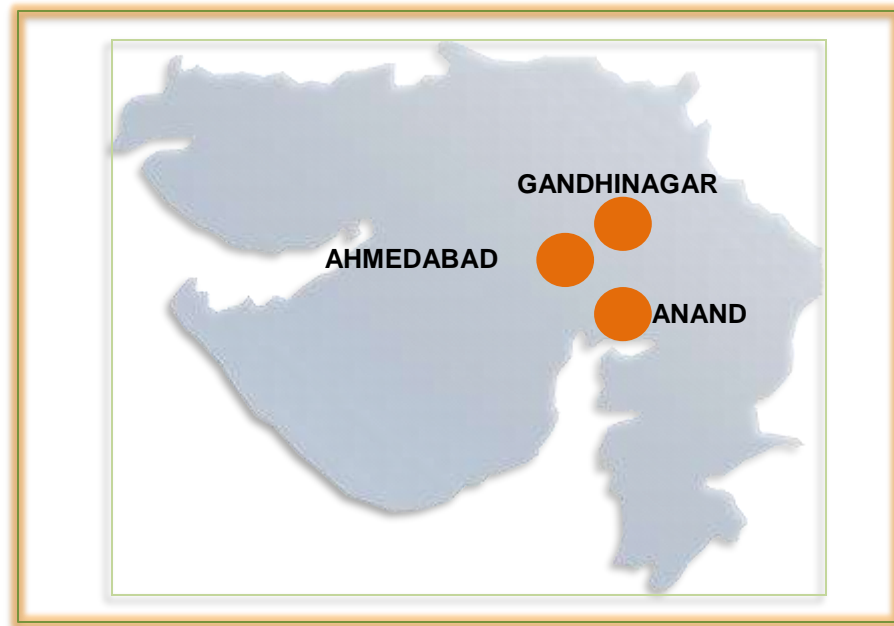
Attractive Sectors

Dairy sector

- Gujarat's dairy sector
 - 13 district milk producers' unions
 - Network of 12,991 milk cooperative societies having 2.5 million members
 - Total milk production – 18.97 million litres per day
- National Dairy Development Board (Anand) - involved in promoting, financing and supporting milk distribution organizations in India,
- Gujarat Cooperative Milk Marketing Federation (GCMMF) a *cooperative dairy giant*, sells Amul and Sagar brands of dairy products through 5,00,000 unorganised retailers and 3,000 distributors,
- GCMMF has clocked a turnover of US\$ 1.05 billion during fiscal 2006-2007 to become the first billion-dollar cooperative in India.

Attractive Sectors

Key districts in dairy sector



Key players in Gujarat



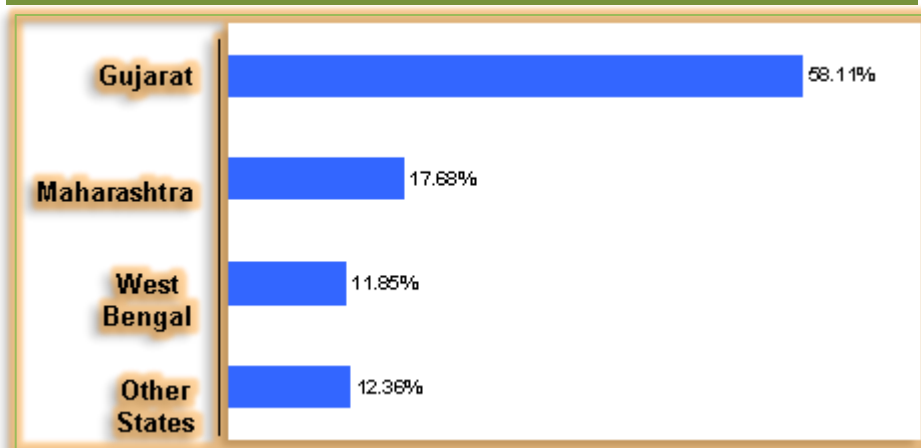
Attractive Sectors

Chemicals and petrochemicals

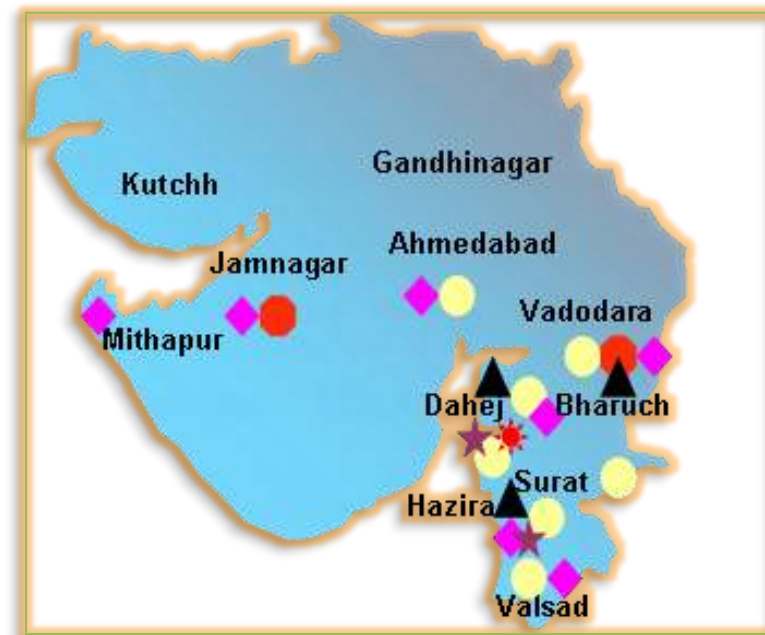
- Gujarat contribute about 58 per cent to national production of chemicals (2005-2006).
- Highest contributor to total national production of petrochemical products,
- Chemicals and petrochemicals account for 60.3 per cent of state's total industrial production.
- Over 3,12,782 registered Small Scale Industrial (SSI) units focusing on production of chemicals (March 2007),
- Highest producer of major chemicals, including alkali, and organic, inorganic, pesticides, dyes and dyestuff,
- 1,867 factories manufacturing chemical products employing over 0.8 million people (2004-2005).
- Major companies present: Reliance Industries, Nirma, Lanxess ABS Ltd., Gujarat Alkalies and Chemicals Ltd. (GACL), Gujarat State Fertilizer Company (GSFC) etc.
- Proposed development of PCPIR at Dahej.

Attractive Sectors

Gujarat's share in petrochemical industry *



* Sources: Ministry of Chemicals and Fertilizers, GoI

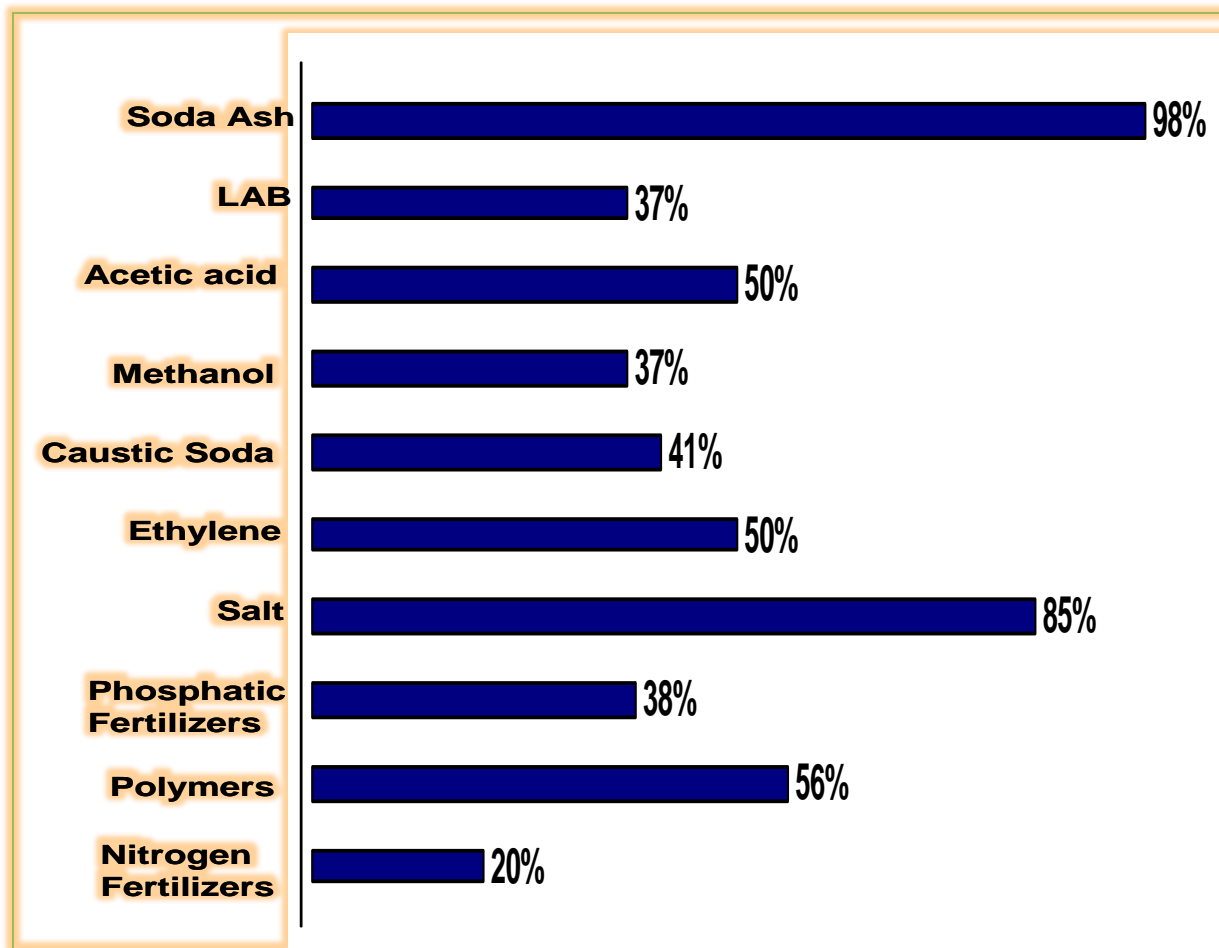


- ◆ Chemical industry complexes
- Large petroleum refineries
- Chemical industries
- ▲ Petroleum complexes
- ★ LNG terminal
- ☀ Chemical port terminal

Sources: Ministry of Chemicals and Fertilizers, GoI and Vibrant Gujarat documents

Attractive Sectors

Gujarat share in major chemicals *



* Sources: Ministry of Chemicals and Fertilizers, Govt

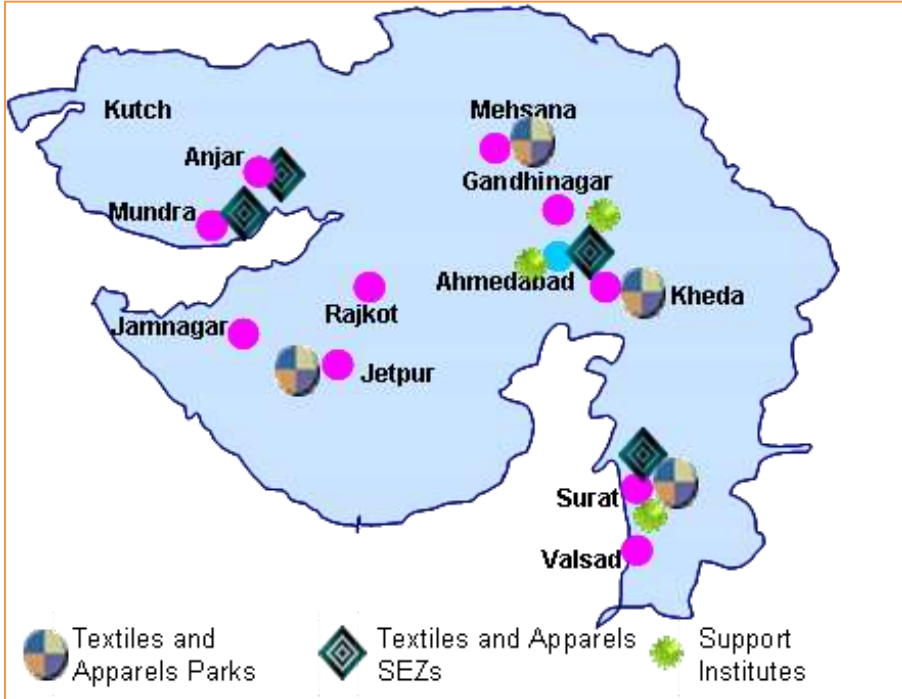
Attractive Sectors

Textiles and apparels

- Largest producer of raw cotton in the country, producing 8.9 million bales (35 per cent), highest exporter of cotton (60 per cent).
- Highest contributor of man-made fibre (31 per cent) and man-made filament yarn (38 per cent) in the country.
- Contributes 12 per cent to national textile exports; over 40 per cent of country's art-silk fabric produced Surat,
- Over 35 per cent of fabric from organised sector and 25 per cent fabric from decentralised power loom sector is from Gujarat,
- Gujarat has Asia's largest denim producer (Arvind Mills).
- Highest number of state-owned looms for cotton and man-made fibre (6,888 as on March 31, 2006); second-highest number of privately owned looms (11,963 as on March 31, 2006).
- 3 million spindles in the cotton/ man-made fibre mills.
- Operations across entire value chain.

Attractive Sectors

Major textile and apparel production zones



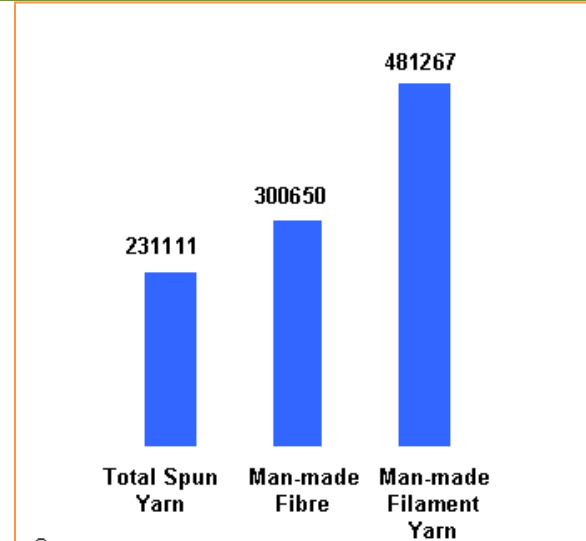
Source: Vibrant Gujarat reports, GoG

Textile industry - statistical snapshot

Textile production	14.2per cent of India
Number of medium and large textile units	1,560
Employment generated for organised sector	1,50,000

Source: Industrial Extension Bureau, GoG

Production of key textiles ('000 Kg.)



Source: Textile Ministry, GoG

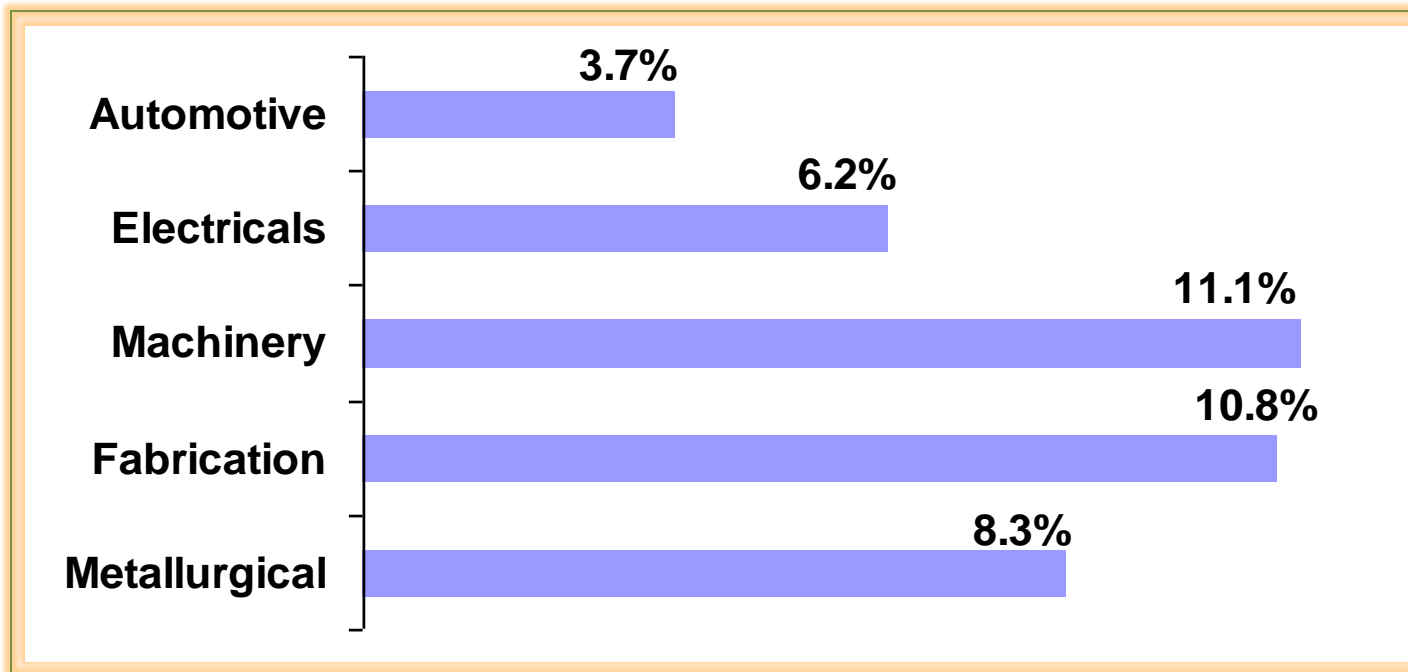
Attractive Sectors

Engineering and Auto

- Contributes 15 per cent of total industrial production in and over 9 per cent to national engineering output to GSDP,
- Average annual growth rate – 15 per cent,
- Over 600 medium and large sector units and over 75,000 small scale units,
- 30 engineering product clusters,
- SSI significant contributors to national production of brass parts, foundry, forging and machine tools, oil engines and electric motors, submersible pumps and industrial valves and bearings.
- Brass parts cluster at Jamnagar has over 5,000 small units and meets the entire requirement for brass parts in India,
- Kutch is the third-largest steel hub in the world,
- General Motors has set up its automotive manufacturing facilities in Gujarat giving boost to auto-ancillary industry.

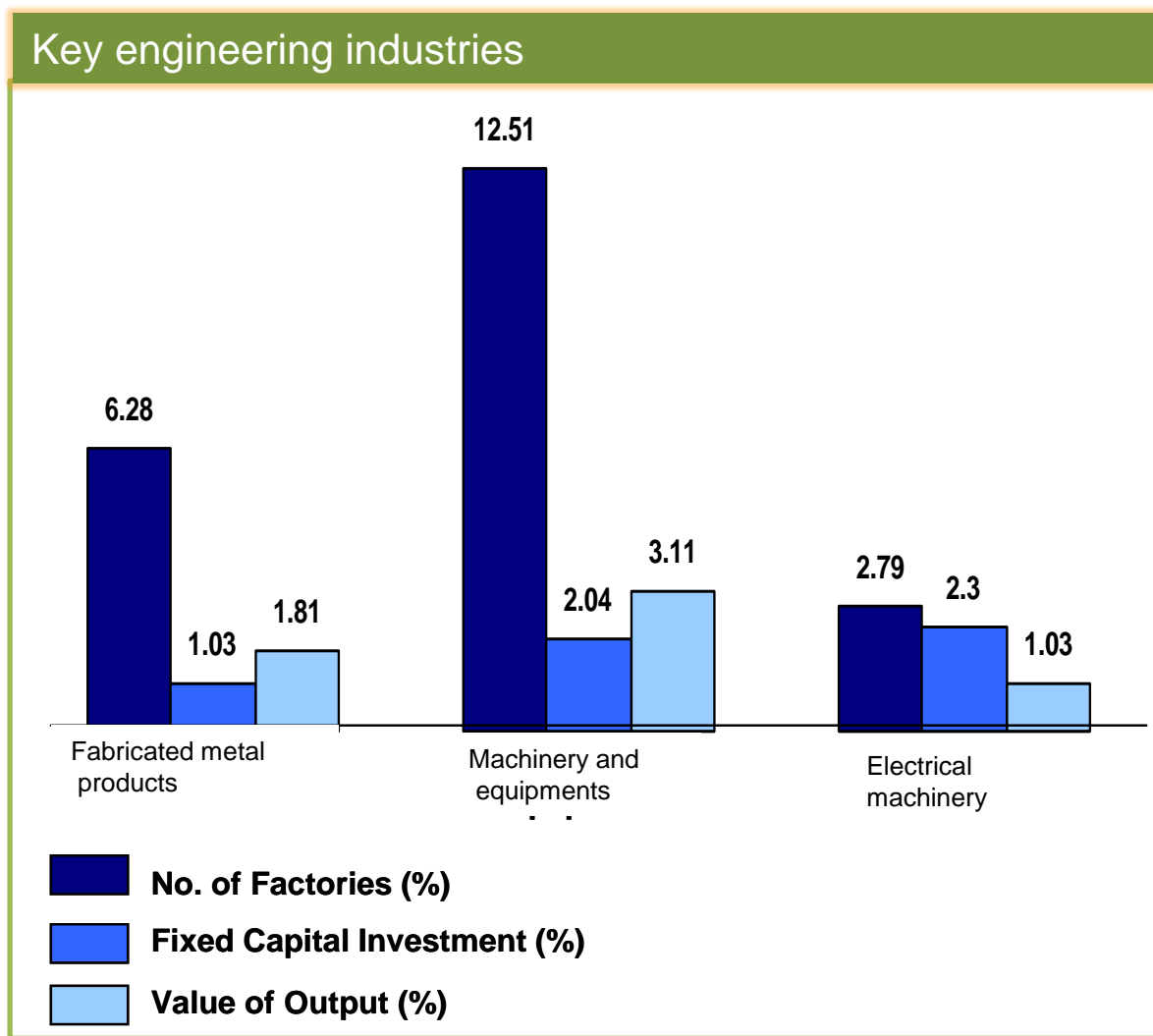
Attractive Sectors

Share of Gujarat in national engineering sector output



Source: Industrial Extension Bureau, GoG

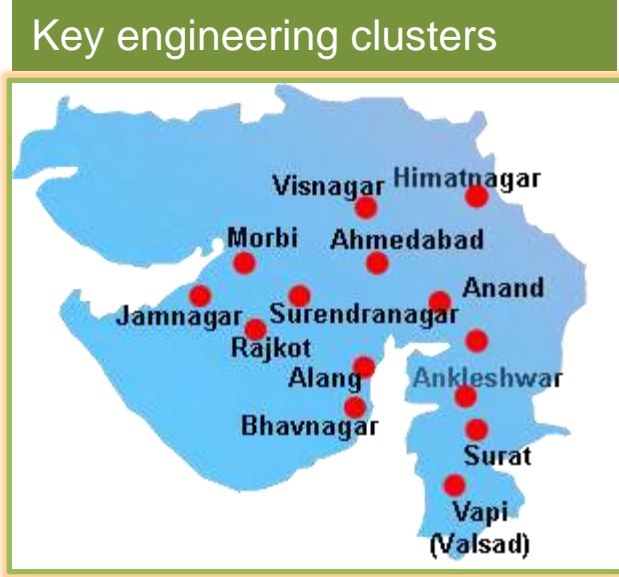
Attractive Sectors



Source: Annual Survey of Industries, 2004-2005

Attractive Sectors

Engineering and auto - key strengths	
Largest producer of sponge iron	Essar Steel
Largest copper rod manufacturing facility	Hindalco
Largest manufacturer of material handling equipment	Elecon Engineering
Largest producer of earth moving equipment	Gujarat Apollo
Largest power transmission capacity plant	Kalpataru Power Transmissions
Largest manufacturer of glass shells for TV tubes	Videocon International



Leading players in Gujarat



Attractive Sectors

Gems and Jewellery

- Contributes 90 per cent of total diamonds processed in India in 10,000 units in Surat,
- Eight out of 10 diamonds in the world are polished in Surat,
- World's second largest producer of gold jewellery,
- Contributes highest share (85 per cent) to total national jewellery production,
- Highest labour productivity in the jewellery sector in India,
- Internationally renowned for production of unique hand-made silver ornaments (85 per cent of total silver jewellery production of India).
- Contributed 80 per cent to national diamond exports (2004-2005),
- Renowned institutions such as Indian Diamond Institute, Gujarat Hira Bourse, Gems and Jewellery Export Promotion Council cater to the need of skilled manpower.

Ongoing work at Gujarat Hira Bourse



Attractive Sectors

Oil and gas

- Gujarat is the second-largest gas producer in India.
- Proximity to Middle East gas sources and an attractive northern market makes Gujarat a potential gas supply hub.
- Oil and gas reserves are located at Ankleshwar, Mehsana, Tapti High, Hazira, Bharuch, Gandhar, Dahej, Jambusar, Palej, Kalol and isolated gas fields around Ahmedabad
- 2,200 Km. state-wide integrated gas grid.
- Two exist (Hazira and Dahej) and two are proposed (Pipavav and Mundra) LNG terminals.

Location	Activity
Jamnagar	RIL refinery- third-largest in the world, Essar Refinery
Dahej	Petronet LNG Ltd.'s re-gasification terminal
Hazira	Shell and Total's LNG terminal
Vadodara	IOC Refinery
Gandhar	ONGC's Gas Processing Complex

Leading players in Gujarat

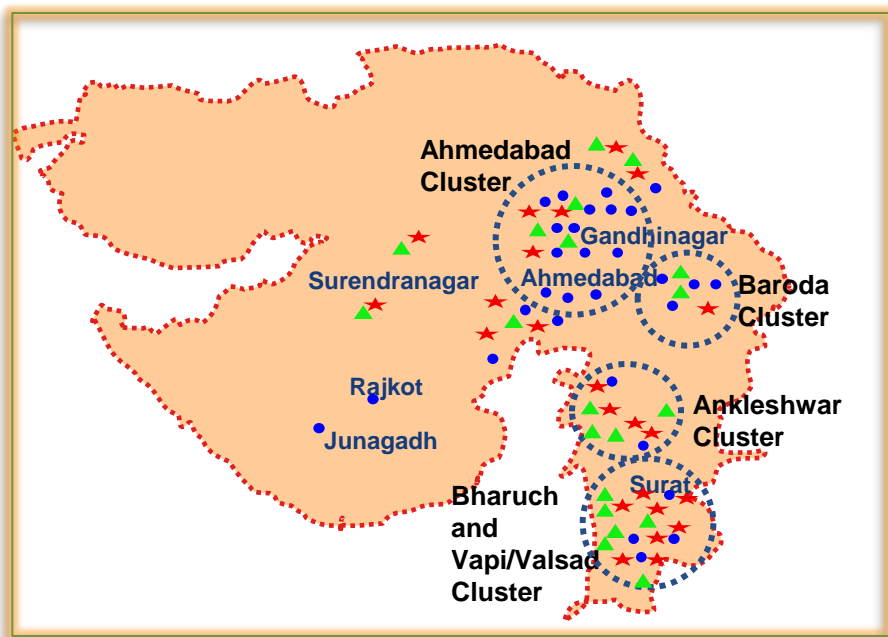


Attractive Sectors

Pharmaceuticals and biotechnology

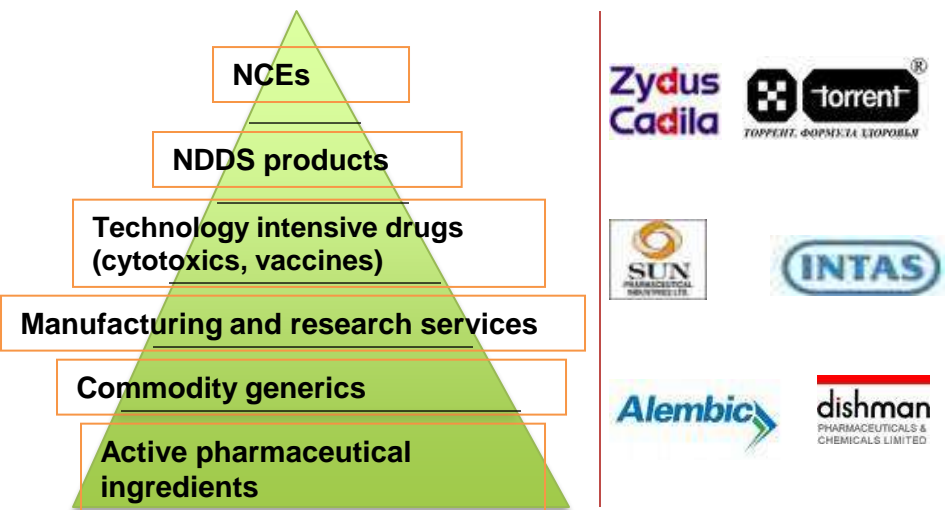
- Gujarat accounts for 28 per cent of national pharmaceutical production (2006-2007).
- First state to manufacture APIs and finished dosage forms,
- Home to 902 allopathic manufacturing units and 2,122 contract manufacturing units,
- Gujarat accounts for exports worth US\$ 1.4 billion (2006-2007).
- Home to largest number of clinical research organizations in India and over 100 companies with WHO-compliant manufacturing units,
- Academic and research institutions providing over 4,600 technically-skilled manpower per annum,
- India's largest biotech park of 700 acres being developed at Savli, Vadodara.

Attractive Sectors



●	Manufacturing organisation
▲	Academic institution
★	R&D organisation

Key players across the value chain

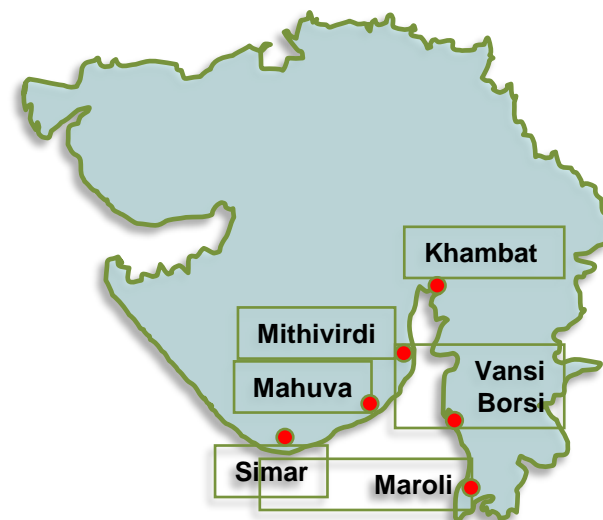


Attractive Sectors

Port-led development

- Vast hinterland comprising key northern states, with large external trade potential,
- Many upcoming ports being developed as captive ports for catering to specific companies,
- Fast track clearance and establishment of ports, through private participation,
- Investments worth over US\$ 3 billion expected at major port sites – Hazira, Pipavav.
- Development of six locations as greenfield ports expected with investments over US\$ 1 billion.
- US\$ 5.6 billion allocated for upgradation of existing ports,
- Increase in connectivity to non-major ports owing to development of the Delhi-Mumbai Dedicated Freight Corridor.

Sites identified for development of greenfield ports



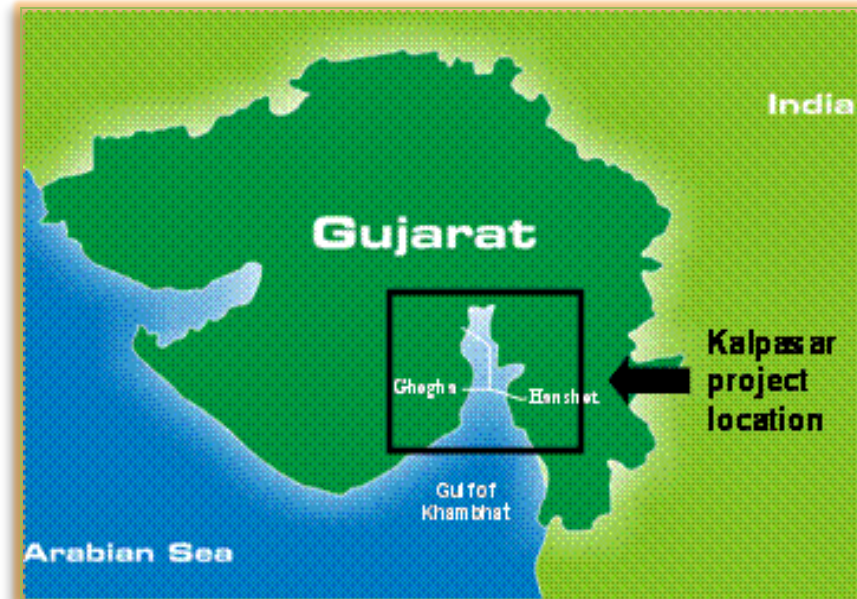
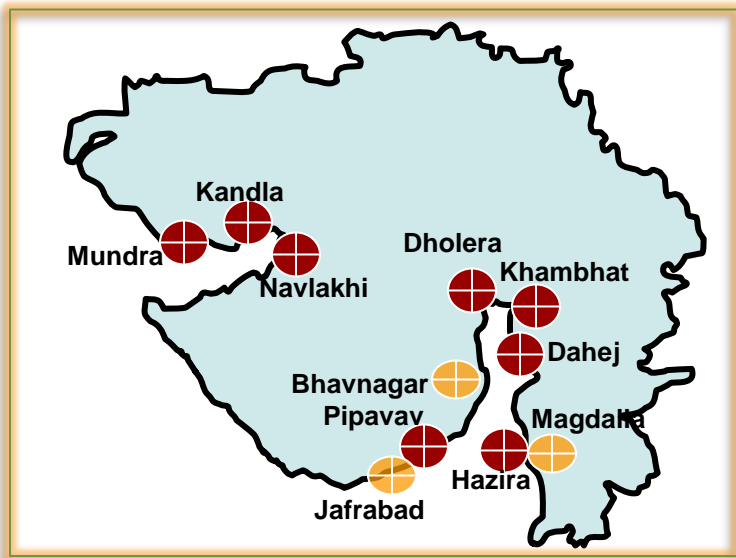
Emerging business opportunities

Shipbuilding

- Presence of several shipyards– ABG Shipyard, Alcock Ashdown, Vipul Shipyard,
- Infrastructure available for development of shipbuilding industry:
 - Availability of raw materials – ship building plates and engines
 - Stillness of water and deep draft
 - Proximity to ancillary industries
 - Sufficient anchorage space
- Presence of 10 promising shipbuilding sites along coastline,
- New shipyards being established in Mundra, Pipavav and Hazira,
- Kalpasar project to result in development of new sites for ship building– Pipavav, Maroli, Dholera, Dahej, Hazira, Umergaon.

Emerging business opportunities

Shipbuilding sites in Gujarat



- Existing Shipyard
- Proposed / Potential Shipyard

Sources: Compiled from Gujarat Maritime Board data and industry sources

Tourism

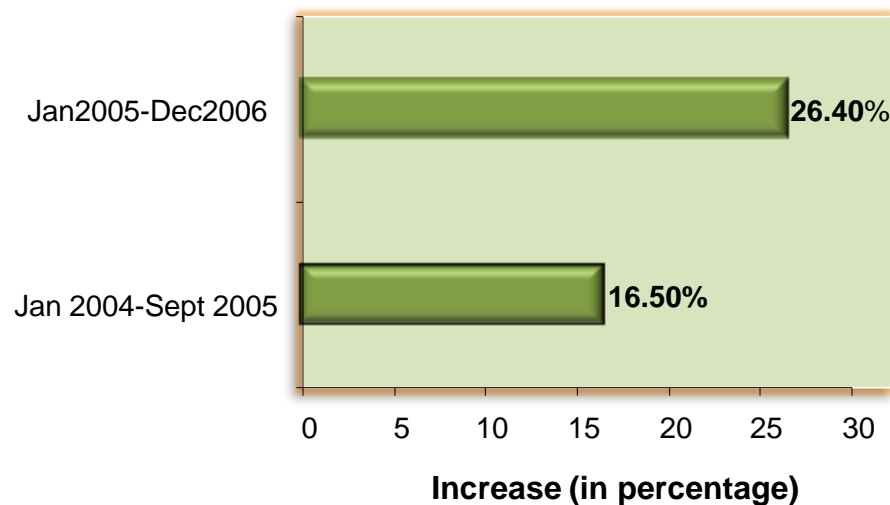
- Rich architectural and cultural heritage; Indus Valley civilization sites (Lothal, Harappa),
- Presence of several pilgrimage and historical places, wild life sanctuaries, beach and hill resorts,
- Celebration of Tourism Year 2006 to promote Gujarat as a key tourist destination of India.
- Initiatives undertaken by Government:
 - Development plan for six tourist destinations by Pilgrimage Development Board of Gujarat
 - Constitution of Tourism Promotion Council
 - Reduction in Entertainment tax from 50 to 25 per cent
 - Increase in tourism budget from US\$ 0.07 million to US\$ 0.25 million
 - Policies on medical tourism, eco tourism and heritage tourism
 - Introduction of courses in tourism and hospitality management
 - Heritage conservation– Adalaj, Vadnagar, Champaner

Emerging business opportunities

Sun Temple at Modhera



Increase in the tourist arrival, Gujarat (in percentage)



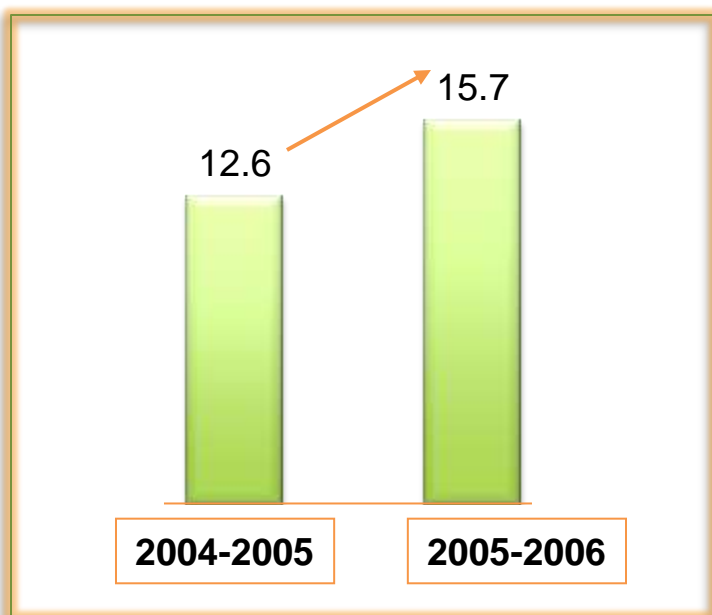
Source: www.customsgujarat.nic.in

Export profile

- Contributes to 14.3 per cent to India's total exports of merchandised goods and services,
- In 2005-2006, exports have shown an increase of 20 per cent over 2004-2005.
- Exports include items from sectors like textiles, petroleum, chemicals, pharmaceuticals, engineering and gems and jewellery.
- Exports from Kandla port increased by 6.61 per cent during 2005-2006, over previous year.
- Export items from intermediate and minor ports include naphtha, petrol, clinker, cement, oil cakes, bauxite, para-xylene, salt, soda ash, food grain, cement clinker, ethylene, etc.

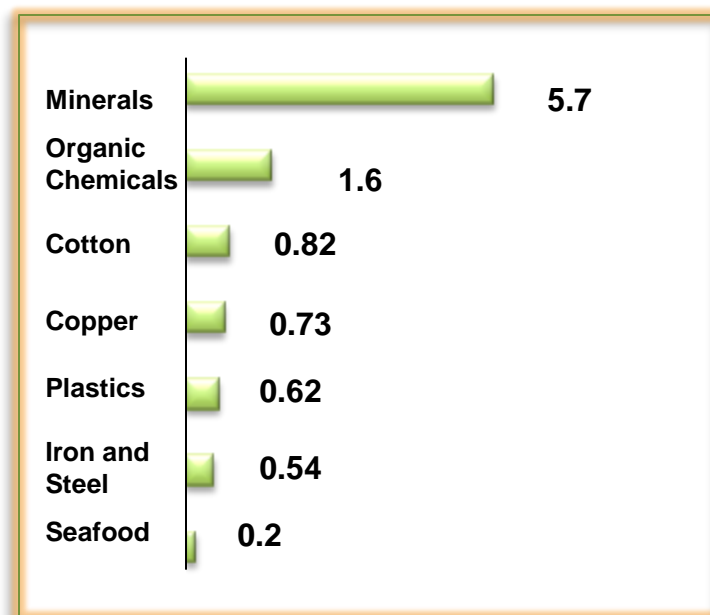
Export profile

Increase in exports from Gujarat (US\$ billion)



Source: Industries Commissionerate, GoG

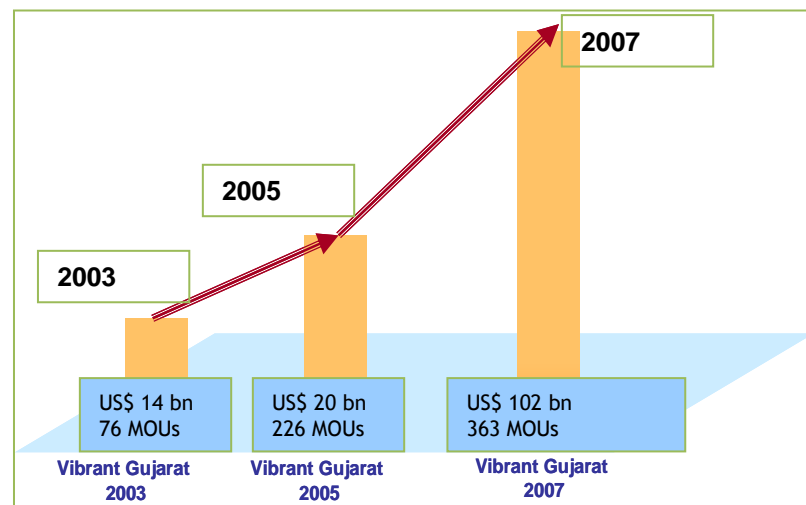
Sector wise exports (US\$ billion)



Source: Industries Commissionerate, GoG

Investment profile

- Gujarat ranked first in India in terms of total value (US\$ 97.5 billion) of Industrial Entrepreneurs Memorandum (IEMs) (1991-2007).
- Gujarat has been ranked first among all states with over 25 per cent share of new private corporate investments (US\$ 17.8 bn).
- Gujarat has received investment intents worth approximately US\$ 210 billion between 2003-2007.
- State hosted an Urban Summit where 320 MoUs with investment of US\$ 46.6 billion were signed.



Source: Vibrant Gujarat documents

Vibrant Gujarat 2007: Key Investments

Sector	MoUs	Investment (US\$ billion)
SEZs	28	38.84
Power	19	30.32
Oil and Gas	26	10.17
Auto and Engineering	36	3.40
IT	21	3.37
Ports	22	3.07
Chemicals and Petrochemicals	31	3.05
Others	180	12.74

Reserve Bank of India's study on Outlook for Corporate Investments
Sources: Vibrant Gujarat documents, EY research



Key players

Company	Business description
<p data-bbox="79 408 349 496">Reliance Industries Ltd.</p> 	<ul style="list-style-type: none"> • India's largest and only private sector company to feature in Fortune Global 500 list of World's Largest Corporations, • Annual revenues of over US\$ 25 billion (2006-2007), • Three manufacturing facilities in Gujarat– Naroda, Jamnagar and Hazira, • Largest grassroot refinery in the World (Jamnagar), • Product lines include synthetic textiles, fabrics, fibre intermediates, plastics, polyester, chemicals and petrochemicals, • Proposed establishment of Petroleum and Petrochemicals SEZ at Jamnagar (US\$ 1.1 billion).
<p data-bbox="79 948 316 986">Adani Group</p> 	<ul style="list-style-type: none"> • Established in 1988, • Largest trading house in India, leading trader in coal, wheat, castor oil, petroleum, Business Process Outsourcing (BPO), power trading, iron-ore, pulses, • Involved in development of Mundra Port – second port to be privatised in Gujarat, • Developed natural gas distribution network, • Established India's largest edible oil refinery in the State, • Proposed establishment of multi purpose port at Mundra, in JV with Petronet LNG.




Key players

Company	Business description
<p>Essar Group</p> 	<ul style="list-style-type: none"> • Diversified business group with enterprise value over US\$ 20 billion. • Business portfolio includes steel, energy, power, communication, shipping and logistics and construction. • Operations in Mumbai, Gujarat (Ahmedabad, Hazira, Vadinar), Vishakhapatnam, • Focusing on global expansion with projects in Canada, USA, Africa, the Middle East, the Caribbean and Southeast Asia, • Largest producer of sponge iron, • India's largest exporter of flat steel products (Steel plants in Gujarat – Hazira, Vishakhapatnam). • Essar Power – 515 MW power plant at Hazira.
<p>Aditya Birla Group</p> 	<ul style="list-style-type: none"> • 11th largest cement producer in the world, seventh-largest, in Asia. • Hindalco, Fortune 500 company of AB Group, one of world's largest aluminium rolling companies. • One of the biggest producers of primary aluminium in Asia, third-largest producer of insulators • Among the fastest growing copper companies in Asia. • 10 manufacturing facilities located across Gujarat (highest).


Key players

Company	Business description
<p data-bbox="63 429 340 472">ABG Shipyard</p> 	<ul style="list-style-type: none"> • Key business activities– ship building and ship repairing, • India's largest private sector shipyard (Magdalla-Surat), proposed shipyard at Dahej • Constructed and delivered 99 specialised vessels– interceptor boats, self loading and discharging bulk cement carriers, split barges, newsprint carriers and offshore supply vessels. • First to export vessels to Norway, • First to produce diesel electric dynamic ships and pollution control vessels, • Highest exporter awards from Engineering Export Promotion Council (EEPC) over past two years.
<p data-bbox="63 921 330 963">Torrent Group</p> 	<ul style="list-style-type: none"> • US\$ 950 million diversified conglomerate with a strong presence in power and pharmaceuticals, • Group companies of Torrent include Torrent Pharmaceuticals Ltd., Torrent Power Limited and Torrent Cable Limited, • Torrent Power distributes over seven billion units of power annually to Ahmedabad, Gandhinagar and Surat. • Torrent Pharma has a manufacturing plant at Indrad (Gujarat), which manufactures formulations and bulk drugs.

Key players

Company	Business description
Zydus Cadila 	<ul style="list-style-type: none"> • One of India's leading pharma companies; sales – US\$ 457 million (2006 – 2007) • Product line includes formulations, Active Pharmaceutical Ingredients (APIs), diagnostics, health and diet foods, skin care and animal healthcare • Exports formulations and APIs to over 43 countries • Focus areas for exports include cardiovascular, gastrointestinal and pain management • Production units in Ahmedabad, Vadodara and Ankleshwar – manufacturing tablets, injectables, capsules, liquids, APIs.
Quintiles India 	<ul style="list-style-type: none"> • Leading global Clinical Research Organisation (CRO), first global CRO to be established in India • Only CRO in India to be identified as commercial R&D company by Department of Scientific and Industrial Research • Conducted over 175 clinical studies involving over 1,300 sites and 35,000 patients.
Nirma 	<ul style="list-style-type: none"> • Sales force of over 3,50,400 distributors, over 1 million retailers, and 300 million consumers • Product line includes cosmetics, soaps, detergents and salt • Largest detergent manufacturer in India.



Key players

Company	Business description
Amul 	<ul style="list-style-type: none"> • Anand Milk Union Limited (AMUL) was established in 1956 • Market leader in butter, whole milk, cheese, ice cream, dairy whitener, condensed milk, saturated fats and long life milk, • Staff strength of 1,200 and collects 7,00,000 – 8,00,000 litres of milk every day from 1,003 milk societies in Anand and Kheda districts of Gujarat.
Arvind Mills 	<ul style="list-style-type: none"> • One of the top three producers of denim in the world and largest producer in Asia. • Product line includes production of fabrics (denims, shirtings, khakis and knitwear) and garments • Asia's first fabric manufacturing unit to receive an ISO 14001 certification.
Ashima Group 	<ul style="list-style-type: none"> • One of India's leading 100 per cent cotton fabric manufacturers. • Over two-third of their production of 60 million metres of woven and 2,800 tonnes of circular knitted cotton fabrics is exported to over 45 countries. • Products include denims, shirtings, knitted fabrics and garments, • First textile company to get certified for 'Integrated Quality and Environmental Management System' ISO 9001:2000 and ISO 14001:2004.



Key players

Company	Business description
Bombardier Transportation India 	<ul style="list-style-type: none"> • Presence in India since 35 years, headquartered in Canada • Business activities include rail transportation equipment, systems and services, regional and business aircraft and leading supplier of motor vehicles, worldwide • Among first private companies to have been chosen to build rail vehicles in India • Production facility at Vadodara.
Matsushita 	<ul style="list-style-type: none"> • Largest Japanese electronics producer • Products include audiovisual and information/communication equipment, home appliances. • Among first companies to establish a business unit in Gujarat in 1972 through JV with Lakhnopal. • Manufacturing unit at Vadodara –manufactures dry cell batteries
Mc Cain Foods 	<ul style="list-style-type: none"> ▪ Privately owned, multinational leader in the frozen food industry, with revenue of US\$ 6 billion (2004), ▪ World's largest producer of french fries and potato specialties; Food products include appetizers, pizzas, vegetables, desserts and other frozen foods, ▪ Over 55 production facilities spread across six continents, supported by over 20,000 employees, ▪ Aims to promote contract farming and buy potatoes from over 100 farmers spread over Anand, Borsad, Palanpur and Deesa in Gujarat, ▪ 2,000 acres of drip irrigation present in Gujarat for potato farming, introduced by McCain, ▪ Manufacturing facility at Mehsana.



Key players

Company	Business description
<p>Alstom</p> 	<ul style="list-style-type: none"> • With a revenue over US\$ 19 billion (March 2007), the Group operates in the following sectors - power turbo systems, power service sector and transport sector. • Headquartered in France and with presence in 70 countries, employing 65,000 people worldwide, • Alstom Projects India Ltd. is headquartered in New Delhi and has facilities in Durgapur (Utility Boilers manufacturing facility), Coimbatore (Transport manufacturing facility), Bangalore (Transport sector's software development centre), Kolkata (Power service and environmental control system), Shahabad (Boiler and foundry products manufacturing facility) and Vadodara (Hydro business manufacturing facility). • Alstom has won a contract with Gujarat State Electricity Corporation Ltd. (GSECL) for construction of the first Alstom GT26-based combined cycle power plant in India, as an extension of the existing power plant at Utran (Surat).
<p>Shell</p> 	<ul style="list-style-type: none"> • Among global leaders in oil, gas and petrochemical companies with interests in biofuels, wind, solar power and hydrogen, • Operates in over 130 countries, employing over 1,08,000 people worldwide, • Largest and most diversified international investor in India's energy sector, • Only global major to obtain a fuel retail license in India, • The Hazira LNG Terminal and Port project is Shell's largest venture in India.

Key players

Company	Business description
<p>Rasna</p> 	<ul style="list-style-type: none"> • Holds 93 per cent market share in Indian soft drink concentrate market, • 82 per cent of in-house consumption of soft drink market, • Wide range of products in processed foods category.
<p>Welspun</p> 	<ul style="list-style-type: none"> • Presence across 50 countries • Business activities include home textiles, saw pipes and steel, specialty texturised polyester yarn, bathrobes, retail • Welspun-Rohren – among largest SAW pipe manufacturers in Asia • Among top two terry towel producers and largest manufacturers of specialty polyester filament yarn.

Key players

Company	Business description
<p data-bbox="79 444 340 479">General Motors</p> 	<ul style="list-style-type: none"> • Founded in 1908, GM is the world's largest auto maker. In 2006, 9.1 million GM cars and trucks were sold globally. • Global industry sales leader for 76 years, GM employs 2,84,000 people around the world. • Headquartered in Detroit (USA), GM manufactures its cars and trucks in 33 countries, • General Motors India, incorporated in 1994, became a fully owned subsidiary of GM in 1999. • 45,000 Sq. Mt. plant in Halol (Panchmahal), Gujarat, produces Opel Corsa, Corsa Sail, Chevrolet Optra, and Chevrolet Tavera.
<p data-bbox="79 889 382 925">Linde Engineering</p> 	<ul style="list-style-type: none"> • Leading industrial gas and engineering company with over 49,000 employees working in 70 countries, • Constituent companies – Linde Gas, Linde Engineering, • Linde designs and builds turnkey process plants for industrial users and applications - Linde Engineering has operations in India (Vadodara).

| Doing Business

Key approvals required

Step 1: Approvals/registration/filing information

Key approvals required	
Procedure	Authority
SSI Registration	District Industries, Centre of the district where unit is to be located
Letter of Permission	For automatic approval: Development Commissioner

Specific approvals required	
Procedure	Authority
Food and Drug Manufacturing Sectors	Commissionerate of FDA
Mining of Minerals	Commissionerate of Geology and Mining
Project located within 500m of a coastline	Gujarat Maritime Board

Key approvals required	
Type of Organization	Authority
Sole Proprietorship	No registration required
Partnership	Registrar of partnership firms Government of Gujarat
Corporation (Private / Public Ltd.)	Registrar of companies Government of India (office located in Gujarat)

Key approvals required

Step 3: Acquisition of land

- In Gujarat, investors can acquire land in following ways:
 - Purchase land in GIDC estate
 - Apply for state government land
 - Purchase private land

Key approvals required

Land	Authority
In GIDC estate	Concerned office of GIDC
Government land	Concerned district collector or collector/district development officer
Private land (Purchase of agricultural land for non-agricultural use)	Deputy collector
Non-agricultural permission	District collector (urban area) District development officer (rural area)

Step 4: Clearance from Pollution

- No Objection Certificate (NOC) to be obtained from Gujarat Pollution Control Board (GPCB)
- Consent of GPCB mandatory to commence production
- GPCB maintains and regularly updates list of industries not required to obtain NOC

Key Approvals Required

Applicability	Authority
Recommendation of state government for environmental clearance	Forest and Environment Department, Government of Gujarat
Central regulation zone	Forest and Environment Department, Government of Gujarat

Key approvals required

Step 5: Arrangement of power

Purpose	Authority
Sole proprietorship, sanction of power	Location specific Circle Office of Electricity Company
Captive power	Gujarat Electricity Regulatory Commission
Non-conventional sources of energy	Gujarat Energy Development Commission

Step 7: Approval of building plans

Location of Unit	Authority
In GIDC Estates	Executive Engineer (GIDC) of the concerned region
Outside GIDC Estates	Local authority incharge of the area where the unit is to be established

Step 6: Arrangement of water

Location of Unit	Authority
In GIDC Estates	Authority of concerned GIDC estate
Outside GIDC estates (for drawing canal/ underground water)	Commissionerate of Geology and Mining, Government of Gujarat

Step 8: Other approvals

Applicability	Authority
Factory registration	Director of Industrial Safety and Health, Government of Gujarat
Boiler registration	Chief Inspectorate, Steam and Boiler, Government of Gujarat
Handling of hazardous items	Director of Industrial Safety and Health, Government of Gujarat
Quality certification	Bureau of Indian Standards (office located in Gujarat)

Single window clearance

Industrial Extension Bureau (iNDEXTb) provides single point contact for all investment activities in Gujarat

Average cost of doing business

An industry estimate provides the following average costs for setting up a business unit in Gujarat

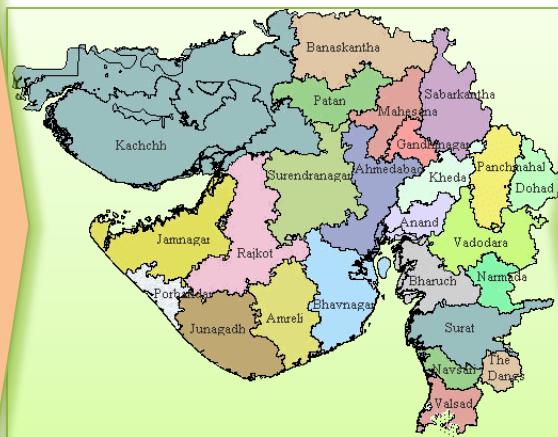
Component	Cost (US\$)
Urban land	290 – 365
Rural land (US\$ / Sq.m.)	120 – 146
Electricity (US\$ / unit)	0.17
Construction for office space (US\$ / Sq. ft.)	61
Lending rate	10 – 12 per cent
Employee cost (US\$ / man year)	
Labour	1,463
Supervisor Level	2,341
Managerial Level	7,317 – 14,634

Infrastructure availability

- 41 ports, 13 airports
- Extensive road and rail network
- Highest number of airports
- 24-hr power supply to urban and rural areas
- 2,200 Km. gas grid for gas supply to industrial areas
- 83 product clusters, 182 industrial estates, 51 SEZs, Delhi-Mumbai Dedicated Freight Corridor

Availability of skilled manpower

- Renowned academic and research institutions – IIM, NIFT, NID, CEPT
- Industrial Training Institutes in each district for training manpower at shop floor level
- Least mandays lost among comparable industrial states (0.6 per cent of the country's total mandays lost)



Proactive governance

- Strong regulatory and judiciary framework
- SEZ Act
- Gujarat Infrastructure Development Act
- Gujarat Port Policy
- Gujarat Industrial Policy 2000
- Gujarat Build Operate Transfer Law
- Cluster Development Scheme
- Port privatization

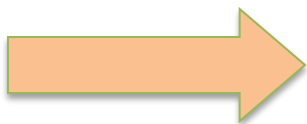
Growing economy and industry

- Higher GSDP growth than country's average
- Robust financial growth
- Strong presence across all industry sectors
- Manufacturing facilities of leading national and international companies

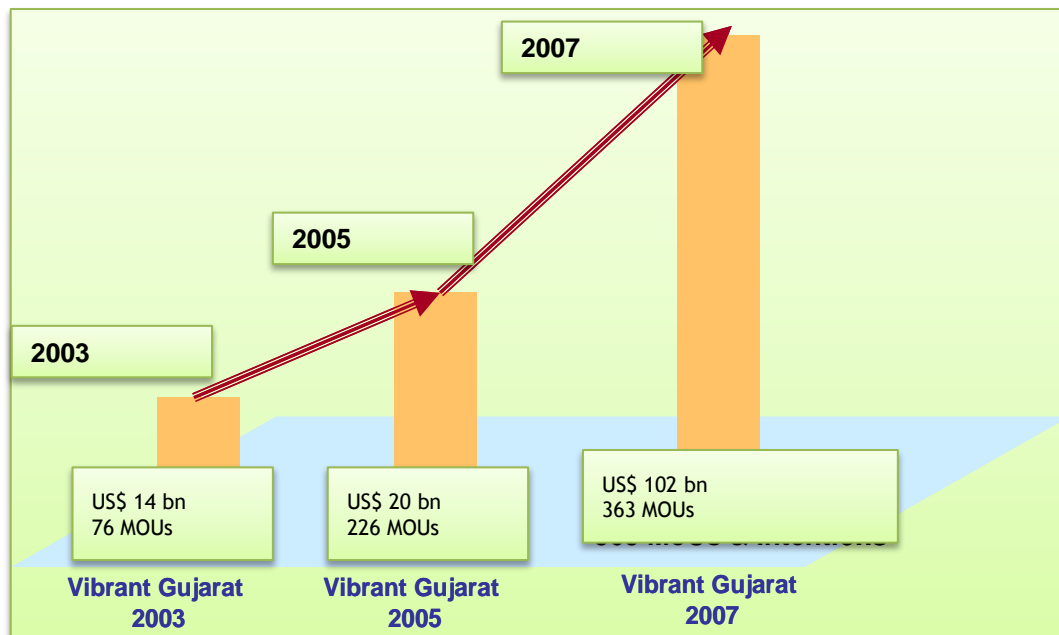
Investment destination of choice

- Outlook for corporate investments by Reserve Bank of India (RBI), Gujarat ranks first for private corporate investments in the country
- State ranking analysis done by India Today Group declares Gujarat as the top state in India with infrastructure for attracting and sustaining investments



















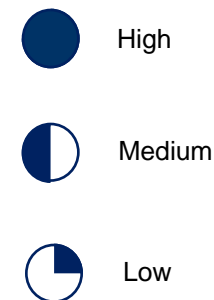
Increasing Investments















Overall State Competitiveness

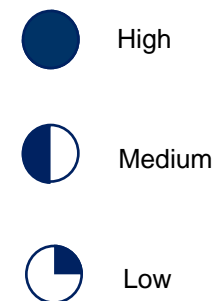
Overall state competitiveness

Parameter	
Opportunities in different industries	
Tourism	
Information technology	
Food processing industry	
Crude oil and natural gas	
Petrochemicals	
Pharmaceuticals and biotechnology	
Agriculture food and agro processing industry	
Mineral based industry	
Engineering industry	
Chemicals industry	
Apparel and textile	
Retail	
Electronic hardware	
Gems and jewellery	



Overall state competitiveness

Parameter	
Doing business	
Fiscal and non-fiscal incentives	
Cost of doing business	
Availability of labour	
Ease of setting up and carrying out business	
Industrial Infrastructure - existing and proposed	
Power	
Connectivity	
Industrial estates/areas	
STP	
EPIP	
EPZ	
IIDC	
Industrial growth centre	



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