## Scheme of assistance to Gems & Jewellery sector

Government of Gujarat
Industries & Mines Department
Resolution No. GEM/2008/1685/CH
Sachivalaya, Gandhinagar
Dated: 27/02/2009

### 1.0 Preamble

The State of Gujarat has been one of the highly industrialized states in India. The State has also maintained a constant lead in terms of new industrial investment flow in the country in promoting exports and qualities of gems and jewellery sector.

In the process of industrial development, State has identified Gems & Jewellery sector as one of the thrust areas for development. Gujarat accounts for 80% of total diamonds processed in India with the largest resource pool in diamond cutting and polishing. The Gems and Jewellery sector has witnessed impressive growth in the recent years. This is one of the critical sectors in the state on account of the opportunities offered by way of large scale employment generation. The state intends to further its dominance in the diamond processing sector and would look towards providing an industry status to the Gems & Jewellery Sector and identifies specific interventions for development of the Sector, esp. Jewellery sector in particular.

### 2.0 Resolution

Looking to the potential and emerging opportunities in the sector, Government has decided to introduce various schemes to make Gujarat the destination for investment in this sector viz.

- (i) Credit linked interest subsidy for modern Jewellery enterprises
- (ii) Assistance for setting up Hallmark Certification centers for Jewellery and Testing centers for Gems
- (iii) Scheme for support to safety measures and protection from occupational hazards
- (iv) Scheme for setting up of Training Institute for the development of Gems & Jewellery sector and
- (v) Support for development of Jewellery Park.

The objective of the schemes is to promote new centers for Gems and Jewellery activities with focus on studded jewellery to expand the processing base for higher value addition and to establish a strong presence of Gujarat Gems & Jewellery industry in the international market.

# Operative period of the scheme

The scheme will come into operation from the date of issue of this GR and shall remain in force for five years. Only those enterprises which complete and make operational fully their projects during the operative period shall be eligible for benefit mentioned under the respective scheme, as applicable.

#### **Definitions** 4.0

3.0

### **New Enterprise**

New Enterprise means the enterprise which commences commercial production/ service during the operative period of this scheme and has obtained acknowledgement of filing Entrepreneur's Memorandum (EM) with the concerned District Industries Center (DIC) or Industrial Entrepreneur's Memorandum (IEM) with Government of India.

#### **Existing Enterprise** 4.2

The Existing Enterprise means the enterprise which has filed EM with the concerned DIC or IEM with GoI and is implementing expansion/ diversification/ modernization in the project for carrying out activity indicated in this resolution.

#### **Expansion or Diversification** 4.3

Existing enterprise taking up expansion or diversification with investment more than 50% of its existing gross fixed capital investment as on date of initiating expansion/ diversification and commencing production of said expansion/ diversification during the operative period of the scheme Shall be treated as Expansion or Diversification.

#### Modernization 4.4

Existing enterprise investing more than 25% of its existing gross fixed capital investment by way of installing new equipments, machineries etc. with upgraded technology to modify the existing production process, and/or improving quality of products shall be treated as modernization. Mere replacement of existing machineries will not qualify as modernization.

#### Gross Fixed Capital Investment 4.5

Gross fixed capital investment means investment in fixed capital viz. Land, Building, Plant & Machinery before it commences expansion/diversification/ modernization and/ or it obtains sanction of financial assistance from Banks/Financial Institutions.

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#### Eligible Fixed Capital Investment: 4.6

Eligible fixed capital investment means the capital investment made in the fixed assets viz. Land, Building, Plant & Machinery, Utilities, etc. excluding pre-operative expenses.

### 5.0 Scheme - 1: Interest Subsidy.

#### 5.1 The Scheme

The scheme will be known as Interest Subsidy by way of credit linked interest subsidy for modern Jewellery enterprise.

#### 5.2 Quantum of Assistance

- Interest subsidy will be available for establishing new enterprises or for expansion/ diversification and modernization of existing enterprises. (ii)
- For the purpose of interest subsidy, the enterprise shall get term loan from Financial Institution/ Bank recognized by Reserve Bank of India.
- The enterprise applying within one year of loan disbursement will be (iii) eligible. (iv)
- Disbursement of the loan should be within the operative period of the Scheme. (v)
- The enterprise must start commercial production within the operative
- Maximum interest subsidy at the rate of 3% per annum, limited to (vi) maximum of Rs. 15 lakhs per annum, will be available to the enterprise. This interest subsidy will be in addition to any other incentives available from other schemes of Government of Gujarat and Government of India.
- The interest subsidy will be available only on interest levied by the Financial Institution. Penal interest or other charges will not be (viii)
- The interest subsidy will be for five years OR for the period of repayment of loan whichever is earlier. (ix)
- The interest subsidy will be given to the enterprise which pays regular installments and interest to the financial institutions. If the enterprise becomes defaulter, it will not get interest subsidy for the default period and such defaulting period will be deducted from 5 years period.

## Scheme - 2: Financial assistance for Hallmark Certification & 6.0Gem Testing center

#### 6.1 The Scheme

The scheme will be known as Financial Assistance for setting up Hallmark Certification Center and Gem Testing center.

## 6.2 Eligible activities

# 5.2.1 Hallmark Certification Center/ Gem Testing Center

- (i) The organization (Hallmark Certification Center/ Gem Testing Center) shall have legal identity and independent status.
- (ii) For setting up of Hallmark Certification Center/ Gem Testing Center, the promoters of the organization shall not have any linkage with Jewellers (manufacturers/retailers). In case the Center is set up by involved in day to day working of the Hallmark Centre/ Gem Testing Center.

## 6.3 Eligibility

- (i) The requisite plant and machineries for Hallmark certification, as per the approval of Bureau of Indian Standards (BIS) shall be eligible for financial assistance under the scheme.
- (ii) The requisite plant and machineries as per the approval of National Accreditation Board for Laboratories (NABL)/ BIS/ Gemological Institute of America (GIA) shall be eligible for financial assistance for Gem Testing center.

## 6.4 Quantum of Assistance

- (i) Interest subsidy will be available for establishing new Centers only, and expansion or diversification of existing Centers will not be eligible for interest subsidy.
- (ii) For the purpose of interest subsidy, the Center shall get term loan from Financial Institution/ Bank recognized by Reserve Bank of India.
   (iii) The Center applying within one was a few and the control of the center applying within one was a few and the center applying within one was a few and the center applying within one was a few and the center applying within one was a few and the center applying within one was a few and the center applying the ce
- (iii) The Center applying within one year of loan disbursement will be eligible.
   (iv) Disbursement of the loan chartest at the content of the content of the loan chartest at the chartest at the content of the loan charte
- (iv) Disbursement of the loan should be within the operative period of the Scheme.
- (v) The Center must start commercial operation within the operative period of the scheme.
   (vi) Maximum additional interest of the scheme.
- (vi) Maximum additional interest subsidy at the rate of 3% per annum, limited to maximum of Rs. 15 lakhs per annum, will be available to the Center.
- (vii) The assistance shall be disbursed after obtaining BIS/ NABL (viii) The interest subsidy will be a sixty.
- (viii) The interest subsidy will be available only on interest levied by the Financial Institution. Penal interest or other charges will not be
   (ix) The interest subsidy will be available only on interest levied by the reimbursed.
- (ix) The interest subsidy will be for five years OR for the period of repayment of loan whichever is earlier.

(x) The interest subsidy will be given to the Center which pays regular installments and interest to the financial institutions. If the Center becomes defaulter, it will not get interest subsidy for the default period and such defaulting period will be deducted from 5 years period.

# 7.0 Scheme - 3: Financial assistance for Health and safety measures

#### 7.1 The Scheme

The scheme will be known as Financial Assistance for safety measures and protection from occupational hazards in Gems & Jewellery sector.

## 7.2 Quantum of Assistance

- (i) The enterprises which provide for employee safety measures and/ or install equipments to safeguard workers against occupational hazards will be provided financial assistance at 50% of cost of safety measures/ equipments, limited to Rs. 500 per worker.
- (ii) Any enterprise will be eligible for financial assistance only once during the operative period of the scheme.

# 8.0 Scheme - 4: Support for setting up of Training Institute

#### 8.1 The Scheme

The scheme will be known as Support for setting up of Training Institute for development of Gems & Jewellery sector.

## 8.2 Need-based Support

Government will provide need-based support for setting up of national/international level Gems & Jewellery institutions to provide training courses to the workers of the Sector and to undertake an elaborate system of R&D activities and to provide technical and design related support to the industry.

# 9.0 Scheme - 5: Support for Jewellery Park

## 9.1 The Scheme

The scheme will be known as support for Jewellery Park to be set up on PPP basis for Jewellery sector any where in Gujarat.

### 9.2 Scheme 5.1: Support to Private Developer

If the private developer intends to develop a Jewellery Park, it will be entitled to Viability Gap Funding scheme of Gujarat Infrastructure Development Board, as specified below.

#### 9.2.1 Eligibility

- (i) The park must have provision for the location of minimum 50 numbers of manufacturing / service enterprises.
- (ii) The park should be implemented under PPP basis i.e. developed, financed, constructed, maintained and operated by a Private Sector Company to be selected by the Government or Government agency or specified Government agency through a process of developer selection as specified in the Gujarat Infrastructure Development (GID) Act, 1999.
- (iii) The state government may provide land to the Project Special Purpose Company (SPC) on lease. The ownership of government land shall remain with Government/ its agency.

#### 9.2.2 Quantum of assistance

The park will be provided viability gap funding of upto 20% of total project cost by Gujarat Infrastructure Development Board (GIDB) as per the terms and conditions notified under G.R. No. IDB/112006/2536/I dated 25th July, 2007, amended from time to time.

### 9.3 Scheme 5.2: Support to Industries/Industries Association

If a group of industries or an industry association intends to develop a Jewellery Park, it will be entitled to financial assistance as specified below, subject to eligibility conditions.

#### 9.3.1 Eligibility

- (i) The park must have provision for the location of minimum 50 numbers of manufacturing / service enterprises.
- (ii) The park should be implemented under PPP basis i.e. developed, financed, constructed, maintained and operated by a Special Purpose Vehicle (SPV) consisting of government/ its agencies and group of industries/ industries association.
- (iii) The state government may provide land to the SPV on lease. The ownership of the government land shall remain with Government/ its agency.

#### 9.3.2 Quantum of assistance

The park will be provided financial assistance of up to 50%, with maximum limit of Rs. 10 crore, of total project cost for establishing common infrastructure facilities, excluding land cost.

#### 10.0 General Conditions

The following conditions shall apply to all the above schemes, except Scheme 5.1 specified in para 9.2:

- (i) The enterprise must start commercial production/services within the operative period of the scheme.
- (ii) The enterprise availing benefit under the scheme will have to remain in production/services at least for five years from the date of commencement of commercial production/services.
- (iii) All the benefiting enterprises shall file information about annual production, sales, power consumption and such other details as may be asked by DIC on 31st of every March annually.
- (iv) For expansion/ diversification, the enterprise will be entitled for incentives only once during the operative period of the scheme.
- (v) The enterprises will be eligible for any additional incentives specified under different schemes of Government of India.

### 11.0 State Level Committee

A Committee consisting of following members is constituted for sanction of assistance with respect to proposals received under the above mentioned schemes, except Scheme 5.1 specified in para 9.2.

Industries Commissioner Addl. Secretary / JS / Dy. Secretary - Industries & Mines Addl. Secretary / JS / Dy. Secretary - Finance dept.	Chairman Member Member
Director, National Institute of Fashion Technology (NIFT), Gandhinagar Director, Center for Entrepreneurship Development (CED)	Member Member
Chairman/Nominee, Gems & Jewellery Export Promotion Council Director, Indian Diamond Institute (IDI) President, Gems & Jewellery Trade council of India Addl./Jt./Dy. Commissioner of Industries	Member Member Member Member- Secretary

### 12.0 Procedure

The proposal for getting the assistance should be submitted to the respective District Industries Centre. DICs will scrutinize and forward the proposal to Industries Commissioner, who will submit before the State Level Committee for its decision. Industries Commissioner in this regard will issue the detailed procedure separately.

#### 13.0 Review

Schemes will be reviewed two year with reference to intended outcome, performance and financial burden.

### 14.0 Expenditure

The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

Demand No

49

Major Head

2852 Industry (Plan)

Minor Head

800- Other Expenses

Sub Head

(23) IND-4 Assistance to Industries for Industrial

development

This issues with the concurrence of Finance Department dated 11/02/2009 on this department file of even number.

By order and in the name of Governor of Gujarat.

(M. J. Patel)

Deputy Secretary Industries and Mines Department

#### Copy to:

- The Principal Secretary to Hon. Chief Minister 1.
- The Personal Secretary to Hon. Minister of State (Industries) 2.
- The Principal Secretary, Finance Department, 3.
- The Industries Commissioner, Gandhinagar 4.
- The Commissioner & Secretary, Cottage & Rural Industries, 5. Gandhiangar
- The Accountant General, Audit, Gujarat State, Ahmedabad/Rajkot 6.
- The Pay Accounts Officer, Gandhinagar 7.
- The Resident Audit Officer, Gandhinagar 8.
- The Financial Advisor, Industries and Mines Department, 9. Gandhinagar
- All Officers & Branches of Industries & Mines Department, 10. Sachivalaya, Gandhinagar
- 11. Select File