

Gujarat Infrastructure Development Board

Study of Saurashtra Coastal Corridor of Gujarat

Section 5 - Recommendations

Final Report – February 2006

PRICEWATERHOUSECOOPERS 

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1 RECOMMENDATIONS

- 1.1 Based on the details presented in the preceding sections of the report, we have summarised our recommendations in Annexure 1 & 2 below.
- 1.2 We have categorized our recommendations into two sets namely, Policy Level Recommendations and Key Action Points. Details regarding both the above sets are presented below.

Policy Level Recommendations (Annexure 1)

- 1.3 This list provides details of proposed policy level interventions required for development of various industries and sectors in the Saurashtra Region e.g. policy level interventions required so as to facilitate greater amount of interaction / participation between the private sector and the ITI's. These recommendations have been listed sector / industry wise.
- 1.4 The proposed policy level recommendations have been listed in Annexure 1 to this Section. The Annexure **summarizes 24 policy level changes for the Saurashtra region**. Though some of these may be interrelated, we have nevertheless highlighted these.

Key Action points along with investment requirements (Annexure 2)

- 1.5 This list provides details regarding various interventions proposed in each of the preceding sections and the estimated investment for each. We have **identified 49 projects / specific interventions with an associated investment requirement of approximately Rs. 7000 crores**. This is presented in Annexure 2 of this Section of this section of the report.
- 1.6 In order to enhance the practicality and adaptability of our recommendations, we have also as indicated above, give a broad estimate of the investment required for implementing each action step. We have also broadly indicated the funding pattern i.e. government contribution and private sector contribution.
- 1.7 The investment estimates are broad in nature and derived based on a normative basis and by adopting industry norms and generally accepted practices. Similarly, the funding pattern is also preliminary and no attempt has been made to substantiate these figures.

Economic gains potential from the identified action points

- 1.8 As mentioned, we have **identified 49 projects / specific interventions with an associated investment requirement of approximately Rs. 7000 crores**.

- 1.9 If these investments were to fructify in the next 5 years, then the region would benefit considerably from increased economic activity. These investments have been identified in agriculture, manufacturing, infrastructure and services sectors. Each of these sectors is associated with a distinct economic multiplier impact potential and hence the combined economic impact of these investments could be significant. The benefits of these investments would be realized not just in the period over which the capital investment takes place (say 5 years), but in perpetuity as these investments would continue to give rise to downstream economic activity in a mutually reinforcing manner.
- 1.10 For instance, an investment of Rs. 7000 crores has the potential to give rise to the following kinds of economic benefit :
- (a) **Direct job creation : approx 46000 (assuming Rs. 1.5 million per direct job)**
 - (b) **Indirect job creation : approx 46000 (assuming Rs. 1.5 million per direct job)**
 - (c) **Induced employment : multiplier effect of the direct & indirect jobs created**
 - (d) **Investments in agriculture, manufacturing, infrastructure and services as identified would give rise to considerable economic multipliers. For instance, according to the Planning Commission of India, the economic multipliers for agriculture, manufacturing and infrastructure could be in the range of 1.5 to 1.7 whereas services sector multiplier could range from 3-4. This means that every unit of investment has the potential to generate the above stated multiples of economic benefit**
 - (e) **These investment and the associated multipliers have the potential to contribute approximately 1% to the GDP growth of Gujarat as per generally adopted norms.**
 - (f) **These benefits apart, the region would benefit in terms of social development, better quality of life, technology absorption, human resource skill upgradation and finally disposal incomes.**
- 1.11 The above normative economic benefit assessments suggest that there is an economic logic to act upon these recommendations through a combination of public and private investments. The analysis shown above is illustrative in nature and aims to provide government a set of metrics to establish the rationale for considering these recommendations.