



Government of Rajasthan

Rajasthan Chemicals and Petrochemicals Policy 2021



1. Introduction.....	3
2. Title and Commencement	5
3. Vision & Mission	5
4. Industrial Infrastructure Development.....	7
5. Ease of Doing Business.....	8
6. Ecosystem for Chemicals and Petrochemicals Sector and Sustainable Development	9
7. Research & Development (R&D) and Innovations	11
8. Competitive Fiscal Incentives.....	12
9. Rajasthan Chemicals and Petrochemicals Policy Monitoring Committee..	16
10. Policy Implementation	16

1. Introduction

The Chemicals and Petrochemicals is a knowledge intensive as well as capital-intensive sector. It is also an integral part of the growing Indian economy. It includes basic Chemicals, Chemical products, Petrochemicals, Fertilizers, Paints, Varnishes, Gases, Plastics, Soaps, Perfumes and Toiletry, and Pharmaceuticals. The diversification within the chemical industry is large and covers more than eighty thousand commercial products. This Industry occupies a pivotal position in meeting basic needs and improving quality of life. The industry is the mainstay of industrial and agricultural development of the country and provides building blocks for several downstream industries, such as Textiles, Papers, Paints, Varnishes, Soaps, Plastics, Detergents, Pharmaceuticals, etc.

According to National Accounts Statistics 2020, brought out by the Central Statistics Office (CSO), the Chemicals and Chemical products sector (industry division 20 of NIC 2008) accounted for 1.12% of the GVA for all economic activities (at 2011-12 prices) in 2018-19, compared to 1.04% in 2017-18 at constant prices. The share of this sector in the GVA of the manufacturing sector (at 2011-12 prices) was 6.21% during 2018-19 as compared to 5.73% in 2017-18. Share of Chemicals and Chemical products sector including pharmaceutical sector (industry division 20 and 21 of NIC 2008) accounted for 2.25% of the GVA for all economic activities (at 2011-12 prices) in 2018-19, compared to 2.16% in 2017-18. The share of this sector in the GVA of the manufacturing sector at 2011-12 prices was 12.46% during 2018-19 as compared to 11.88% in 2017-18. The size of the Indian Chemical industry (industry division 20 of NIC 2008) in terms of the value of output in the year 2018-19 was Rs. 6,95,513 Crores while the size of the Indian Chemical industry including Pharmaceutical

(industry division 20 and 21 of NIC 2008) in terms of the value of output in the year 2018-19 was Rs. 9, 92,626 Crores at constant prices (2011-12). The CAGR based on the average annual index of Industrial Production (IIP) for the Chemicals and Chemicals product (Industry Division 20: NIC 2008) during the period 2015-16 to 2019-20 is 1.04%.

The Petroleum, Chemical, and Petrochemical industry in India is well established and has recorded a steady growth over the years. The industry offers a wide scope for development that contributes positively to economic growth and regional development. The outlook for the industry is bright with positive developments anticipated in various Chemicals sub-sectors.

Rajasthan is one of the leading states in the country for crude oil production. Rajasthan Government is setting up a 9 MMTPA Refinery and Petrochemical Complex in collaboration with Hindustan Petroleum Corporation Limited at Pachpadra, Barmer. Recognizing the Chemicals and Petrochemicals sector's unique dynamics, significant opportunities, and structural challenges, the Government of Rajasthan has considered Chemicals Sector and Petrochemicals Sector as thrust sectors in "Rajasthan Industrial Development Policy-2019" and "Rajasthan Investment Promotion Scheme-2019".

Further to this, to promote investment in this sector and to make Rajasthan State an important hub for both domestic and international markets, the State Government plans to attract investments by providing a transparent and investment-friendly policy mechanism. The Rajasthan-PCPIR shall reap the benefits of co-siting, networking, and greater efficiency using common infrastructure and support services. State of the art infrastructure shall provide a competitive environment conducive to

setting up businesses. This will give a boost to manufacturing, augmentation of exports, and generation of employment.

The proposed Rajasthan-PCPIR will be a combination of production units, social infrastructure, logistics facilities, environmental protection mechanisms, residential areas, and administrative services. It will have a processing area, where the manufacturing facilities, along with associated logistics & required infrastructure will be located and a non-processing area including residential, commercial, social and institutional infrastructure.

This will provide a road map for the development of the Chemicals and Petrochemicals sector in the State. The proposed policy is holistic, investor-friendly, market-driven and focused on the addition / upgradation of infrastructure. This policy shall provide incentives to offset disabilities, promote innovation and human resource development. Rajasthan-PCPIR shall provide significant upward growth to the sector in Rajasthan and shall become an engine of economic growth and development.

2. Title and Commencement

This policy shall be known as the Rajasthan Chemicals and Petrochemicals Policy 2021 (hereinafter referred to as 'policy') and shall come into effect from the date of its notification in the Official Gazette. The policy shall remain in force until it is amended or superseded by the State Government.

3. Vision & Mission

3.1. Vision

To make Rajasthan the most preferred investment destination for Chemical and Petrochemical industries in India with conducive ecosystem for inclusive, balanced and sustainable industrial

development.

3.2. Mission

3.2.1. To promote self-reliance by facilitating domestic manufacturing in the entire value-chain of Chemical and Petrochemical goods manufacturing

3.2.2. To develop capacities for an ecosystem in Rajasthan for manufacturing of Chemicals and Petrochemicals including intermediates, fertilizers, paints, varnishes, gases, soaps, perfumes, resins, adhesives, toiletry, plastic products, packaging materials, synthetic rubber, man-made filament, pharmaceuticals, etc.

3.2.3. To encourage and incentivize large Chemical and Petrochemical goods manufacturing eco-system

3.2.4. To develop and maintain industrial infrastructure for facilitating Chemical and Petrochemical industries in the State

3.2.5. To maximize potential of human capital of the State for Chemicals and Petrochemicals sector

3.2.6. To support in technological up-gradation of Industry and usher in the new era of Industry 4.0 to develop a potential for Chemical and Petrochemical industry.

3.2.7. Promote R&D to develop a pollution-free production system, innovative products including associated designs and creation of intellectual properties, for the domestic as well as global markets.

4. Industrial Infrastructure Development

4.1. The policy aims to establish Chemical and Petrochemical products manufacturing clusters focusing on Petrochemical Intermediates, Alkali Chemicals, Inorganic Chemicals, Organic Chemicals, Pesticides, Dyes & Pigments, Synthetic Fibers, Polymers, Elastomers (S. Rubber), Detergent, Intermediates, Performance Plastics, Specialty Chemicals, Agrochemicals & Fertilizers etc.

4.2. Rajasthan-PCPIR is being established to promote the development of Chemical & Petrochemical Zone and Plastic Parks for domestic as well as foreign investors.

4.3. The policy envisages to create world-class infrastructure in the form of the Centre of Excellence (CoE) to promote research, innovation, skill development and entrepreneurship with advance lab testing and training facilities in the Chemical & Petrochemical industry. The policy aims to establish a CoE in collaboration with the Government of India / Research Institutions / industry associations / large scale manufacturer. The Government of Rajasthan shall provide one-time grant against the cost of establishment of CoE

4.3.1. In case of Government institutions: upto 50% subject to a maximum of INR 10 Crores

4.3.2. In case private institutions: upto of 35% subject to a maximum of INR 7 Crores

4.4. Central Institute of Petrochemicals Engineering & Technology (CIPET) has been established in Jaipur. One of the above proposed CoEs shall be developed in the vicinity of the proposed Rajasthan-PCPIR as an extension of CIPET or similar institution promoted by the Central or State Government or industrial association, which will

be engaged in academic, technology support, research, and skill development activities.

4.5. To facilitate the industries with the robust ecosystem for Chemical & Petrochemical goods manufacturing and to provide a cost-effective manufacturing environment, Common Facility Centers with testing, skilling, and incubation facilities shall be established in Chemical & Petrochemical Zones and Plastic Parks. The State Government shall provide a one-time grant / State contribution of up to 30% of the cost incurred in the establishment of Common Facility Centres subject to a maximum of INR 5 Crores.

4.6. The State Government shall provide adequate provision for the development of social infrastructure at Rajasthan-PCPIR such as schools, technical educational institutions, hospitals, and other health facilities, entertainment, etc. as per the requirement.

4.7. Under 'The Rajasthan Investment Promotion Scheme, 2019', assistance has been provided for developing Multimodal Logistics Hubs (MMLH), Logistics Parks, and Inland Container Depots (ICDs) to strengthen the logistics infrastructure. The State Government shall ensure easy access by providing good connectivity to Chemical & Petrochemical Zones and Plastic Parks with such logistics facilities.

4.8. Requisite land shall be provided near Chemical & Petrochemical Zones and Plastic Parks for the development of logistics and warehousing facilities.

5. Ease of Doing Business

The Government of Rajasthan has taken various initiatives to boost the business environment in the State by bringing in regulatory reforms and

simplifying the procedures of registrations, approvals, clearances and NOCs to intensify the development & promotion of industries in the State.

5.1. The Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act 2019, has been implemented to exempt MSMEs from all the inspections, permissions, NOCs, clearances, consents, approvals, registrations, licenses, etc. required under any State law in connection with the establishment or operation of enterprise for 3 years.

5.2. The State Government has established one stop shop facility with IT application 'RAJNIVESH' for all investment related matters such as business information to investor, investor queries, expediting regulatory approvals, facilitating meetings with relevant Government departments, hand-holding support for matters related to fiscal incentives and investor's feedback.

5.3. The State Government shall establish a Chemicals & Petrochemicals facilitation cell which shall support the establishment / grounding of large-scale investments. The proposed cell shall coordinate with different departments including the Central Government departments for necessary approvals and assistance.

5.4. The total number of inspections shall be reduced and the inspection process shall be rationalized across departments concerned with industrial operations of Chemicals and Petrochemicals units.

6. Ecosystem for Chemicals and Petrochemicals Sector and Sustainable Development

6.1. The State Government shall promote exploration of new

methodologies and technologies for effective waste management for industrial parks. The policy will promote the waste recycling industry in the state for waste produced in the Rajasthan-PCPIR.

6.2. To encourage reuse and recycling of industrial waste, adequate land on an annual lease basis, fiscal incentives, and necessary regulatory support shall be provided to recycling units.

6.3. Adoption of water recycling, energy conservation and waste management methodologies & technologies shall be encouraged and a regular awareness programme shall be organized for the same.

6.4. The State Government shall establish Zero Liquid Discharge (ZLD) based Common Effluent Treatment Plants (CETPs) at proposed Rajasthan – PCPIR on need basis. The State Government shall also promote water recycling, energy conservation and waste management. The State Government shall also organize awareness programmes for the same.

6.5. The State Government shall promote establishment of Waste Management / recycling units through Industrial Associations / Public Private Partnerships (PPP) / private sector engagement.

6.6. RIPS 2019 also provides subsidy One-time reimbursement of 50% of the investment made on plant and machinery and testing equipment for obtaining Silver or Gold or Diamond or Platinum rating under Zero Defect and Zero Effect Certification Scheme of Government of India, subject to a maximum of INR 5 lakhs.

6.7. Under RIPS-2019, MSMEs have been given below mentioned additional benefits for Water Conservation and Green Measures in

the form of Reimbursement of

- i. 50% of the cost incurred on water audit by any Government impaneled or Government approved agency subject to a maximum of INR 2 lakh.
- ii. 50% of the amount paid to the suppliers for the plant, excluding civil work, for establishing zero liquid discharge-based effluent treatment plant.
- iii. 50% of the amount paid to the suppliers for the plant, excluding civil work, for adopting Green Building Measures for the building having a minimum floor space of 2000 sq meters. and
- iv. 50% of the amount paid to the suppliers for the plant, excluding civil work, for establishing "Reuse and Recycling of Industrial Waste Plant", subject to a maximum of INR 50 lakh and shall be one-time assistance.

Provided that total amount of subsidy including (i), (ii), and (iii) shall be one-time assistance subject to a maximum of INR 50 lakhs.

6.8. RIPS 2019 also provides subsidy One-time reimbursement of 50% of the investment made on plant and machinery and testing equipment for obtaining Silver or Gold or Diamond or Platinum rating under Zero Defect and Zero Effect (ZED) certification scheme of Government of India, subject to a maximum of **INR 5 lakhs.**

7. Research & Development (R&D) and Innovations

7.1. The State Government shall promote technology acquisition, skill development, and R&D with increasing industrial engagement in the development of products for the Chemical & Petrochemical industries.

- 7.2. R&D centres focusing on Chemical & Petrochemical products and processes shall be established in collaboration with universities / technical institutions / research organizations in the State for bringing together researchers, industry, and academia.
- 7.3. A new skilling programme shall be introduced in emerging sub-sectors of Chemicals and Petrochemicals sector.
- 7.4. Industry shall be encouraged to set up in-factory skilling centres in collaboration with leading universities, Government approved / affiliated / recognized educational institutions and ITIs.
- 7.5. To encourage Research & Development (R&D) and Innovation across the sub-sectors of Chemicals and Petrochemicals sector, an innovation award shall be introduced by the State Government.
- 7.6. Support shall be provided to educational institutes to promote entrepreneurship by providing access to labs, incubation centres and state-of-the-art machinery.

8. Competitive Fiscal Incentives

Rajasthan Government offers an enhanced package of incentives for manufacturing and services enterprises comprising of investment support on SGST, employment subsidy, electricity duty exemption, rebate in power tariff, stamp duty exemption, mandi fee exemption, rebate in land conversion charges, and support for water conservation/green measures are envisaged under the incentive scheme.

Under RIPS-2019 below mentioned benefits have been provided to eligible manufacturing enterprises.

- 8.1. Investment Subsidy of 75% of State tax due and deposited, for seven years.

8.2. Employment Generation Subsidy in the form of reimbursement of 50% of employer's contribution towards employees EPF and ESI, for seven years:

Provided that the Employment Generation Subsidy in the form of reimbursement of 75% of employer's contribution towards EPF and ESI shall be granted

- a) For employees belonging to Women, Schedule Caste (SC), Schedule Tribe (ST), Person with disability (PwD); and
- b) For all employees, if the enterprise is providing more than 75% direct employment to persons domiciled in Rajasthan.

Provided further that the Employment Generation Subsidy shall not be granted for those employees for which employer is receiving reimbursement under any other scheme of Government of India or Government of Rajasthan.

8.3. Exemption from payment of 100% of Electricity Duty for seven years;

8.4. Exemption from payment of 100% of Land Tax for seven years;

8.5. Exemption from payment of 100% of Market Fee (Mandi Fee) for seven years;

8.6. Exemption from payment of 100% of Stamp Duty:

- a) On purchase or lease/sub-lease of land and construction or improvement on such land;
- b) Exemption from payment of 100% of conversion charges payable for change of land use and conversion of land.

8.7. Enterprises investing equal to or above INR 10 Crores in the Chemicals Sector, Petrochemicals Sector, Petroleum Ancillary

Sector shall be granted the following benefits under RIPS 2019: -

- a) 5% Interest Subsidy on term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognized by Reserve Bank of India, for investing in plant & machinery, for a period of five years subject to a maximum of INR 25 lakh per year;
or
- b) Capital Subsidy is equivalent to 25% of the investment made on the plant & machinery, subject to a maximum of INR 50 lakh.

8.8. MSME enterprises are also eligible for a one-time reimbursement of 50% of the cost incurred to acquire advanced technology from premier national institutes – Indian Institute of Science (IISc), Indian Institute of Technology (IITs), National Institute of Technology (NITs), National Institute of Design (NIDs), The Council of Scientific and Industrial Research (CSIR) or any other institute set up by Government of India, subject to a maximum of INR 10 lakhs.

The process of availing incentives shall be simplified, transparent, and time-bound for approvals, sanctions, and disbursements under the incentive scheme.

8.9. Special Incentive Scheme for Investment in Rajasthan - PCPIR

A special package shall be formulated to provide below-mentioned benefits to enterprises investing equal to or above **INR 10 Crores** in Chemicals, Petrochemicals, Petroleum Ancillary Sector at Rajasthan-PCPIR:

8.9.1. Capital and Interest Subsidy

- a) Capital Subsidy is equivalent to 25% of the investment made on the plant & machinery subject to a maximum of INR 5

Crores. This subsidy shall be provided to eligible units set up at Rajasthan-PCPIR.

or

- b) 5% Interest Subsidy on term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognized by Reserve Bank of India, for investing in plant & machinery, for a period of five years subject to a maximum of INR 1 Crore per year. This subsidy shall be provided to eligible units set up at Rajasthan-PCPIR.

8.9.2. Effluent Treatment Plant (ETP) Subsidy

Capital Subsidy on zero liquid discharge based effluent treatment plant equivalent to 30% of the amount paid to the suppliers for the plant excluding civil work, subject to a maximum of INR 1 Crore, shall be provided to eligible units set up at Rajasthan-PCPIR

8.9.3. Skill Development Subsidy

First 10 Chemicals and Petrochemicals units, commencing commercial production during the operative period of this policy, shall receive INR 3000 per month per candidate for 3 months for providing On Job Training (OJT) to fresher ITI / Diploma pass-out students in their respective units. The maximum number of candidates considered for OJT shall not be higher than 10% to the total full-time employees of the unit or 200 whichever is less.

9. Rajasthan Chemicals and Petrochemicals Policy Monitoring Committee

9.1. Rajasthan Chemicals and Petrochemicals Policy Monitoring Committee shall be constituted under the Administrative Secretary – Industries & Commerce, Government of Rajasthan to periodically review (at least once in every quarter), implementation and assess the impact of the Chemicals and Petrochemicals Policy.

9.2. The Committee will be empowered to take all necessary decisions for the smooth implementation of policy such as:

- a. To monitor the progress of all institutions involved in the process
- b. To assign roles and targets to institutions involved and monitoring of work being performed
- c. To interpret and/or relax any provision of the Policy
- d. To frame and/or amend any guidelines or schemes under the Policy
- e. To review various measures for the favorable business environment in the State for the Chemical and Petrochemical industry

10. Policy Implementation

The Department of Industries and Commerce shall act as the nodal coordinating, monitoring, and implementing Department. Any matter pertaining to interpretation of any clause of the policy shall be referred to the Department of Industries & Commerce, Government of Rajasthan and the decision of the Department of Industries & Commerce, Government of Rajasthan shall be considered final in this regard.

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