

# TRIPURA INDUSTRIAL INVESTMENT PROMOTION POLICY, 2007

## Preface

To drive industrial growth by attracting private investments, an industrial policy statement sets out clear and credible specific measures to improve the investment climate towards better regulation by removing barriers to competition.

The investment climate is central to growth and improves outcomes for society as a whole. It reflects the many location specific factors that shape the opportunities and incentives for firms to invest productively, create jobs, and expand.

Against this back drop, Government have introduced Industrial Policy to drive industrial growth by clearly spelling out various components of incentives being offered, supply of quality power, improved infrastructure facilities etc. To remove the existing barriers; and for creation of congenial and hassle-free investment climate and also to boost investor confidence, a series of proactive measures are being proposed.

The aim of this policy is to provide a comprehensive, investor friendly environment for ensuring rapid and sustainable industrial development in Tripura and, through this, to generate additional employment opportunities and to bring about a significant increase in the State Domestic Product and eventual widening of the resources base of the State. This will be termed as the Industrial Investment Promotion Policy, 2007, and shall remain in force for a period of five years up to 31st March 2012.

## State Profile

### The Land:

Tripura is among the smaller States in the North Eastern Region, with a total area of about 10,492 Sq. Km. only, out of which more than 60% area is hilly and forested. The cultivated area is about 27% only. The State gets fairly high annual rainfall of about 210 cm, well spread over the year.

### The People:

The State has a total population of about 31.91 lakhs (2001 census), which is the 2nd highest in the North Eastern Region, after Assam. The average density of population is also fairly high, at 304 persons per sq. km, particularly considering the fact that 60% of the area being forested and hilly is sparsely populated. The literacy rate in the State over 80%, which is much higher than the national average and 2nd highest in the North Eastern Region, after Mizoram. The State has a good social infrastructure in terms of educational and health institutions. The main languages spoken in the State are Bangla, Hindi and English.

### The History:

Prior to its merger with the Indian Union in 1948, Tripura was a princely State that was not annexed by the British.

The Chakla-Roshanabad area presently in Bangladesh apart from being a part of erstwhile Tripura king's domain, was the plain area link to the rest of the undivided India. The major communication links, including roads, waterways and railways were available through this for the State population.

This was also the economic link for the hilly and forested hinterland. The partition had thus imposed severe socio-economic and communication network disruption on the State.

### The Linkages:

Agartala, the state capital, is presently not connected by rail link, although the project for extension of railway line up to Agartala is under implementation. Agartala is connected by air to Kolkata and Guwahati.

However, one significant strategic aspect of the state's location is that the State has about 856 Km long international border with Bangladesh, which is about 84 % of total border of the State. Most of the important cities of Bangladesh (including Dhaka) are within 150 km distance of the towns in Tripura, [e.g., Agartala–Dhaka: 150 km; Agartala–Brahmanbaria: 25 km; Sabroom–Chittagong: 75 km; Sonamura–Comilla: 11 km; Kailashahar–Sylhet: 90 km].

In the past, Tripura had excellent transportation links with the erstwhile East Bengal and through it, with West Bengal. In fact, the direct distance between Agartala (Tripura) and Kolkata (through Bangladesh) is only about 500 km.

### The Economy:

A majority of state's population is dependent on the agrarian economy. Industrial development has also been picked up over the past few years.

Although the state is one of the less developed states, according to a recent study of the Planning Commission, the overall compound growth rate of GDP of Tripura during the period from 1993-94 to 1999-2000 (7 years) was 7.25%, against the national average of 6.68%.

The growth rate of Industries Sector in Tripura during the same period was 15.5%, which is more than double the national average of 7.13%, the highest in the North-eastern Region and 2nd highest in the country. During this period, the share of secondary sector in the GDP of the State has gone up from 7% to about 14%.

### **Policy Environment:**

The location of Tripura in the south-west extreme of the NE Region had traditionally implied that the State faced the most severe transportation constraints. The limited market size within the state / NE Region implies that for most industrial products, the raw materials are to be substantially sourced from outside the state or the finished products have to be sent to markets outside the region, thus adding transportation costs. These are being offset by the transportation subsidy and other suitable incentives.

The other major long-term handicap had been the comparative lack of infrastructure, as reflected by Tripura's rank above Arunachal Pradesh only on the CMIE Infrastructure Index. The thrust over the last decade on basic infrastructure in terms of roads and power has seen considerable investments and upgradation ; and the emphasis is to continue. The industrial infrastructure is also being continuously created by Industries & Commerce (I&C) Department and Tripura Industrial Development Corporation (TIDC), enhancing thereby availability of developed industrial areas and sector-specific industrial parks.

Connectivity within and outside the state, which had acted as a limiting factor in the past, is being ensured on various fronts. The road network development within the state and its connectivity to major national highways network is underway. The air links have been reinforced and Agartala airport capacity as well as flights and traffic has grown. Railway link to Agartala are expected to be operational within the year ; and its eventual extension to Sabroom is being pursued. Telecom network has expanded to all parts of the state, with broadband facilities in major locations.

Linkages with Bangladesh are also opening up. The trade with Bangladesh through Tripura has expanded at a rapid rate. The passenger services are already operational between Agartala and Kolkata via Dhaka. Road and rail networks are likely to be linked up and opportunities for cargo movement via Bangladesh are getting crystallized as their mutual benefits are established. Possibilities of water-ways being used for convenience and economy and of Bangladesh port facilities being allowed are promising.

The growth in the Indian economy and its spin-offs are being felt in Tripura also, which is seeing an all round economic growth. Apart from demand of goods and services, the quality consciousness of the consumers is also rising. The spread of communication facilities have acted as boosters for consumer expectations and resultant opportunities in industries, business and service sectors.

Efforts had consistently been made by Central and State Governments for industrial and trade development through policies and incentives directed at offsetting the overriding locational disadvantages faced by the State and the Region. NEIP-1997 together with State initiatives had resulted in investments and success stories crossing the threshold for investor confidence. This is sought to be accelerated through NEIIPP-2007 and state level initiatives. Apart from attracting investors from outside, the capability and entrepreneurship of local investors has also emerged with effective support measures.

The higher educational opportunities in the State are growing. Medical and engineering education facilities have expanded. Professional courses for industrial trainings, agriculture, law, management, paramedical and aviation sectors are available. In addition, the youth are also availing of higher educational opportunities outside the state. Commensurately, availability of skilled and qualified human resources and demand for better employment opportunities outside agriculture sector is rapidly rising.

Industrial labour relations have been singularly harmonious in the state without any instances of discord. Similarly, the security scenario is vastly improved; specially the industrial and business locations have been entirely safe, secure and incident-free. Lingering doubts or inaccurate perceptions on these counts among potential investors may need to be redressed.

The Government and administration in the State have earned a reputation for continuous striving for transparency, efficiency and flexibility. The legacy organizational and institutional structures should be further revamped to keep pace with the change. The development oriented outlook of the Government is matched with a business and investor friendly policy and operative environment.

### **Industrial and Trade Development Perspective**

The development of industrial and trade sector has a vital role in ensuring a balanced economic development in the State and reducing the pressure on its limited agricultural land and forests. This can come through value addition to local produce and raw materials, expansion of employment opportunities, equitable distribution of economic growth, enhancement of entrepreneurial skills and development of deeper bonding originating from trade linkages with neighbouring countries.

The role of Government should be facilitatory covering policy, infrastructure and support measure in its ambit, both proactively and responsively. The prime movers for industrial and trade activities have to be investors from private sector. The basic feasibility and viability of the ventures to be promoted would thus be ensured, apart from the flexibility to operate as per market demands and changes.

Realizing that the geographical location and terrain of Tripura imposes most severe transportation constraints, the support in terms of Transport Subsidy has to continue. The Central Government declared NEIIPP-2007 is also aimed at making investment in North-East region attractive. The State Government's package of industrial incentives has to dovetail by covering uncovered support areas.

The State had started with a handicap in the form of comparative lack of facilitating infrastructure, as reflected by Tripura's low CMIE Infrastructure Index. Thus, industrial and trade promotion has to be fostered through prioritized infrastructure development. Basic infrastructure upgradation planning, for roads, railways, air links, telecom, power and water supply etc., within the State and in relation to regional and para-regional grids, should factor industrial and trade related requirements. Development of industrial infrastructure including

general and sector-specific industrial areas, sidings and warehouses, cold chain, integrated land custom stations etc. are to be comprehensively planned for and implemented in anticipation, as it is the critical pre-requisite. Associated facilities such as modern banking, good hotel accommodation, quality healthcare, advanced school and higher education etc. are also to be mobilized.

In view of their greater competitiveness, industrial units based on locally available raw materials need to be mobilized. The activity sectors identifiable with such strengths include primary produce such as natural rubber, bamboo, tea, herbal aromatic and medicines, food processing including jackfruit, pineapples and cashewnut, spices etc. and mineral resources such as natural gas and sand etc.

The sectors where the State's own market or that of neighbouring states and Bangladesh afford viable demand size and growth also need to be supported. Construction related inputs and services, inputs for major infrastructure projects in the State / Region (such as bridges, roads, power projects), transport related areas including vehicles and aviation related services, hospitality and recreation infrastructure (hotels, malls, multiplexes etc.) are some potential activities.

Trade continues to be an important driver of Tripura economy. The state's location surrounded on three sides by Bangladesh, with over 830 km of mostly plain border, and the shared deep socio-cultural affinity needs to be leveraged into its strength over long-term. Restoration of Tripura's and the NE-Region's natural and convenient pre-partition road, rail and waterways communications and trade linkages through the present Bangladesh, needs to be pursued and planned for with farsight.

The promotion of industrial and trade sector has to be fostered in an environment of coordination and synergy with the key related stakeholder and expert agencies of the Central and State Government, other states of the Region and the trade partner countries. The interaction opportunities for investors and businesses and such key stakeholders would be facilitated by the State Government through seminars, business meets, industrial and trade fairs and exposure visits etc.

## Strategic Policy outline for Industries & Commerce

### Vision:

We aspire to convert Tripura into the preferred destination for industrial and trade activities, thereby affording to State and its people-

- ▶ Economic development and improved living standards
- ▶ Better employment & self-employment opportunities
- ▶ Optimal utilization of natural and physical resources

### Mission:

We act as the integrator and catalyst for opportunities in the industries and trade sector ; across micro, small-scale, medium and large scale units ; and for internal and international trade and commerce.

### Values:

As an organization that has the livelihood interests of people as the focus for each one of our activities, PRIDE is the enduring value-set guiding the way in which we interact with our co-stakeholders and link our collective efforts –

- **Professionalism-** It is the key to success in achieving our mission, reflecting an ongoing commitment to the highest standards of achievement. Professionalism requires that we act with dedication and skill in all our tasks.
- **Respect-** It is the basis for our dealings with colleagues and clients, being sensitive and responsive to their needs and their rights as individuals. Respect requires that we act with courtesy and consideration at all times.
- **Integrity-** It is the cornerstone of our administration, ensuring that we treat people and apply the law fairly. Integrity needs to be total and requires that we act with honesty, openness and in public interest, in letter and more so in spirit.
- **Doing-it-together-** It is the foundation for meeting the challenges of the future and building partnerships aimed at realizing common goals. Doing-it-together requires that we act with collaboration and cooperation with colleagues and partners.
- **Enablement-** It is the approach for adapting our team members and stakeholders to the needed changes. Enablement requires that we act flexibly, taking advantage of training, new technology and new business models to manage the emerging demands.

### Strategic Approach:

Our march in STEP with industrial and trade environment and emerging opportunities and trends has to be based on our strengths, complemented with –

**Synergic Partnerships** – We believe in public-private partnerships in action. Our association in industry and trade sector extends across public sector agencies, private and professional organizations; active in consultancy, planning, implementation, marketing promotion; having infrastructure, regulatory or specific-sector oriented expertise. We also facilitate business-business / key stakeholder interactions through visits, seminars, roadshows, fairs etc.

**Time Sensitivity** – We look at policy framing and project development with long-term perspective over and above the short-term gains. Our outlook is futuristic and consciously aligned to emerging market trends and business needs. Development of required infrastructure ahead of time is a core component of our activity planning.

**Economic Soundness** – The private investors and business interests have to be the prime movers to capitalize on investment projects or trade opportunities. The techno-economic viability and market competitiveness of projects has to be established and uncompromised. Financial incentives are designed to offset the locational handicaps and ensure level field for investors in the state.

**Policy Analysis** – We focus on our opportunities & strength in industry and trade sectors. Our aim is to play a facilitatory role that can be both proactive or responsive. This is reflected through our efforts at infrastructure development, maintaining openness to dedicated supportive policies and pursuance for related assistance.

### **Key Policy Objectives:**

In moving towards our shared vision of Tripura as the IDEAL industrial and trade investment destination, we would consistently and continuously strive and aim for –

**Improving Infrastructure** – to facilitate investment; targeted at existing industrial and trade locations on immediate basis, for emerging locations in the short-term and planning for potential locations in the long-term ; and involve integration of basic and supportive infrastructure together with industrial and trade-specific;

**Defining Drivers** – to ensure sustainable economic growth based on available opportunities ; encompassing local natural resources with viability and ensuring maximum value addition to these ; and include capitalizing on the promising location for boosting trade through the State;

**Enabling Entrepreneurship** – to promote setting up of industrial and business ventures; through incentives and supportive financial measures to offset limitations for investors; and by building capacities through entrepreneurial and technical skills training and promotion of self-employment;

**Aligning Administration** – to afford investor convenience; resulting from appropriate restructuring within the Industries and Commerce department in line with change demands; and directed decision mechanisms across other departments and agencies;

**Leading Linkages** – to broadbase support systems; primarily through Public Sector Undertakings and Societies under Industries & Commerce department; and also through designated agencies of other sectoral nodal departments.

## **Setting out Policy Objectives**

### **Improving Infrastructure:**

In the recent years, a number of initiatives have been taken to improve the basic as well as industrial infrastructure in the State. The present status is as under:

#### **Basic Infrastructure:**

- ▶ The State is presently power-surplus (outside 6-hour peak period). Day-round surplus expected shortly. The power tariffs are much lower compared to other States.
- ▶ The National Highway, linking Agartala to Guwahati has been upgraded and extended up to Sabroom (the southern-most point in the State) which is only about 75 km. away from Chittagong Port of Bangladesh.
- ▶ The railway line has been extended up to Agartala and the same is being extended up to Sabroom.
- ▶ The Agartala Airport has also been upgraded, by extension of airstrip and by providing night landing facilities. Agartala is second busiest Airport in North East and efforts are on to make it an International Airport.
- ▶ The telecom infrastructure is also being upgraded by laying OFC network – connecting all towns, by strengthening the Internet backbone etc. All telephony services – Landline, Mobile, WLL, 3G, Broadband/ WiMAX internet, etc. are available in the State.

#### **Industrial Infrastructure:**

##### **Existing:**

- Industrial Growth Centre
- Export Promotion Industrial Park (EPIP)
- Food Park
- Rubber Park
- Industrial Area Industrial Estates(5)

##### **Under implementation/to be taken up shortly:**

- Bamboo Park.
- 3 IIDCs (one in each District, other than West Distt).

Presently, there is a multi-industry complex at Bodhjungnagar, on the outskirts of Agartala, which comprises of an Industrial Growth Centre, an EPIP, a Food Park and a Rubber Park. Besides, there are five Industrial Estates and one Industrial Area in the State. Further, a Bamboo Park at Bodhjungnagar and 3 Integrated Infrastructure Development Centres are being set up.. The infrastructure facilities at LC Stations are being upgraded, to facilitate the import/export trade with Bangladesh.

### **Setting Out Policy Objectives: Defining Drivers:**

Defining Drivers – to ensure sustainable economic growth based on available opportunities; encompassing local natural resources with viability and ensuring maximum value addition to these and include capitalizing on the promising location for boosting trade through the State.

### **Trade & Commerce:**

A significant strategic aspect of Tripura's location is that it is surrounded by Bangladesh on three sides; and the State shares about 856 km. long international border with Bangladesh, which lies mostly in non-mountainous plain areas.

The State's location and socio-economic linkages with Bangladesh position Tripura to be the potential hub for trade with and through Bangladesh for the entire North-East India.

The connectivity to major locations in Bangladesh through existing networks is convenient due to its proximity; this can further be enhanced and upgraded with ease, as the State's border with Bangladesh is almost entirely in the plain areas.

For Bangladesh, trade with Tripura in particular shows a positive Balance of Trade. This imparts attractiveness and logical edge for promoting further links with a market in geographical proximity and more importantly with opportunity for Bangladesh to be competitive. The size of the North East Economy is fairly large at about US\$ 25 billion.

The agreements signed between India and Bangladesh during the visit of the Prime Minister of Bangladesh to India in January 2010 have opened new vistas for establishing closer links between Tripura and Bangladesh. The Govt. of Bangladesh has agreed to provide India access to Chittagong Port for movement of goods to and from India through road and rail. It has also been agreed to operationalise the Sabroom (Tripura)-Ramgarh (Bangladesh) Land Custom Station which is only about 75 km. from Chittagong Port. There are agreements to establish other transport links between Tripura and Bangladesh as well. This will make transit through Bangladesh a reality and holds the potential to make Tripura the 'trading hub' for the North East.

### **Rubber**

- ▶ Suitable agro-climatic conditions.
- ▶ Total area under plantation at present - 50,050 ha.
- ▶ Total potential for plantation in the State - 1,00,000 ha.
- ▶ Rubber Production - 27,276 TPA; likely to go up.
- ▶ Rubber Park has been set up.

Tripura is the second largest rubber producer in the country, after Kerala. More and more plantations are reaching yielding stage and the productivity levels are also encouraging. Keeping in view the area under plantation, growth potential and rubber production trends, the State has been identified as the second rubber capital of the country. There is a vast potential for setting up of rubber-based industries in the State.

The State Government has set up a Rubber Park, with technical support of the Rubber Board, to facilitate setting up of rubber-based industries. All common facilities including Centralised Quality Control Lab, Training Center, Tool Room, Centralised Latex & Carbon Black Masterbatch Unit, Warehouse for Raw Material Storage, Centralised procurement of subsidiary raw material are being provided in the park for rubber-based industries.

Tripura thus is an attractive destination for setting rubber-based industries. Keeping in view the myriad advantages and the positive factors, a good number of rubber-based industries have been set-up. These include rubber thread, tread rubber manufacturing, rubber band making, tyre retreading etc.

There is vast scope of investment in sectors like tyres/ tubes, auto parts, footwear, tread rubber, vulcanized rubber, rubber band, rubber cushion and mattress, latex thread, surgical gloves, textile fabric, hoses etc.

### **Bamboo:**

- ▶ Endowed with rich and diverse resources of bamboo with traditional usage – Tripura is home to 21 species of bamboo out of 130 species available in India.
- ▶ Cane & Bamboo Handicrafts of Tripura – among the best in the country.
- ▶ 60% of the requirement of the entire country for bamboo sticks for Agarbatti-making is met from the State.
- ▶ Tripura Bamboo Mission has been launched in 2007, under PPP framework, for integrated development of Bamboo Sector.

Tripura Cane and Bamboo handicrafts are considered to be among the best in the country for their exquisite designs, wide range of products and artistic appeal. This industry has a great export potential as well. Not only that, industrial products like bamboo tiles, laminated products, ply boards, corrugated sheets, etc., can be produced and used as building materials for furniture manufacture etc. Studies have shown that Bamboo is a very effective substitute for timber and is, in fact, better in many respects.

The State Government has launched the Tripura Bamboo Mission (TBM) in the year 2007, under PPP framework, for integrated development of the Sector. The catalytic role played by TBM has resulted in the turnover of Bamboo Sector in the State increasing three-fold in 3 years. Value addition is taking place in Agarbatti sector, new handicraft products have been designed and launched, marketing of products has been organised. A Bamboo Park is being set up, on outskirts of capital city Agartala, to facilitate setting up of bamboo-based industries.

## **Tea:**

- ▶ Suitable agro-climatic conditions
- ▶ Traditional tea growing skills
- ▶ Potential to increase area under production
- ▶ Tea Production with good blending qualities
- ▶ Setting up of Blending Units

The agro-climatic conditions in Tripura are suitable for development of tea plantation. The soil is generally fertile, without any major problems of toxicities or deficiencies. The average annual rainfall is about 210 cm. with a fairly even distribution over the year. Tripura has a history of tea plantations dating back to 1916. In fact, Tripura is categorized as a traditional tea-growing State – with about 55 Tea Estates and 4,350 small tea growers, producing about 8.9 million kg. of tea every year. This makes Tripura the 5th largest, among the 14 tea-producing States, after Assam, West Bengal, Tamil Nadu & Kerala. There is considerable scope to increase the productivity and area under tea plantation.

The tea currently produced in Tripura is recognized for its good blending qualities. Some plantations in the State are going for organic production of tea and green tea manufacturing. There is considerable scope for investment in the tea sector of the State, especially for blending units.

## **Food Processing:**

- ▶ Major Fruit Crops – Pineapple (1,10,487 TPA), Jackfruit (2,50,619 TPA), Orange (20,926 TPA), Litchi (16,165 TPA), Cashew (2,122 TPA), Coconut (8,216 TPA).
- ▶ Pineapples and Oranges renowned for their unique flavour; and organic nature of produce.
- ▶ Major spices – Ginger (7,122 MT), Turmeric (5,663 MT), Chilli (2,799 MT), Black Pepper (99 MT).
- ▶ A Food Park has been set up at Bodhjunnagar (near Agartala) in order to provide the infrastructural facilities required for food processing industries.

The agro-climatic conditions are favourable for growing various fruit and horticultural crops. The products of Tripura are well known – both on the table and in other processed forms. There is a scope for the expansion of this sector under any specific variety, if required.

A modern Food Park has been set up near Agartala, to give a fillip to this sector. There is a vast potential for setting up of food processing units in the State. The State also has potential in the meat processing sector.

There is an ample scope for area expansion under organic spices cultivation in Tripura. Major spices include Ginger, Turmeric, Chilli, Black Pepper, Cinnamon, Tezpatta, etc.

## **Mineral Resource:**

Tripura has vast reserve of natural gas. The gas is available in non-associate form, with high methane content of up to 97%. The present yield potential - about 4.0 MMSCMD and likely to go up and present Utilization: 1.2 MMSCMD. Concessional Gas Pricing and vast reserve creates potential for setting up industries in this sector.

Geological Mapping and exploration undertaken by Geological Survey and Oil & Natural Gas Corporation Ltd. has proved economic mineral deposit of Natural Gas (including condensate).

State Government would encourage private sector investment in gas based industries.

Petroleum Exploration Licenses have so far been issued in 4 (four) Blocks to ONGCL out of which one is under New Exploration License Policy (NELP) – III. Besides, Consodium of GAIL and M/s Jubilant Oil & Gas Pvt. Ltd. have also been issued one Block under NELP – IV.

Petroleum Mining Lease (PML) have so far been issued to ONGCL in 10(ten) areas covering 75.76 sq.km. in Baramura, Rokhia and Agartala Dome Gas fields. Another 7 (seven) areas covering 889.04 sq. km for a period for another 20 years from 01.02.2006 to ONGCL is also under consideration of the State Government. As per intensive exploration being undertaken by the 2 (two) Licensees, a vast reserve of Natural Gas yielding better availability of Natural Gas is expected.

Natural Gas which is presently used mainly for generation of power and to some extent in Domestic, Industrial, Commercial and Transport sector. Emphasis will be given for setting up of industries where gas will be utilized as feedstock like ammonia, urea, methanol and methanol based petrochemical industries.

Agencies of MoPNG, Government of India would be responsible for exploration and production of natural gas; the Directorate of Industries and Commerce, Government of Tripura would work in close association to facilitate setting-up gas based industries. The High Power Committee Constituted would continue to oversee/monitor progress and decide on issues related to the sector.

ONGC would be persuaded for intensified exploration of natural gas, so that the future demand of natural gas for setting up major gas based industries could be fulfilled.

Exploration of Natural Gas by involving other Agencies like GAIL etc. Action Plan on exploration of natural gas by 2015 and utilization of the same for better economic development would be chalked out in association with ONGCL and GAIL.

In Tripura, the other mineral resources are minor amounts of glass sands, limestone, plastic clay and hard rock; all of these material are being used to a variable degree. Setting up of Ceramic tiles unit and other mineral based industries would be encouraged in the private sector. Efforts will also be made to set up Plastic Clay and Glass Sand industries where natural gas has added advantage of being used as a fuel.

### **Forestry based:**

Though about 60% of the geographical area of the State is covered by forest, industries based on forest have potential only in specified sectors due to restrictions on use of forest based products. Keeping the restrictions in view cultivation of medicinal plants and bio-fuel are two emerging sectors. There are more than 300 varieties of medicinal plants that can be profitably cultivated in the State. The Government has formulated the Medicinal Plants Policy and has prioritized the list of the medicinal plants endemic to the state.

The State Government has already constituted a Medicinal plant Board. The Government has also formulated the Medicinal Plants Policy of the state and has prioritized the list of the medicinal plants endemic to the state.

The Government would encourage private sector investment in production, manufacturing and other value addition processes.

Since strong marketing initiative is the key to the success of any product, development of forward linkages with pharmaceutical industry will be given due priority.

The State is also poised for development of bio fuel sector by planting *Jatropha curcas*. Cultivation in fallow land for captive consumption, by buy-back agreements would be encouraged. Involvement of private investment in bio fuel sector would be encouraged through PPP framework.

### **Tourism sector:**

Tripura is now finding a place as tourist destination to large number of domestic tourists and foreign tourist. The State Government shall make the following coordinated effort to promote this sector..

In line with the declared policy of the Government of India to treat Tourism as an industry, all out efforts will be made to develop tourism infrastructure in the state.

Tripura is an attractive tourist destination with rich flora and fauna. The state has a rich cultural heritage. There is also great potential for development of tourist circuits, involving all the NE states and Bangladesh as well. All these offer attractive opportunities for the Hospitality Industry.

Effective steps would be taken to encourage setting up of Star category hotels, Eco Parks, Amusement Parks etc. under PPP framework.

The primary responsibility of developing this sector would remain with ICAT Department. Role Industries & Commerce Department would be limited only to providing incentives under Central and State package and facilitating private investment in certain key areas.

### **Achievement of Policy Objective: Entrepreneurship Enablement:**

Enabling Entrepreneurship – to promote setting up of industrial and business ventures ; through incentives and supportive financial measures to offset limitations for investors ; and by building capacities through entrepreneurial and technical skills training and promotion of self-employment.

### **Promotion of Industrial Investment in Tripura : Appropriate Incentives:**

While the valid causes for slow growth in industrial investment in Tripura could be several ; the basic overriding constraint, specially for Tripura, is the serious transportation bottleneck and the resultant high transportation costs. Thus, addressing transportation related deterrents has to be necessarily factored into any approach for industrialization of Tripura and the NE Region, if any significant outcomes are to be achieved.

The other requisite step would be to resolve the transportation bottleneck. This would require restoration of cost effective transportation links; development of air connectivity based links for products that are amenable to air freight to overcome difficult terrain and road conditions; and subsidizing air freight as part of Transportation subsidy - upto nearest hub (Kolkata) for domestic as well as export air freight traffic.

The impact of the North-East Industrial Policy 1997 had been positive, going by the experience in Tripura. The state has seen investments of size well over 1 crore; all of them after introduction of NEIP, 1997 only. These include units for rubber, steel, cement, essential oil etc.; and proposed units in ceramics and glass. It had also generated several additional enquiries / proposals in the initial years (1998-2001).

This again underlines two facts – that the cumulative handicaps faced by the North-East are greater than any other part of the country; and thus incentivization levels have to be comparatively higher to attract investments; and that the transportation bottleneck impacting access to resources and major markets is the most significant inhibiting factor for industrial investment in Tripura, as well as the North-Eastern region.

It is therefore required to incentivize industrial investment in Tripura and the North-Eastern Region commensurate with the handicaps suffered. These may be through direct incentives to the investors and through indirect support by developing required infrastructure and facilitation of access to product major markets. These may also focus upon the regions / state's resources and requirements for specific incentives [e.g. for rubber, food processing, forest produce based, natural gas based etc. industries]. Within this broad outline, in April 2007, Ministry of Industrial Policy & Promotion, Government of India in its "North East Industrial Investment Promotion Policy 2007" (NEIIPP' 2007) had declared various incentives and subsidies for enterprises in the region which also extends to Tripura. Thus, the primary objectives as well as prerequisite of State incentive package would be to supplement NEIIP' 2007 and bridge the gaps wherever it exists.

"Tripura Incentive Scheme-2007" would be introduced to replace "Tripura Incentive Scheme-2002" in line with the Micro, Small, Medium Enterprise Development (MSMED) Act 2006 of Government of India, enterprise and just not industry will be the targets of development.

At the helm a High power state committee would be formed to monitor implementation, review and sanction all claims within one month of submission. Concomitant to the subsidies declared under this policy, budget provisions would also increase. A Micro, Small, Medium Enterprise Facilitation Council would be notified as provided in MSMED Act 2006 to address problems and grievances.

### **Capacity Building:**

There is strong necessity to create an enabling environment with appropriate policy, institutional development, human resources development for capacity building. It is a long-term, continuing process, in which all stakeholders are involved.

The Government would continue its process of upgrading and modernize the ITIs of the State and also gradually increase the intake capacity.

With assistance of Central Government the ITIs would be upgraded to sector specific Centre of Excellences with multi entry and multi exit system in modular courses. This would facilitate broad based training in particular skill and enhance employability and earnings of the trained youths.

A special drive would be initiated for strict implementation of the Apprenticeship Act 1961. Action would be taken against defaulting establishments. Elaborate arrangements would be made for in-plant training in collaboration with industries. Placement Cells in all ITIs will be strengthened and made proactive.

More autonomy and flexibility would be given to the ITIs to respond to market forces through constitution of Institute Management Committee (IMC), associating industrial associations, local industries, other government and private organizations and knowledgeable individuals. Societies would be formed in the ITIs to facilitate self-governance.

While the ITIs would impart technical training in engineering trades, institutions like Swabalamban Society and Society for Entrepreneurship Development (SOFED) would be responsible for and concentrate on training in generalized fields, agri allied activities and other demand specific skills.

The societies would also design course and curriculum as per market force, with wider outreach and high degree of employability to be implemented by line departments using their infrastructure. Swabalamban Society and Society for Entrepreneurship Development would co-ordinate with various line departments/organizations for sector specific training and to open up new sources for funding training programmes.

The Societies shall be strengthened by strategic alliances with national level entrepreneurship institutes, industry linkages, linkages with technical and professional institutions and PPP initiatives.

In order to cater to the requirement of manpower at higher level for upcoming industries within and outside the State, special efforts shall be made on promoting new technical institutions in diploma/degree level, upgrading existing ones and maximizing industry-institution linkages.

### **Self Employment:**

Self employment programme is one of the sectors where strong focus is needed. This sector has immense potential to create employment through small investment in ventures that would lead to income generation using local resources.

Prime Ministers Rojgar Yojana (PMRY), Rural Employment Generation (REGP) Scheme and Swabalamban would continue as main avenues for financial assistance on easy terms and in diversified fields like service and business sector in addition to micro and small enterprises.

Loan portfolio under the schemes would be diversified through innovative projects and services in emerging sectors like tourism, hospitality, retail, nursing, construction.

Awareness camps would be conducted at various levels to create consciousness about scopes and opportunities of self-employment.

### **Achievement of Policy Objective : Aligning Administration:**

An important component of the sustained campaign to promote Tripura as an ideal investment destination would be the initiative for conscious and comprehensive alignment of administrative set-up for investor support and facilitation. This initiative is aimed at 'efficient' solution to investors' problems, reduction of 'uncertainty' and enhancing 'consistency' of response to them and thereby generating and elevating investors' 'comfort' levels for doing business in Tripura.

This initiative would simultaneously operate in three dimensions. As its first dimension, it would encompass both the policy and decision levels as well as execution support levels ; as second dimension, apart from being supportive to all investment sectors in general, sectors with higher promise in Tripura would be supported through sector-specific missions – that have reach across related departments and agencies – and through public-private partnerships with expert non-government bodies ; and as third dimension, this would enjoin upon the designated agencies to perform their roles in both proactive as well as responsive outlooks.

At the policy level, the Secondary Sector Committee of the State Planning Board would continue to set the broader policy frame-work for industrial development. The Committee would be regularly apprised on a quarterly basis of the achievements in respect of outcomes identified in follow-up of its policy recommendations. The Cabinet Sub-committee constituted for industrial promotion would be the apex body for decisions on important individual investment projects.

At the execution support level, the dual-tier Tripura Industrial Development Agency (TIDA) as constituted would continue to be the first contact point for industrial investors. The higher tier for large investment proposals under the Chairmanship of Chief Secretary ; and the first tier under the chairmanship of the Commissioner & Secretary Industries & Commerce for other projects would strive for adopting investor friendly and convenient single-window clearance systems on a continuously enhancing coordinated and active basis.



The Department of Industries & Commerce would be geared up for performing its role as the nodal department for industrial promotion ; and would be supported by sector-specific Mission authorities for identified investment sectors, including rubber, bamboo and horticulture where Missions are already in various stages of operationalization. Each of the sector-specific Missions would be upscaled to include a Component Mission for value addition and industrial projects mobilization in addition to the primary produce being handled by the respective specialist Departments. The Department of Industries & Commerce would target industrial and value addition projects on a sustainable basis through viable operation and revenue models, by partnering reputed non-government agencies.

The proactive role by the Department of Industries & Commerce would also cover information dissemination as well as mobilization of and participation at interaction opportunities targeted at enhanced convenience of industrial entrepreneurs on a cutting edge level. These opportunities would be through the Industrial Fairs, Business Meets and Seminars and Visits by potential entrepreneurs, from regional, national and international levels, to Tripura ; and State's participation at these for generating awareness and comfort amongst potential entrepreneurs and bodies representing business. The department would synergize the efforts with Central Government, its Boards and even important chambers of trade and industry, such as FINER, CII and ICC that are active in the State and the region ; and would target specific investment projects in these endeavours.

To provide a directed focus to these efforts, and promote Tripura as investment destination and develop linkages for industrial products, a permanent Trade Promotion facility would be set up at Hapania, where land has been already identified. This would be a modern facility, with flexible and modular exhibition grounds and trade centre for business meets and seminars, providing a supportive and conducive setting for interaction among all active stakeholders. This would require assistance and support from Department of Commerce, Government of India and Regional bodies such as North-Eastern Council (NEC) and North-East Development Finance Corporation (NEDFI) to be set up.

An essential pre-requisite for a substantive achievement of desired outcomes is the organizational realignment with the strategic plan laid out. A considered roadmap for this has to be immediately defined.

The first step is to realize that the present organization structure has been inherited from a period when the industrialization in Tripura involved low technical and investment level ; the integration of regional, national and international markets was far lower and competitiveness of investment destinations and products was not a significant precondition ; and the initial interventions towards industrialization of a then industrially backward location like Tripura were incumbent upon the State Government. The second step would be a meticulous identification of organizational requirements flowing from the choice of policy and strategic plan as adopted through this document, which involve very significant reorientation and emphases. The final step would be to systematically match the requirements by balancing creation of newer units and posts but also logically dismantling contextually redundant units and surrendering the unfilled posts in these to start with. The previous recommendations for administrative reforms to have a flatter and more functional structure would also need to be incorporated in doing so.

In a broad contextual perspective, the realignment should be carried out to enable the organization to respond positively and effectively to the new emerging demands – promotion of Tripura as an ideal investment destination ; by crystallizing opportunity areas following a systematic approach involving policy and economic analyses ; supporting the potential investors by efficient, consistent and facilitatory policy and implementation interventions ; and managing execution through broad-based partnerships and inter-agency coordination. All of these clearly point to the need for induction of greater professionally qualified human resources, which could be through both possible routes appropriately – direct employment and engagement of professional services of high quality.

Considering that the Director for Industries & Commerce as the team leader needs to have only a manageable domain of senior managers to be effective, and each of these senior managers needs to be similarly positioned; and the subordinate managers need to have clearly delineated portfolios, the suggested realignment roadmap is follows:

Creation of two posts of Additional Director- It is proposed to create two posts of Addl. Directors, in addition of two existing posts with defined portfolios for four sector specific assignments - (i) Office Administration, Monitoring of PSUs/Board, DICs and Legal Section (ii) Industrial Promotion, Infrastructure Development, Administration of ITIs (iii) Projects, Geology & Mining, Financial Monitoring (iv) Foreign Trade, Plantation, Incentives Schemes. The four Additional Directors under Director would be the first tier of administrative control and monitoring of implementation, investment facilitation by creating an industry conducive environment both in terms of policy regime and infrastructure development.

Creation of four posts of Joint Directors – (i) Jt. Director (Projects) - Creation of the post of Joint Director is of utmost important considering the immense need for better industrial infrastructure. There is a competition among the N-E states for offering best infrastructure so as to attract the investors more. (ii) Jt. Director (Training) - The creation of the post of Joint Director (ITI) will help us in dealing with matters related to ITIs as the there is large expansion of activities – increase in intake capacity to 1244, introduction of a Apprenticeship Act 1961, modernization programme etc.: (iii) Jt. Director (Plantation)- Creation of the post for promotion of plantations in a productive and scientific manner, for the economic benefit of the growers and facilitating arrangement of financial needs for both plantation as well as processing and marketing has gone up presently. (iv) Jt. Director (Incentives)- One Jt. Director is also required for monitoring of the various incentive Schemes under State & Central Package. His job would mainly involve receipt of subsidy proposals, processing the proposals in time; arrange for inspection and co-coordinating sanction and disbursement at State & Central Government offices/agencies.

### **Leading Linkages:**

Leading Linkages – to broadbase support systems; primarily through Public Sector Undertakings and Societies under Industries & Commerce department; and also through designated agencies of other sectoral nodal departments.

### **Tripura Industrial Development Corporation Ltd (TIDCL):**

TIDC Ltd. would act as a catalyst in the process of promotion and development of industries, functioning as a financial corporation and create industrial infrastructure in order to support economic development of the state thereby creating income generation. TIDC should develop capacity as the Industrial Infrastructure Development Corporation also.

The corporation would diversify its lending activities and maintain the corporation as a profit making organization. Share capital would be released to the corporation for implementation of specific projects.

In next five years, the Corporation would also create industrial infrastructure in all the districts and eliminate regional imbalances, renovate Dukli Industrial Area, take necessary steps for development of Industrial infrastructure at Tolakona, Moloynagar and make these attractive destination for investors. For this purpose the Engineering Cell of TIDC would be further strengthened for project management and technical supervision.

The corporation would also create a corpus fund for infrastructure development with the revenue collected from the Growth center and other industrial estates/areas.

#### **Tripura Tea Development Corporation Limited:**

TTDC Ltd. would promote and protect tea industries in the state and create employment potentialities by creation of nurseries, maintaining gardens and commanding the tea business in the state.

The corporation would increase the land utilization ratio from existing 21% to 44% by 2011, and production per unit area would be increased at least to the national average; modernize and enhance the capacity of tea processing plants and purchase green leaves from small growers, co-operative tea gardens in addition to their own leaves for the enhanced capacity of the processing plants.

To increase productivity, irrigation facilities in the gardens would be improved, provide tractors and vehicles for transportation of green leaves.

The corporation would also diversify its activity by rubber plantation, spice or any other activity in the unutilized lands.

The corporation would economize & diversify its activities and maintain the corporation as a profit making organization. The amount of share capital support would be reduced by 10% every year over a period of next five years.

#### **Tripura Small Industries Corporation Ltd:**

The main functions of TSIC Ltd. would be to aid, advise, assist, protect and promote small industries in the state and also to render marketing assistance to micro, small, medium enterprises in the state.

The corporation presently confronts working capital shortage and is essentially dependent on the equity support from the state government for maintaining its regular activities. Secondly, it has excess manpower. To overcome these problems, it would take a five year action plan to increase its business activity to reduce the dependence on the state government by diminishing the share capital contribution by 10% every year and by restructuring the organization.

It would also give a special drives to produce quality products confirming market demand, improve the productivity and minimize the overhead expenditure. TSIC would accentuate on trading activities like marketing of furniture, trading of automobile spare parts, country liquor in poly pouch pack, whole sale of medicine and manufacturing and selling of bricks.

#### **Tripura Jute Mill Ltd (TJML):**

Tripura Jute Mill Ltd., the first medium sector industry in the Mill state, came in to existence in 1974, being as a wholly owned company of the Government of Tripura.

Efforts would be taken to make the corporation self –sustaining as it is now largely dependent on the share-capital contribution of the state government.

In the next five years the corporation would gradually increase production level to attain break even by diversifying the product mix based on the raw material availability and local demand.

For modernization of mill machinery, one-time grant would be arranged from Government of India/ Technology Up gradation Scheme. Utilization of excess land for additional source of income, introduction of Voluntary Retirement Scheme, engagement of workers on piece rate basis would be other sought reforms.

### **Achievement Plan for Objectives**

Sound physical infrastructure with easy availability of key utilities is an ideal scenario for any investor. The policy has therefore, benchmarked the quality infrastructure to be developed and ensure that this infrastructure would be made available to both the industries and citizens within reasonable time period. Thus, there is need for a targeted achievement plan for development of basic and supportive infrastructure in parity with industrial and trade-specific requirements.

The identified activities vis-à-vis the aimed implementation plan is summarized below.

(Rs. in Crores)

Sl. No.	Name of Project	Estimated Cost	Source of Funding		Remarks
			State Budget	Other Sources	
	<b>Completion of on going sector specific industrial parks:</b>				
1	1.1 Food Park	8.1	4.1	4.0	Rs. 3.07 is already released from State Budget. Additional Rs.1.03 crores may be released from State Budget
	1.2 Rubber Park	7.0	0	7.0	100% grant from Assistance to the States for Infrastructure Development Related to Export & Allied Activities (ASIDE) Scheme.
	1.3 Export Promotion Industrial Park.	10.0	0	10.0	100% grant from ASIDE Scheme.
2	Setting up of a Common Effluent Treatment Plant (CETP) at Bodhjunnagar.	5.0	0	5.0	Land is already identified. 100% grant from Ministry of Environment and Forest
3	Preparation & execution of integrated Master Plan at Bodhjunnagar.	10.0	10.0	0	100% grant under ACA or from NEC.
4	Preparation & execution of integrated Master Plan at Dukli.	5.0	5.0	0	100% grant under ACA or NEC.
5	A 33 KV sub-station at Arundhutinagar with feeders from Badharghat Sub-station.	2.0	2.0	0	100% grant under ACA or NEC.
6	Development of infrastructure at Kumarghat Industrial Estate in North Tripura district, acquisition of adjoining lands.	1.0	1.0	0	100% grant under ACA/NEC/Ministry of Commerce.
7	Infrastructure development at Dharmanagar Industrial Estate and Dhajanagar Industrial Estate.	2.0	2.0	0	100% grant under ACA/NEC/Ministry of Commerce.
8	Integrated Infrastructure Development Centres at Dewanpassa in North Tripura, Lalchari in Dhalai district and Radhakishorepur in South Tripura.	15.0	3.0	12.0	80% grant from Ministry of MSME.
9	Acquisition of 500 acres of land and infrastructure development at Nripendranagar in West Tripura.	40.0	0	40.0	Special grant from DONER/NEC/Ministry of Commerce.
10	Development of industrial infrastructure over 200 acres of land at Kamalasaragar in West Tripura owned by TTDC.	20.0	0	20.0	Special grant from DONER/NEC/Ministry of Commerce.
11	Development of 15.68 acres of land at Tulakona / Uttar Champamura in West Tripura under possession of TIDC.	1.0	0	1.0	Special grant from DONER/NEC/ Ministry of Commerce.
12	Development of 7.59 acres of land at Moloynagar in West Tripura under possession of TIDC.	1.0	0	0	This land is proposed for industrial utilization by leasing it out or developing infrastructure in PPP model.
13	Road network and connectivity between the identified industry and business centres to National Highways and Railway link.	55.0	0	55.0	100% grant from Ministry of Commerce & Industry, DIPP under the Scheme of "Infrastructure Development in Eastern and North –eastern region".
14	Provision for adequate warehousing and handling facilities at all important identified industrial locations like Kumargaht, Lalchari and Dukli.	1.00	0	1.00	100% grant under ACA/NEC/Ministry of Commerce.
15	Setting up of Integrated Development Complex at Srimantapur	15.0	1.5	13.5	100% grant from ASIDE Scheme (except the land cost)
16	Permanent Exhibition ground at Agartala	3.0	1.0	2.0	(Export Development Fund) EDF from Ministry of Commerce, Government of India.
17	Construction of 110 m wide R.C.C bridge over river Feni.	40.0	0	40.0	from Ministry of Commerce, Government of India.
18	Setting up of Integrated Development Complex at Old Raghna Bazar, Dharmanagar	15.0	1.5	13.5	100% grant from ASIDE Scheme (except the land cost)
19	Setting up of Integrated Development Complex at Muhurighat, Belonia	15.0	1.5	13.5	100% grant from ASIDE Scheme (except the land cost)
20	Facilities to Co-operative tea gardens for creation of infrastructure, fixed assets etc.	10.0	0	10.0	Special grant from Tea Board/ NEC.
21	Setting up tea processing factories in Co-operative sectors	3.9	0	3.9	Special grant from Tea Board/ NEC.
22	Establishment of cold-chain facility, purchase refrigerated vans etc.	15.0	0	15.0	Special grant from Ministry of Food Processing, Government of India.
23	Repair/ renovation of existing building, new civil works in ITIs	3.0	3.0	0	100% grant under ACA or from NEC.
24	Repair of existing machinery, purchase of new machinery in ITIs	4.0	4.0	0	100% grant under ACA or from NEC.
25	Upgradation of two ITIs into Centre of Excellence in Sector specific trade	5.0	0.5	4.5	90% grant from Ministry of Labour.
26	Setting up two new ITIs in Khumulwng and Banubankul.	5.0	0	5.0	100% grant from Ministry of Home Affairs, Government of India.

27	Development of Infrastructure at EDIT, SOFED	1.0	0	1.0	100% grant from Ministry of Commerce, Government of India.
28	Development of Infrastructure at Swabalamban	1.0	0	1.0	100% grant from Ministry of Commerce, Government of India.
29	Development of Infrastructure in four DICs	6.0	0	6.0	100% grant from Ministry of MSME, Government of India.
<b>Total</b>		<b>325.0</b>	<b>39.6</b>	<b>284.4</b>	

Thus, the department envisages taking up new projects as well as upgrading infrastructural facilities and other developmental works of Rs. 325.00 crores in the next five years. It is proposed that Rs. 39.60 would be contribution from the State Budget and the balance amount Rs. 284.40 would be sourced from various Ministries of the Central Government, NEC, DONER and special fund sources like DONER.

### Conclusion

Looking ahead Tripura offers numerous advantages to investors, but it has to overcome critical challenges before it can attract substantial investment. It is hoped that the industrial policy, along with the other measures to be simultaneously implemented by the various departments of the State Government, would create positive perceptions about the State.

Focus will be given for developing the vision and strategies to make the State one of the most attractive investment destinations in India. The Government shall, while implementing this policy, identify the core sectors that will act as growth engines, build the human capital, formulate a detailed implementation plan and articulate the communication strategy to convey this vision to potential investors.

For the successful implementation of the policy, a meeting of minds of all and the public at large is an essential pre-requisite. Therefore, the Government intends to interact frequently with all concerned so that there is a broad consensus as far as possible. The Government looks forward to the wholehearted co-operation of all stakeholders.