

|

Draft

Odisha Industrial Policy - 2015



Issued by

Industries Department, Government of Odisha

Vide No. _____

Dated XXth _____, 2015

No.	Subject	Page No.
1	Introduction	3
2	Objectives	4
3	Strategy	5
4	General Policy Framework	6
5	Financial and Other Support Measures	8
6	Incentives at a Glance for Priority Sector units	17
7	Focus Sectors for Next Five Years	18
8	Infrastructure Development Plan	22
9	Human Resource Development	25
10	Rehabilitation and Revival of Viable Sick Units	25
11	Labour Reforms	25
12	Marketing Support to Micro and Small Scale Enterprise in Government Procurement	26
13	Export Promotion	27
14	Review and Monitoring	27
15	Miscellaneous	27
16	Annexure I – Definitions and Interpretations	29
17	Annexure II – Schedule: Undertakings Carrying on Activities Recognised as Industrial Units, or Given the Status of Industrial Units, for the Purpose of IPR 2015.	32

1. INTRODUCTION

- 1.1.** In order to promote industrial development, government introduced the Industrial Policy Resolution (IPR) in 2001 and further enhanced in 2007. It was formulated to set up a business climate conducive to accelerate investment in industry and infrastructure projects, raise income, employment and economic growth in the state, reduce regional disparities in economic development within the state and attract domestic as well as foreign investors.
- 1.2.** The Industrial Policy Resolution (IPR) of Odisha 2001 and 2007 has put in place a robust policy framework for industrial promotion and investment facilitation in the State, including creation of an enabling environment. The Industrial Policy Resolution 2015 aims at reinforcing and further expanding this process.
- 1.3.** Odisha is one of the richest mineral states having chromite, nickel, bauxite ore and coal deposits to the extent of 97.9%, 92.5%, 51.0%, and 33.2% respectively of the total deposits of the country. The state has rich water resources as a natural corollary to its geographical position.
- 1.4.** The State considers industrial growth as a means to sustainable livelihood by promoting higher capital formation absorbing surplus workforce. To realize these benefits and hasten the socio-economic changes, industrial development is accorded top priority by the State government.
- 1.5.** Apart from the investments in traditional mineral-based sectors, the State has taken initiatives to attract large scale investments in sectors such as agro-processing, automobiles, auto-components, textile, apparel and ancillary and downstream. The State will continue to give special focus to each of the priority areas for achieving maximum value addition within the State.
- 1.6.** The State Government has made pioneering efforts in formulating a robust Rehabilitation & Resettlement Policy by adopting a holistic livelihood approach for rehabilitation and resettlement of project affected families. Similarly, an appropriate policy dispensation has been put in place for industries to contribute towards periphery development as part of their corporate social responsibility.
- 1.7.** IPR 2015 has been formulated after going through an elaborate iterative process wherein all stakeholders, including Industry Associations, Sector Specific Associations, Chambers of Commerce and Industry, Experts and Government Departments/ Agencies concerned have been consulted and their suggestions have been duly considered
- 1.8.** Concerted efforts will be made to bring about suitable modifications to the current statutory framework. Technology will be leveraged to make the approval processes easier and shorter. Self-certification will be promoted under various regulations and

multiple inspections will be synchronized with an emphasis on risk-based inspections. Project clearances will be accorded in a time bound manner through an online portal. A dedicated team will be positioned to accord approvals, answer investor queries and handhold first-time entrepreneurs. Land bank will be created at critical locations in the state to ensure ready availability of land for the upcoming industries. In order to promote the development of MSMEs, a policy for promotion of ancillary and downstream industries will be announced. Formulation of a new Special Economic Zone Policy will promote internationally competitive growth centres which would fuel the export of goods and services.

DRAFT

2. OBJECTIVES

The Industrial Policy Resolution, 2015 has been conceptualized with the aim of making Odisha a destination of choice for the investors worldwide. The primary policy objectives are as under:

- 2.1.** To transform Odisha into a vibrant industrialized State
- 2.2.** To promote sustainable and inclusive economic growth by attracting investments in a systematic manner
- 2.3.** To specifically promote sectors in the priority category such as IT/ ITES, ESDM (Electronic System Design & Manufacturing) , biotechnology, agro, marine and food processing, tourism, textiles and apparel and automotive industries, which offer strong linkages to employment generation and exports
- 2.4.** To promote direct employment intensive sectors such as handicrafts, handlooms, Khadi&village industries, coir and salt
- 2.5.** To maximize employment generation and enhanced employability through skill development
- 2.6.** To encourage linkage between MSME and Large industries and make focused efforts for development of ancillary and downstream industries
- 2.7.** To encourage establishment of environment friendly and less polluting industries
- 2.8.** To create a conducive business climate, enabling environment and effective institutional structure to facilitate and encourage private sector investments

3. STRATEGY

The new Industrial policy seeks to promote industrial development in the state to optimally use the existing resource base of the state. The strengths of the state in terms of physical advantages such as long coast line, strong manufacturing base, excellent levels of support infrastructure, high base of entrepreneurial economy, policy-driven government etc. would all be used to promote industrial development in the state. The new policy has identified and developed a strategy which would promote industrial development in the state in a planned manner.

- 3.1.** To create an enabling environment for development of industrial and related social infrastructure of international standards
- 3.2.** To create level playing environment for all investors / private sector players by enhancing the facilitation mechanism enabling to do their business with ease and less transaction cost
- 3.3.** To promote entrepreneurship development for healthy industrial development
- 3.4.** To promote ancillary and downstream industrial parks
- 3.5.** To provide special incentive packages for promotion of, priority and MSME sectors
- 3.6.** To make provision of world-class infrastructural facilities for industries with active participation of private sector/ industry
- 3.7.** To promote skill development in order to enhance the employability of youth especially women and also to make ready-to-employ human resource to the industry
- 3.8.** To put in place an effective grievance redressal mechanism for speedy project implementation and also for addressing post implementation issues

4. GENERAL POLICY FRAMEWORK

The Industrial Policy Resolution 2015 shall pursue a multi-pronged approach for industrial promotion by providing infrastructure support, institutional support and pre and post-production incentives. While the IPR shall support industrialization in general, targeted efforts shall be made to incentivise investment in priority sectors with a view to maximizing the triple objectives of value addition, employment generation and revenue augmentation.

4.1. Institutional Mechanism – Single Window Clearance

- a) The State has an established Single Window Clearance mechanism in pursuance of the Orissa Industries (Facilitation) Act 2004 for providing time bound clearances and approvals. A Combined Application Form (CAF) has been created which all departments/authorities are mandated to accept.
- b) Within six months of IPR 2015 coming into force, Industries Department shall initiate the deployment of a web enabled platform for facilitating all statutory approvals of projects applied through CAF .
- c) The State has put in place an effective institutional mechanism for industrial promotion and investment facilitation at various levels. A three tier single window clearance mechanism to facilitate speedy implementation of industrial projects is in place. At the helm, the High Level Clearance Authority (HLCA) chaired by the Chief Minister and State Level Single Window Clearance Authority (SLSWCA) chaired by the Chief Secretary shall provide the overall direction and guidance.
- d) IPICOL has been functioning as the State Level Nodal Agency (SLNA) and Technical Secretariat for SLSWCA. District Level Single Window Clearance Authority (DLSWCA) is activated in all the districts. The Regional Industries Centres (RIC) and District Industries Centres (DIC) are effectively taking on the functions of District Level Nodal Agency (DLNA).
- e) IPICOL as the SLNA shall be further strengthened to function as an effective one stop shop for investors.
- f) Single Window Clearance mechanism will be made more effective so that most of clearances / approvals are accorded at the time of approval by DLSWCA/ SLSWCA / HLCA. Relevant provisions of Orissa Industries (Facilitation) Act 2004 shall be used more effectively to improve the ease of doing business. Efforts shall be made to accord all the required approvals within the specified time.
- g) The State Level Single Window Clearance Authority (SLSWCA) shall review progress in implementation of the single window services at the district and state level.

- h) IPICOL shall establish a GIS based Comprehensive Industrial Data Bank with the help of a professional agency.
- i) IPICOL shall develop and implement a web based system to facilitate time bound clearances to investment proposals, including facility for e-filing of Common Application Form (CAF), e-payment of processing fees and virtual single window interface between investors and different clearance authorities by end of financial year 2015-16.
- j) The Odisha Investment and Export Promotion Office (OIEPO) which is located in the Office of the Resident Commissioner, Government of Odisha, New Delhi shall proactively network with Embassies, Industry Associations, Chambers of Commerce and Industry and others to promote Odisha as an attractive investment destination. The OIEPO shall function as integral part of the SLNA for extending outreach services to prospective investors outside the state.

It shall also facilitate investment related approvals and clearances in respect of the industrial projects coming up in the State by liaising with Government of India Ministries and other agencies concerned.

- k) "Team Odisha" shall mean the broad institutional framework of the Government that is engaged in industrial facilitation and investment promotion in all key areas of economic growth. The Chief Minister is the Captain of Team Odisha. The principal goal of the Team is to provide necessary synergies and convergence of all Government efforts to ensure Odisha's position at the vanguard of economic and social prosperity.
- l) IPICOL is the Technical Secretariat of Team Odisha and the State Level Nodal Agency.
- a) The HLCA chaired by the Chief Minister shall review implementation of the IPR-2015. Besides giving overall direction to the industrial development efforts made by Team Odisha, the HLCA may give specific direction (s) wherever required.

4.2. Simplification and Rationalization of Regulatory Mechanisms

- a) The State shall take initiatives to review the regulatory mechanisms prevailing in the State for making the business climate more business-friendly. Wherever necessary, the State shall in consultation with experts and trade bodies, simplify and rationalize the procedures.
- b) The State shall compile an inventory of legal and procedural requirements of various departments or agencies for doing business in the state.

- c) The licenses, permissions, approvals etc. and procedures thereof, which have become redundant or burdensome, shall be rationalized.

FINANCIAL AND OTHER SUPPORT MEASURES

4.3. ELIGIBILITY

- a) New industrial units shall be eligible for incentives provided in this policy, subject to the general conditions and specific conditions as stipulated in this IPR.
- b) Industrial units covered under earlier Industrial Policy Resolutions shall continue to enjoy the incentives if admissible under the said policy as per eligibility.
- c) Migrated Industrial units shall be eligible for incentives provided in this policy, subject to the specific conditions stipulated in this policy.
- d) Existing industrial units which take up expansion/ modernization/ diversification will be eligible for specific incentives as specified.

However, defaulters of Banks, Development Financial Institutions, SIDBI, OSFC, IPICOL, Government and Government controlled agencies, will be eligible for such incentives only after they clear the dues.

- e) If an enterprise falling under any of the three categories of enterprises (Micro, Small & Medium) as defined in the Micro, Small and Medium Enterprises Development Act, 2006, graduates to a higher category from its original category or beyond the purview of the Act, it shall continue to avail all non- tax benefit of its original category prescribed under this Policy for a period of three years from the date of such graduation to the higher category
- f) Rehabilitated sick industrial units shall be eligible for such incentives as recommended by State Level Inter Institutional Committee (SLIIC) within the provisions of this IPR.
- g) Transferred Units
 - i. A transferred unit after commencement of production shall be eligible to avail of all or any of the incentives for the period for which the unit was eligible before transfer but could not avail of the same due to suspension of production or closure on account of sickness or for any other reason.
 - ii. An industrial unit seized under Section 29 of the State Financial Corporation Act, 1951 and thereafter sold to a new entrepreneur on sale of assets basis, shall be treated as a new industrial unit for the purpose of this IPR. Arrears of VAT, Entry tax, MV tax, EPF, ESI and Excise duty payable by previous owners shall not be

realizable from the transferees of the transferred units under section 29 of State Financial Corporations Act, unless, otherwise provided for in any act enacted by the Central or the State Government. These being public dues shall be realizable from the previous owners under the Orissa Public Demand Recovery Act, 1962 or any other relevant Act.

- h) Industrial Units set up without financial assistance from Public Financial Institutions and / or Banks will be required to be assessed by the appropriate agency i.e.,
 - i. IPICOL for Large Industrial Units;
 - ii. DI/DIC/RIC and OSFC jointly for Micro, Small & Medium Enterprises.
- i) Pioneer Units in each Priority Sector shall be eligible for extension of period of incentives for an additional two years over and above the limit specified, provided the unit has been in continuous production during the normal period of incentive.
- j) Government may, if need be, notify special incentives for Pioneer Units over and above those specified in this policy document.
- k) If the industrial unit has availed incentive under any scheme State Govt. or the Central Govt.(Gol) or Govt. Agencies or any Financial Institutions, it shall be eligible for the differential amount of benefit only.

4.4. GENERAL PROVISIONS

- a) Implementation of various provisions covering the incentives, concessions, etc., will be subject to the issue of detailed guidelines/ statutory notifications, wherever necessary, in respect of each item by the concerned administrative department.
- b) An industrial unit, which considers itself eligible for any incentives, shall apply in accordance with the operational guidelines and the same shall be considered and disposed of on merit by the competent authority.
- c) Time frame for filing applications for different incentives: A unit shall become ineligible to get incentives if it does not file its claim complete in all respects, within 1 (one) year of its starting production or within the time limit prescribed in the operational guidelines of this IPR.
- d) Delay in filing Application for availing incentives beyond the prescribed time limit may be condoned by the Empowered Committee on case to case basis for the reasons beyond the control of the industrial units. The Empowered Committee may be constituted under the chairmanship of Secretary to Govt. Industries Department for Large Industries and Secretary to Govt. MSME Department for Micro, Small & Medium Enterprises.

- e) Necessary permission in SEZs, Infrastructure and PPP projects for the provision of sub-leasing will be given as per circular of Revenue & D.M. Department.

4.5. INDUSTRIAL DEVELOPMENT IN KBK DISTRICTS AND OTHER BACKWARD AREAS

Government of Odisha will aim to provide enabling industrial infrastructure such as excellent road connectivity, uninterrupted power supply, water supply, telecommunication and mobile connectivity etc. and common facilities for storage, preservation and agri-marketing to promote industrialisation and development in KBK and other backward districts of the state. Government will identify potential sectors for each district and provide incubation support to units in these sectors. Non-mineral based new industrial units located in the Revenue districts of Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nawrangpur, Khandamal, Gajapati and Mayurbhanj with minimum investment of five crore rupees in plant & machinery shall be treated as Priority sector unit and be eligible for all incentives prescribed for the Priority sector.

INCENTIVES

4.6. LAND

- a) Government land earmarked for industry under the “Land Bank” scheme of IDCO and other Government land wherever available may be allotted for industrial units, including infrastructure projects.
- b) Government land will be alienated and transferred to IDCO for industrial and infrastructure development at the following rates. IDCO will add its development cost and administrative charges etc. to these rates and notify the final rates at which land will be available to industrial units separately. The land rate will have annual revision w.e.f. 1st of April of every year.

Zones	Location	Concessional Industrial Land Rate. (INR lakhs / Acre)
Zone-A	Urban areas under the jurisdiction of Bhubaneswar Municipal Corporation area.	125 lakh/ Acre
Zone-B	Urban areas under the jurisdiction of Development Authorities of Cuttack, Rourkela, Berhampur, Sambalpur, Paradeep, Puri, Angul and Jharsuguda	Cuttack – Rourkela- 60 Lakh / Acre Berhampur, Sambalpur, Paradeep, Puri, Angul – 30 Lakh / Acre
Zone-C	Revenue Sub-Divisions of Bhubaneswar, Khurda, Angul, Cuttack, Jharsuguda, Panposh,	Municipal/NAC area – 15 lakh / Acre other than Municipal / NAC Area : 6 lakh / Acre .

	Puri, Sambalpur.	
Zone-D	Revenue Sub-Divisions of Athagarh, Balasore, Berhampur, Chhatrapur, Champua, Dhenkanal, Jagatsinghpur, Jajpur, Keonjhar, Talcher	Municipal / NAC area 10 Lakh / Acre Other than Municipal / NAC Area - 4 lakh / Acre
Zone-E	Revenue Sub-Division of Banki, Baripada, Bhadrak, Baragarh, Bolangir, Jeypur, Koraput, Rayagada, Sundargarh	Municipal / NAC area: 6 Lakh / Acre Other than Municipal / NAC Area- 2 lakh / Acre
Zone-F	Revenue Sub-Divisions – Anandpur, Athamalik, Baliguda, Bamanghati, Bhanjanagar, Bhawanipatna, Birmaharajpur, Bonai, Boudh, Deogarh, Dharmagarh, Gunupur, Hindol, Kamakshyanagar, Kaptipada, Kandhamala, Kendrapada, Kuchinda, Malkangiri, Nabrangpur, Nayagarh, Nilagiri, Nuapada, Padampur, Pallahara, Panchpir, Paralakehemundi, Patnagarh, Rairakhol, Sonapur, Titilgarh	Municipal / NAC area – 3 Lakh / Acre Other than Municipal / NAC Area – 1 lakh / acre
Ground Rent @ 1% of the land value		

- c) IDCO will sign a lease agreement with private industrial estate developers, new industrial units and existing units undertaking expansion/ modernization/ diversification.
- d) IDCO will aim to aggregate government land suitable for establishment of industry and waste/barren/dry lands in different parts of the State to create Land Banks to meet the land requirements of Large, Micro, Small and Medium Units. 10% of the land for large projects subject to an upper limit of 300 Acre shall be earmarked for setting up ancillary and downstream industrial park.
- e) New Industrial units and existing industrial units taking up expansion/ modernisation/ diversification will be granted exemption under the provisions of clause - C of Section-73 of Orissa Land Reforms Act, 1960 from payment of premium, leviable under provisions of clause - C of Section 8 (A) of the OLR Act.1960 on production of eligibility certificate from the Director of Industries, Odisha for Large Industries and Medium Enterprises and G.M / PM, DIC for Micro, Small Enterprises as follows.

Micro & Small Sector :100 % up to 5 Acres
Medium Sector : 75 % up to 25 Acres
Large Sector : 50 % up to 500 Acres
Priority Sector : 50%

4.7. INTEREST SUBSIDY

- a) New industrial units coming under Micro, Small and Medium Enterprise and non MSME Priority sector shall be entitled to interest subsidy for timely payment @ 5% per annum on term loan availed from Public Financial Institutions / Banks for a period of five years from the date of commencement of production subject to a total maximum limit of
- INR 10 lakhs for Micro Enterprises;
 - INR 20 lakhs for Small Enterprises;
 - INR 40 lakhs for Medium Enterprises;
 - INR 1 Crore for Non-MSME Priority Sector Units

Units which are classified as a NPA at the time of making the application will not be eligible to avail such incentive.

For units in Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nawrangpur, Khandamal, Gajapati and Mayurbhanj, the reimbursement period will be seven years from the date of commencement of production subject to the aforesaid limit.

- b) Provided further that the concerned promoter(s) would not have defaulted to OSFC /IPICOL /SIDBI /Banks /Public Financial Institutions /other Government agencies in connection with the unit for which the incentive is sought or for any other unit/ activity with which concerned promoter is directly or indirectly associated.
- c) In addition to the interest subsidy @ 5% per annum, the guarantee fee charged under CGTMSE(Credit Guarantee Trust for Micro & Small Enterprises) scheme charged to MSEs (Micro & Small Enterprises) will be reimbursed to the enterprises in order to improve the CGTMSE coverage for collateral free loans in the State.
- d) Entitlement for interest subsidy shall be contingent on timely repayment of loan installments along with interest.
- e) Certificate of "No Outstanding" from Bank / Financial Institution will be contingent at the time of application.

4.8. STAMP DUTY

- i. No stamp duty will be required to be paid in respect of land allotted by the Government to IDCO or Government/IDCO to Private Industrial Estate Developers.
- ii. In respect of transfer of land / shed by Government, IDCO and Private industrial estate developers to new industrial units and existing industrial units taking up expansion, modernization and diversification, exemption on Stamp Duty shall be applicable as follows.

Micro & Small Sector	@ 75 % of applicable Stamp duty
Medium Sector	@ 50 % of applicable Stamp duty
Large Sector	@ 25 % of applicable Stamp duty
Priority Sector	@ 100% of applicable Stamp duty

- iii. Stamp duty will be exempted for units required to be transferred to a new owner / management under the provisions of the State Financial Corporation Act, 1951 or on the recommendation of the State Level Inter Institutional Committee (SLIIC).
- iv. Stamp duty will be exempted for units under proprietary /partnership firms to be converted to companies for rehabilitation on the recommendation of SLIIC.
- v. Stamp duty will be exempted in cases where reconstruction and amalgamation of Companies is sanctioned by the Court under Section 394 of the Companies Act, provided,
 - (i) it falls within the following norms, viz., where
 - (a) at least 90% of the issued share capital of the transferee company is in the beneficial ownership of the transferor company; or
 - (b) the transfer takes place between a parent Company and a subsidiary Company one of which is the beneficial owner of not less than 90% of the issued share capital of the other; or
 - (c) the transfer takes place between two subsidiary Companies of each of which not less than 90% of the share capital is in the beneficial ownership of a common parent Company; and
 - (ii) a certified copy of the relevant records of the Companies kept in the Office of the Registrar of Companies is produced by the parties to the instrument to prove that the conditions prescribed above are fulfilled.
- vi. Loan agreements, credit deeds, mortgages and hypothecation deeds executed by the Industrial Units in favour of Banks or Financial Institutions shall be allowed 100% exemption from stamp duty.

4.9. ENERGY

- a) New industrial units other than in Priority sector industries shall be exempted from the payment of electricity duty up to a contract demand of 500 KVA for a period of 5 years from the date of availing power supply for production.

- b) New industrial units in the Priority Sector shall be exempted from payment of electricity duty up to a contract demand of 5 MVA for a period of 5 years from the date of availing power supply for production.
- c) Industries of seasonal nature like food processing, sugar, salt etc., will be provided with the facility of temporary surrender of a part of their contracted demand subject to approval of OERC.
- d) To encourage energy efficiency and reduce carbon footprint of industries, a one-time reimbursement of cost of Energy Audits by Industrial Units shall be provided up to a maximum of

INR 1 lakhs for Micro Enterprises;
INR 2 lakhs for Small Enterprises;
INR 3 lakhs for Medium Enterprises;

per unit subject to achieving energy efficiency/ reduction in carbon footprint in the said year. Independent and credible third party agency must certify energy efficiency and reduction of carbon footprint of Industries.

4.10. Value Added Tax (VAT), Entry Tax

a) VAT Reimbursement

- i. **New Micro, Small & Medium Enterprises shall** be eligible for reimbursement of 75% of VAT paid for a period of five (5) years from the date of commencement of production limited to 100% of cost of plant and machinery provided that the VAT reimbursement shall be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.
- ii. New industrial units in Priority Sector shall be eligible for reimbursement of 100% of VAT paid for a period of seven (7) years from the date of commencement of production, limited to 200% of cost of plant & machinery in a tapered manner over a period of seven years provided that the VAT reimbursement shall be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.
- iii. Existing Micro, Small & Medium Enterprises taking up expansion/ modernisation/ diversification as defined in this IPR shall be eligible for 75% reimbursement of VAT paid for a period of five (5) years from the date of commencement of production subject to the condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 100% of additional cost of plant and machinery acquired for taking up Expansion/ Modernization/ Diversification provided that the VAT reimbursement shall be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.

- iv. Existing industrial units in Priority sector taking up expansion/ modernisation/ diversification as defined in this IPR shall be eligible for 100% reimbursement of VAT paid for a period of seven (7)) years from the date of commencement of production subject to the condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 200% of additional cost of plant and machinery acquired for taking up Expansion/ Modernization/ Diversification in a tapered manner over a period of seven years provided that the VAT reimbursement shall be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.
 - v. This para will be suitably replaced after GST is introduced
- b) Reimbursement of Entry Tax shall be available to eligible industrial units as follows:
- i. **Plant & Machinery**

New Micro, Small & Medium Enterprises and Priority Sector units shall be eligible for 100% reimbursement of Entry Tax on acquisition of plant & machinery for setting up of industrial units till the date of commencement of production.

Existing industrial units in Micro , Small & Medium Enterprises and Priority Sector taking up expansion/ modernisation/ diversification as defined in this IPR shall be eligible for 100% reimbursement of Entry Tax subject to the condition that it shall be applicable only on additional acquisition of plant & machinery till the date of commencement of production.
 - ii. **Raw Materials**

New Micro, Small & Medium Enterprises and Priority Sector units shall be eligible for 100% reimbursement of Entry Tax on purchase of raw materials for a period of five years from the date of commencement of production subject to a total maximum ceiling of 100% of cost of plant and machinery and work shed / production shed.

Existing industrial units in Micro , Small & Medium Enterprises and Priority Sector taking up expansion/ modernisation/ diversification as defined in this IPR shall be eligible for 100% reimbursement of Entry Tax on purchase of additional raw materials for a period of five years from the date of commencement of production of such expansion/ modernisation/ diversification subject to a total maximum ceiling of 100% of cost of additional plant and machinery and work shed / production shed.
 - iii. This para will be suitably replaced after GST is introduced

4.11. EMPLOYMENT COST SUBSIDY

- a) 75% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new Micro and Small units which employ skilled and semi-skilled workers who are domicile of the state as regular employees (on payroll).
- b) 50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new Medium units which employ skilled and semi-skilled workers who are domicile of the state as regular employees (on payroll).
- c) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for New Industrial units in Micro , Small & Medium Enterprises and Priority Sector which employ skilled and semi-skilled workers who are domicile of the state and have been displaced due to the establishment of the said Industrial Unit as regular employees (on payroll).
- d) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for New Industrial units in Micro , Small & Medium Enterprises and Priority Sector which employ skilled and semi-skilled Persons With Disabilities workers who are domicile of the state as regular employees (on payroll).
- e) New Industrial units and Existing Industrial units in Micro , Small & Medium Enterprises and Priority Sector taking up Expansion/ Modernization/ Diversification which wish to avail the above incentives must employ people who are domicile of Odisha in the following ratio in vacancies in the following categories of jobs:
- Unskilled and Semiskilled: A minimum of 90% of total requirement
Skilled: A minimum of 60% of total requirement
Supervisory Managerial: A minimum of 30% of total requirement

4.12. PATENT REGISTRATION

New Industrial units and Existing Industrial units in Micro , Small & Medium Enterprises and Priority Sector taking up Expansion/ Modernization/ Diversification will be encouraged to file patents for the products of their research and development and State will provide assistance to entrepreneurs for Patent and Intellectual Property Right provisions @ 100% of the registration cost up to maximum of ten lakh rupees (INR10.00 lakh).

4.13. QUALITY CERTIFICATION

New Industrial units and Existing Industrial units in Micro , Small & Medium Enterprises and Priority Sector taking up Expansion/ Modernization/ Diversification will be provided with assistance for obtaining quality certification from nationally and internationally recognized Institutions and its renewal for next consecutive two years i.e. for a period of 3 years from the date of commencement of production@ 100% of the quality certification charges up to a total maximum limit of three lakh rupees (INR.3.00 lakh). Quality certificates only from recognised National & International bodies will be accepted.

4.14. ASSISTANCE FOR TECHNICAL KNOW-HOW

New Industrial Units in Micro , Small & Medium Enterprises and Priority sector shall be eligible for reimbursement of 100% of cost of purchase of technical know-how up to one lakh rupees in case of indigenous technology and up to five lakh rupees in case of imported technology.

4.15. MARKETING SYNDICATION

OSIC / NSIC will act as Syndicate Leader for marketing of the products and services of Micro & Small Enterprises of the State and will be responsible for the overall quality control and collect service charges not exceeding 1% of sale value from the concerned units. In order to derive the benefit of scale, major bulk orders of the Government should be routed through OSIC so that it can act as a consortium leader for all the Micro & Small Enterprises and organize raw material supply at reasonable rate.

4.16. FILM INDUSTRY

- a) Film Industry in Odisha provides direct and indirect employment to a number of people. In Odisha, the employment opportunities in film industry can be increased by promoting Odisha as a destination for film production, film studios and multiplexes.
- b) All feature films produced fully or partly in Odisha shall be exempt from Entertainment Tax. MD OFDC will be the nodal officer for providing single window clearance for shooting of feature films in Odisha.
- c) All Odia feature films produced in Odisha shall be exempted from Entertainment Tax and be provided additional fiscal and non-fiscal incentives. OFDC shall formulate a scheme for extending Soft loan assistance to Odia films at a nominal rate of interest subject to maximum ceiling limit and on conditions as may be decided by OFDC to producers of films in the State.
- d) Producers of films who utilize the facilities of Kalinga Studio Limited (KSL), Film & Television Institute of Odisha and Kalinga Prasad Colour Processing Laboratory will be eligible to get incentives in shape of subsidy subject to the ceiling limit and terms and conditions as may be laid down by OFDC.

4.17. PROJECT MONITORING AND GRIEVANCE REDRESSAL

- a) SLSWCA shall be the competent authority for monitoring and taking final decision in all grievances related to industrial projects, which do not involve any major policy decision. Where major policy decision is involved, such matters shall be placed before the HLCA, which shall be the final authority.
- b) Investors with projects with investment up to INR 10 Crore shall submit their grievances, if any, to the Director of Industries for redressal. Director of Industries

shall hold investor grievance forums, hear grievances and direct/ recommend further course of action to the appropriate authority.

- c) Investors with projects with investment more than INR 10 Crore but less than INR 100 Crore shall submit their issues, if any, to the Investor Facilitation Committee through the Industries Department for resolution.

The Industry Facilitation Committee shall meet periodically as deemed appropriate by Government of Odisha and shall be comprised of:

- i. Secretary, Industries Department – Chairman
 - ii. Secretary, MSME Department – Member
 - iii. Secretary, Department of Water Resources – Member
 - iv. Secretary, Energy Department – Member
 - v. Chairman cum Managing Director, IPICOL – Member
 - vi. Chairman cum Managing Director, IDCO – Member
 - vii. Secretary, State Pollution Control Board – Member
 - viii. Secretaries of concerned Departments (on invitation)– Members
 - ix. Director, Industries – Convenor and Member Secretary
- d) The State Level Project Monitoring Group (SPMG) and CCI-PMG will review and monitor the projects which have investment more than INR 100 Crores and INR 1000 Crores and above respectively. IPICOL, the technical secretariat for SPMG, will coordinate with various stakeholders to monitor implementation of various projects being monitored by SPMG.

5. FOCUS SECTORS FOR NEXT FIVE YEARS

5.1. Auto and Auto Components

- a) Automotive industry has universally emerged as an important driver in the economy. The State has identified Automobiles & Automotive Components as priority sector to attract auto and auto component industry to Odisha, and provide impetus to the sector in the state. Government of Odisha intends to leverage the existing advantages of Odisha in raw material availability, proximity to large domestic markets in East, Central and South India to attract investments in auto industry.
- b) In addition, the State shall conduct market assessment and feasibility for auto park demand and identify areas and land requirements for auto parks. The State shall identify and reserve the areas for development of auto parks in Odisha. Upon notification of the areas, IDCO being the nodal agency for development of industrial estates in the State shall initiate establishment of auto parks.
- c) IDCO shall ensure that the auto parks will be provided with adequate connectivity to the expressway and freight corridors connecting to Dhamra, Paradeep and other ports.

5.2. Downstream and Ancillary Industries

- a) Odisha contributes almost 20% of steel production capacity and 33% of iron ore reserves of the country. In addition, Odisha contributes about 50% of the aluminium production capacity in India.
- b) In the last decade, the State has focused on value addition in the minerals sector. Consequently, Odisha is emerging as the mining, metal, and manufacturing hub of the country. Investment in this sector has created vast opportunities for ancillary and downstream industries in the Micro, Small and Medium sectors in the State.
- c) Government of Odisha has also been promoting downstream and ancillary industries as priority sector. The State has taken initiatives to develop a number of downstream and ancillary parks where in MSMEs involved in Aluminium Fluoride, Calcined Petroleum Coke, Coal Tar Pitch, Aluminium & non-ferrous casting for automobiles, slugs & circles powder, rolled products, Hot rolled coils, Strips, Cold rolling of hot rolled products, Cold – rolled strip, Forging products, Sheets, Home appliances and others.
- d) The establishment of these parks shall enable maximum value addition within the state and generate high employment through promotion of Micro & Small Enterprises.

5.3. Agro and Food Processing

- a) Odisha's diverse agro-climatic condition features 10 agro-climatic zones and 8 major soil types which are favourable for production of different types of crops, vegetables,

fruits and spices. It is a major contributor to the national production of vegetable and is 4th largest vegetable producing state of India. The state has a good base in the marine and seafood segment with a coast line of over 480 KM and is 9th largest fish producing state of India. It enjoys the location advantage of its proximity to Eastern and Southern India and connectivity to South East Asia through its sea ports.

- b) There is vast untapped potential for food processing industry in the state. In Odisha, only a miniscule 0.7% of the total produce is processed currently. The National Food Processing Policy strives to achieve 25% from the current national average of 6% by 2025. In line with the national benchmark, the Odisha Food Processing Policy, 2013 aims to achieve 10% of food processing by 2017 and 25% by 2025 in the state.
- c) To limit the wastage and increase value to farm produce, development of food processing enterprises and adequate post-harvest infrastructure especially storage and transportation facilities is necessary. The State has taken various initiatives to develop cold chain, storage, grading & sorting, segregation and packaging infrastructure for the farm and marine produce. To facilitate growth in this sector, the state is developing Food Parks at Malipara near Khurda and at Raygada which will enhance the value addition within the state.

5.4. IT and ESDM

- a) The State shall continue to accord priority to the IT, ITES and ESDM Sector in recognition of its potential for employment, exports, wealth generation and spin off on the growth of services sector. The State will continue to facilitate development of Special Economic Zones/IT Parks/Cyber Parks/ Software Technology Park (STP) and Electronics Manufacturing Cluster (EMC) for Electronics, IT/ITES and Information & Communication and ESDM industry.
- b) The State has taken initiatives in the recent past for facilitating and promoting development of IT and ITES and ESDM industries in the state including an IT Investment Region (ITIR) including an Electronic Manufacturing Cluster (EMC) proposed to be set up on approximately 40 sq km of land under the public-private partnership model in the Mouza-Andharua region near Bhubaneswar and Infocity-II which is being implemented on 600 acres of land at Janla on the outskirts of Bhubaneswar.

5.5. Tourism

- a) Odisha offers excellent opportunities in the in-bound tourism sector. Along with ancient monuments, beaches, religious and Buddhist tourist attractions, State also has tourist destinations with Hot springs, water-bodies, forest and wildlife.
- b) In a bid to boost tourism, the State has taken initiatives to rope in private sector to develop hospitality infrastructure by developing branded/ luxury and budget accommodation including hotels in strategic tourist locations in Public Private Participation mode.

- c) The State intends to create an environment for planned and sustained development of tourism by developing and promoting tourist centres in the State. With the aim of increasing tourist traffic, the State initiated to promote the State by regular participation in National and International Tourism Fairs, and is developing Puri and Chilika as Special Tourism Areas.

5.6. Civil Aviation and Manufacturing in Aviation

- a) The Aviation Infrastructure in the State of Odisha has total 19 airstrips and 16 helipads, of which 12 airstrips are maintained by the State Government and 7 by other agencies. Government of Odisha (GoO) aims to provide world class civil aviation infrastructure facilities and efficient, safe and reliable air services to meet the requirements of domestic and foreign trade and tourism, and to meet connectivity requirements of remote and inaccessible areas on a priority basis.
- b) The State is committed to provide support and facilitation to the industry to ensure development of aviation sector in Odisha. In order to promote alternative and sustainable air transportation option to travel domestically, internationally and within the state the Government of Odisha is in the process of formulating an incentive package for the sector.
- c) The Government of Odisha is taking various initiatives to improve the existing Airport infrastructure and flight connectivity within the state. The State plans to develop the infrastructure for Airports/ Airstrips to the interior areas of the state. However, keeping in mind the huge requirement of funds for the development of airport infrastructure and the financial constraints coupled with other conflicting budgetary priorities of the government, the government is also planning develop airports/ airstripson its own and in Public Private Partnership (PPP) mode.

5.7. Pharma

- a) Growth potential of the Pharma Sector in the country is immense and the State shall also develop this sector on a sustainable basis. Recognizing its potential, the State has declared the Pharma as a priority sector in the IPR.
- b) The State has developed Cuttack-Bhubaneswar Pharmaceutical Cluster to facilitate pharmaceutical sector. It comprises of a number of pharmaceutical units, including manufacturers of generic drugs. The State is also facilitating the establishment of an increasing number of educational institutions that offer B Pharma and M Pharma degrees.

5.8. Handcrafts and Textile

- a) In the state handloom and textile sector provides massive employment opportunity to rural artisans. The state has a rich tradition of producing handloom products and

hand woven textiles due to indigenous knowledge and skill imbibed over the generation of rural artisans. The State is known for craftsmanship in the country.

- b) Recognizing the state's unique and exquisite creations of handicraft and textile all over the world GoO has accorded Textile as a priority sector. The State wishes to develop a unique and international brand appeal for the handicrafts and textile of Odisha.

5.9. Petroleum and Petro-Chemicals

- a) Petrochemical Industry has been one of the fastest growing sectors in the country and provides large scale employment opportunity. To promote investment in Petroleum, Chemicals & Petrochemical and the State has placed this sector in the list of priority sectors.
- b) The Government of Odisha has initiated steps to create mega integrated Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) over an area of 284sq. km. in Jagatsinghpur and Kendrapara districts. This will be the 4th PCPIR in the country and IOCL is an anchor tenant in this PCPIR: it is setting up 15 MMTA grass root refinery-cum-petrochemical complex. An SPV "Paradeep Investment Region Development Limited" has also been formed for the development of industrial infrastructure in the region.

6. INFRASTRUCTURE DEVELOPMENT PLAN

6.1. Industrial Estates

- a) IDCO will create aggregate Government land and create Land Banks in areas with potential for industrial development. These Land Banks shall be converted into Industrial Estates, Industrial Areas and Industrial Parks by provision of enabling infrastructure.
- b) IDCO shall undertake a comprehensive Land Zoning Plan in respect of new Industrial Estates, Parks etc., and would also undertake planning of existing Industrial Estates to the extent possible. IDCO shall bring out a comprehensive land management regulation for industrial estates, parks, growth centres, etc. with the approval of Government in Industries Department. Orissa Industrial Infrastructure Development Corporation (OIIDC) Act would be broadly aligned with the changing needs in view of the current and emerging industrial scenario in the state.
- c) A time bound action plan shall be drawn up and implemented for up gradation and maintenance of infrastructure facilities in existing Industrial Estates, Parks, IID Centres, and Growth Centres etc. of IDCO. Suitable financial and management models shall be developed for this purpose.

6.2. SEZs (Special Economic Zones)

- a) The State Government recognises the potential of Special Economic Zones (SEZ) in driving industrial/ economic growth and facilitating exports. As part of its strategy for employment generation and export promotion, the State Government shall create an enabling environment for establishment of the SEZs at different locations. Special thrust shall be given to promoting IT & ITES, biotechnology, engineering, food processing and textile & apparel industries and other priority sectors.
- b) The State shall continue to support the implementation of the SEZs in a time bound manner
- c) The State Government shall issue a separate policy for SEZs providing fiscal and non-fiscal incentives to SEZs.

6.3. NIMZ (National Investment & Manufacturing Zones)

- a) The Government of India came out with the National Manufacturing Policy (NMP) in October 2011. One of the key features of NMP is the establishment of National Investment & Manufacturing Zones (NIMZ). The State shall take steps to declare and develop an NIM and has identified Kalinga Nagar Industrial Complex, Dhamra and Gopalpur as the proposed locations. The NIMZ shall be developed as a greenfield/brownfield industrial cluster having state-of-the-art infrastructure and

offering business-friendly policies or services. The infrastructure would range from logistics, power, skill development, public utilities, environment protection, which are all the essential requirements of a competitive manufacturing base.

- b) The infrastructure in NIMZ shall be supported by business-friendly approval mechanisms and operating policies. The development of NMIZ will provide attractive opportunities to investors across the board.

6.4. PCPIR (Petroleum, Chemicals and Petrochemicals Investment Region)

- a) The Government of Odisha has initiated steps to create mega integrated Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) on 284 sq. km. at Jagatsinghpur and Kendrapara districts. This will be the 4th PCPIR in the country and IOCL is an anchor tenant in this PCPIR, it is setting up 15 MMTA grass root refinery-cum-petrochemical complex. An SPV "Paradeep Investment Region Development Limited" has also been formed for the implementation of Infrastructure in the Region. Setting up of PCPIR would help units in the PCPIR to get the benefits of networking and greater efficiency through the use of common infrastructure and support services.
- b) The SPV shall identify and acquire land for the purpose and identify potential tenant industries based on the feed stock available from anchor industries. State Government Agencies concerned and Central Institute of Plastic & Engineering Technology (CIPET) shall also be involved in this project.

6.5. Ports

- a) Apart from Dhamra, Gopalpur and Kirtania ports, which are being developed on PPP mode, the State Government shall promote more ports and fishing harbours at suitable locations for giving a thrust to economic activities in those regions. Special efforts shall also be made to develop industrial areas in the hinterland of ports for enhancing their viability and intensifying economic activities in the port area development region.
- b) Government will, in due course, create a special package for the port sector in the form of a Port Policy to incentivise investment in ports in the state.

6.6. Social and Urban Infrastructure

- a) Social and Urban Infrastructure is important to sustain industrial development. The State Government intends to encourage investment in social and urban infrastructure sectors in the Investment Regions, Hubs and Industrial Parks. There will be linkages between industrial infrastructure and social & urban infrastructure in the vicinity of industrial area in order to make available urban infrastructure and improve quality of life of the people.

- b) Special thrust shall be laid on promotion of high quality social infrastructure in the form of schools, colleges, technical and professional institutions, hotels, multiplexes, townships, commercial complexes, health-care facilities, leisure & entertainment facilities, resorts, golf courses, tourism areas, etc.
- c) Government/ IDCO will issue separate notifications for the rates for allotment of land to institutions, social infrastructure and commercial establishments across the state.

6.7. Public Private Partnership in Infrastructure

- a) In order to sustain the current investment level and attract future investments, high quality supporting industrial and social infrastructure is a key requirement. The future development of the country hinges on the development of its infrastructure and efficient delivery of its services. A large part of this investment is to come from the private sector in the Public Private Partnership (PPP) mode as one of the preferred routes.
- b) The Odisha Public Private Partnership Policy was introduced in 2007 to supplement limited public resources, create a more competitive environment, help improve efficiencies and reduce costs.
- c) The PPP policy of the State has created a robust institutional mechanism to encourage private investments in infrastructure development on public private partnership (PPP) mode. Planning and Coordination Department has been designated as the nodal department and the Odisha Industrial Infrastructure Development Corporation (IDCO) as the technical secretariat for promoting PPP projects.
- d) The High Level Clearance Authority (HLCA) established under the chairmanship of Chief Minister approves all infrastructure projects of over Rs. 500 Crore being undertaken in PPP mode.
- e) The State has also constituted an Empowered Committee on Infrastructure (ECI) consisting of a group of Secretaries under the Chairmanship of the Chief Secretary, for facilitating infrastructure development in the State under PPP.
- f) The key infrastructure sectors identified under the policy include Roads, Bridges, Airports, Industrial Parks, Bio-Technology Parks, SEZs, Solid Waste Management, and Tourism.

7. HUMAN RESOURCE DEVELOPMENT

- a) The emergence of Odisha as major industrial hub has necessitated elaborate planning for Quality Manpower and Human Resource Development.
- b) The State Government shall take up the following activities to promote human resource development:
 - i. Address the supply side and demand side issues of technical manpower.
 - ii. Address the need for introduction of new and specialized courses to match industry requirements.
 - iii. Maximize industry institution linkages by encouraging industries to adopt existing technical institutions and also to set up specialized advanced technical training institutions wherever feasible.
 - iv. Promote setting up of Specialized Industrial Training Institutes (ITIs) and Skill Development Centres (SDCs) based on requirements.
 - v. Closely work with various industries for identification/ formulation of courses and providing practical training to students.
 - vi. Government will encourage opening of Industrial Training Centre (ITC) in blocks where there is no ITI/ITC.

8. REHABILITATION AND REVIVAL OF VIABLE SICK UNITS

- a) The intensification of industrial activities in the State provides significant growth opportunities for the existing industries, especially in the SME sector, including those, which have become sick for various reasons. The State Government shall through Directorate of Industries, identify potentially viable sick units. Such industries shall be placed on a fast track mode for consideration of rehabilitation assistance by Government and all agencies concerned.
- b) Government will extend need based incentives as available under the present IPR for this purpose. The industries so assisted will be treated at par with new industrial unit for determining the maximum level of incentive that could be sanctioned.

9. LABOUR REFORM

- a) The Orissa Industries (Facilitation) Act-2004 and corresponding Rules-2005 lay down the broad framework for Labour Reforms. A time bound action plan shall be formulated for expeditious implementation of these provisions.
- b) Highest priority shall be accorded to amalgamation of different records, registers and returns required to be maintained under the various Labour Laws and introduce systems of Self-Certification for labour related compliance of routine nature.

- c) A system of joint inspection by various regulatory agencies such as Odisha State Pollution Control Board (OSPCB), Labour Inspector, Chief Inspector of Factories & Boilers, Regional Provident Fund Commissioner, and Regional Director, Employees State Insurance Corporation shall be devised and implemented in a time bound manner.
- d) Implementation of these provisions shall be reviewed by the State Level Single Window Clearance Authority and the High Level Clearance Authority from time to time.
- e) The following categories of Industries / Establishments shall be declared as Public Utility Services for the purpose of application of provisions under Chapter-V of the I.D. Act 1947.
 - i. Information Technology & IT Enabled Services
 - ii. Bio Technology
 - iii. Agro-based & Marine-based Processing
 - iv. Electronics & Telecommunications
 - v. Export Oriented Units
 - vi. Software Technology Park (STP) Units
 - vii. ESDM (Electronic System Design & Manufacturing) Industries
 - viii. Infrastructure projects including Industrial Parks, SEZs and IT Parks approved under STP Scheme of Government of India
- f) Industrial units and establishments in the following categories shall be exempted from the provisions of Chapter VI of Factories Act 1948 (Working Hours of Adults).
 - i. Information Technology & IT Enabled Services
 - ii. ESDM (Electronic System Design & Manufacturing) Industries
 - iii. Bio Technology
 - iv. Electronics & Telecommunication
 - v. Export Oriented units
 - vi. Industries set up in Special Economic Zones, Software Technology Parks and Electronic Hardware Technology Park

10. MARKETING SUPPORT TO MICRO AND SMALL SCALE ENTERPRISE IN GOVERNMENT PROCUREMENT

- a) The existing rules for extending marketing support to Small Scale Industries shall be brought in alignment with the Micro, Small and Medium Enterprises Act, 2006 Orissa MSME Development Policy 2009 and corresponding Rules. The following measures shall be undertaken:
 - i. Comprehensive review of the rate contract purchase list, exclusive purchase list and open tender purchase list shall be undertaken by a committee consisting of

representatives of Industries Department, MSME Department, Directorate of Export Promotion and Marketing (EP&M), Director of Industries and representatives of Industries Associations, which shall submit their recommendations for Government approval in Industries Department.

- ii. With a view to encouraging large and medium industries, including those in private sector, in the State to meet their store purchase requirements from the local MSEs, institutional mechanism in the line of Plant Level Advisory Committee existing in respect of Central Public Sector Undertakings (CPSUs) shall be devised and implemented.
- b) Local Micro & Small Enterprises and Khadi & Village industrial units including handloom and handicrafts will enjoy a price preference of 5% over local medium and large industries and industries outside the State. Any local Micro & Small Enterprises and Khadi & Village Industrial units including handloom and handicrafts having ISO or ISI Certification / Handloom Mark for its product will get an additional price preference of 3%.
 - c) For facilitating government purchase of MSE products, an MSE Exclusive List shall be prepared by Director of Industries, taking the items generally manufactured by the MSE units of the State. The items so listed shall be reserved for the MSE units of the State for Government procurement through limited tender system.

11. EXPORT PROMOTION

Augmentation of exports commensurate with the export potential of the State shall be a priority activity of the Government. An Export Policy and Action Plan for export promotion shall be notified in consultation with leading exporters of the State and related agencies. An Export Resource Centre shall be established in the Directorate of Export Promotion and Marketing.

12. REVIEW AND MONITORING

The implementation of the policy will be periodically reviewed by High Level Clearance Authority (HLCA) for necessary facilitation and mid-course correction, wherever necessary.

13. MISCELLANEOUS

- a) This policy lays down the base fiscal and non-fiscal incentives available to any industry being set up across the state
- b) Government of Odisha has notified a separate policy – Orissa MSME Development Policy 2009 – which provides fiscal and non-fiscal incentives to MSME units being

established in the state. Investors and Entrepreneurs are encouraged to refer to the said policy and its amendments/ substitutions as applicable along with this policy.

- c) Various sector specific policies have been and will be notified by Government of Odisha from time to time. In such cases, while the allocation of land will be governed by this IPR, the industrial unit can choose to avail a particular incentive under either this policy or the sectoral policy.
- d) Any Act or policy of Government of Odisha alongwith its rules and procedures thereunder dealing with promotion of investments in the state that is conflicting with this policy, its rules and procedures shall be suitably amended to the extent required to bring conformity with this policy within one year of notification of this policy.
- e) The incentives on taxes such as VAT, Entry Tax, CST and Entertainment Tax will be applicable till the notification of Goods & Services tax (GST) by Government of India. Post notification of GST, Industries Department will suitably modify this policy. No tax incentives claim will be entertained under IPR 2001 and IPR 2007 after the notification of GST.
- f) This policy shall remain in force until substituted by another policy or an amendment of this policy. The State Government may at any time amend any provision of this policy.
- g) A special package of incentives over and above what has been enumerated in this Policy document may be considered for new industrial projects in certain sectors or certain locations on case to case basis taking into account the benefits to the State. The Cabinet on the recommendations of the SLSWCA may consider such proposal.
- h) Doubts relating to interpretation of any term and / or dispute relating to the operation of any provision under this IPR shall be referred to the Industries Department, Government of Odisha for clarification / resolution and the decision of Government in this regard shall be final and binding on all concerned.

Annexure – I

DEFINITIONS AND INTERPRETATIONS

For the purpose of this Industrial Policy Resolution, the various terms shall have the meanings assigned to them hereunder:

- 1) “Ancillary Industry” means an Industrial undertaking which is engaged or is proposed to be engaged in manufacturing or production of parts, components, sub-assemblies, tooling or intermediates or rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50% of its production or services as the case may be, to one or more other industrial undertakings within the state.
- 2) “Downstream Industry” means an Industrial undertaking, which is engaged or proposed to be engaged in value addition of the intermediate or final produce or waste product of one or more industrial undertakings within the state utilizing a minimum of 50% by weight as base raw materials.
- 3) “Earlier Industrial Policy Resolution” means the applicable previous IPRs
- 4) “Effective Date” means the date of notification of this IPR.
- 5) “Entry Tax” means the Tax payable under Orissa Entry Tax Act, 1999.
- 6) “Existing Industrial Unit” means an industrial unit that has commenced production before the effective date of this IPR.
- 7) “Expansion / Modernization / Diversification” of an existing industrial unit means additional investment of at least 50% of the undepreciated book value of plant and machinery of the said unit made in acquisition of additional plant and machinery and technology for such E / M/ D, duly apprised and approved by DIC/ RIC/ SISI/ NSIC/ NCDC/ OCAC/ STPI/ IPICOL/ OSFC/ SIDBI/ Public Financial Institutions. In case of “Expansion”, the additional investment as above must result in at least 50 % addition in production capacity. In case of “Diversification” the additional investment as above must result in production of at least one additional product.
- 8) “Finished Goods” means goods exclusively manufactured by the industrial unit and includes by-products, scrap, defective products either sold as such or as seconds /scrap /waste etc. which also come out as a result of its normal manufacturing activity / process.
- 9) “Fixed Capital Investment” means investment in land, building, plant, machinery and balancing equipment.
- 10) “Infrastructure Project” means roads, bridges & culverts, railway lines, power plants, electric substations and transmission lines, cold storage, water supply and storage facilities undertaken predominantly for use by industrial units, ports, airports, container terminals, bonded warehouses, satellite townships around industrial centres, film cities, film studios, transport and telecommunication facilities, common effluent treatment plants, waste management facilities, tool rooms, R&D Institutes, Technology Laboratories / Centres, Quality testing labs / centres, exhibition and conference centres, trade centres, display centres, way side facilities for marketing of products, industrial townships, industrial estates, amusement parks, Multiplexes, Golf courses and other tourism-related infrastructure, social and allied infrastructure such as schools, technical & professional institutes and hospitals etc.

- 11) "Industrial Unit" means any industrial undertaking located inside the State and engaged in any manufacturing or servicing activity as detailed in the Schedule appended to this policy.
- 12) "Local Micro & Small Enterprises" means Micro & Small Enterprises situated in the State of Odisha. Micro & Small Enterprises set up by entrepreneurs who are domicile of the said district to get preference in allotment of land.
- 13) "Micro, Small, Medium & Large Enterprise" means an Industrial Unit as defined by the Government of India from time to time.
- 14) "New Industrial Unit" means an industrial unit where fixed capital investment has commenced on or after the effective date and which goes in to production within three years from the date of starting first fixed capital investment.
- 15) "Migrated Industrial Unit" means an industrial unit which has commenced fixed capital investment but not gone into production before the effective date and will have the option to be treated as New Industrial Unit under this IPR provided that – it goes into production within three years from the effective date and It will surrender and or refund the incentives availed, if any, under earlier IPRs. Provided also that such option shall be exercised in the prescribed form provided in the Operational Guidelines and submitted within 180 days from the "Effective Date". Once the option is exercised, it shall be final and irrevocable.
- 16) "Pioneer Units" mean the first five industrial units of each Priority Sector which commence fixed capital investment and go in to production during the operative period of this IPR.
- 17) "Priority Sector" means –Industrial units which fall within the following categories.
- a. **Agro and Food Processing**
 - b. **Ancillary and Downstream**
 - c. **Automobiles and Auto-components**
 - d. **Manufacturing in Aviation and Maintenance Repair &Overhaul (MRO) facilities**
 - e. **Bio-technology**
 - f. **Fly ash & Blast furnace slag based industries utilizing a minimum of 25% by weight as base raw material**
 - g. **Gem stone cutting and polishing**
 - h. **Handicraft, Handloom, Coir and Leather products**
 - i. **Information technology, IT enabled service and ESDM units**
 - j. **Petroleum, Chemicals & Petro-chemicals**
 - k. **Pharmaceuticals**
 - l. **Sea food Processing**
 - m. **Shipbuilding and construction of other floating vessels/ Ship repair**
 - n. **Textile including Technical Textile & Apparel**
 - o. **Tourism and Hospitality (All the units/activities specified in Para 6.11 of Odisha Tourism Policy -2013 are eligible units)**
 - p. **Any industry other than mineral extraction and mineral based industries, which export more than 50% of its total turnover, duly certified by the Director, Export Promotion and Marketing.**
 - q. **Migrated industrial units treated as new industrial units under Priority sector**

- r. **Rehabilitated sick industrial unit treated at par with new industrial unit under Priority sector**
- s. **Industrial unit seized under section-29 of the State Financial Corporation Act 1951 and thereafter sold to a new entrepreneur on a sale of asset basis and treated as new industrial unit for the purpose of this IPR under policy sector**

Note – Government may modify the above list from time to time

- 18) "Raw Material" means materials required by the unit that will directly go into the composition of its finished products.
- 19) "Transferred Unit" means an industrial unit whose ownership or management has been transferred in pursuance of the provisions of the State Financial Corporations Act, 1951 or SIDBI Act, 1989 or transferred with the approval of OSFC or IPICOL or SIDBI.
- 20) "VAT" means value added tax as defined under the provisions of The Orissa Value Added Tax Act, 2004' & Orissa Value Added Tax Rules, 2005' "CST" means Central Sales Tax as defined under the provisions of Central Sales Tax Act, 1956.
- 21) "Year" for the purpose of incentives means a period of 365 consecutive days.
- 22) "DIC" means District Industries Centre
- 23) "DLNA" means District Level Nodal Agency
- 24) "HLCA" means High Level Clearance Authority
- 25) "IDCO" means the Odisha Industrial Infrastructure Development Corporation
- 26) "IDCO land" means land allotted to and land acquired by IDCO
- 27) "IPICOL" means the Industrial Promotion and Investment Corporation of Odisha Limited
- 28) "ISO" means International Standards Organisation
- 29) "IPR" means Industrial Policy Resolution
- 30) "NCDC" means the National Co-operative Development Corporation
- 31) "NSIC" means the National Small Industries Corporation
- 32) "OERC" means the Odisha Electricity Regulatory Commission
- 33) "OFDC" means the Odisha Film Development Corporation Ltd
- 34) "OCAC" means Odisha Computer Application Centre
- 35) "OSFC" means the Odisha State Financial Corporation
- 36) "OSIC" means the Odisha Small Industries Corporation
- 37) "PMRY" means Prime Minister's RozgarYojana
- 38) "REGP" means Rural Employment Generation Programme
- 39) "RIC" means Regional Industries Centre
- 40) "SIDBI" means the Small Industrial Development Bank of India
- 41) "SLNA" means State Level Nodal Agency
- 42) "SLSWCA" means State Level Single Window Clearance Authority
- 43) "STPI" means Software Technology Parks of India

Annexure-II

SCHEDULE

UNDERTAKINGS CARRYING ON ACTIVITIES RECOGNISED AS INDUSTRIAL UNITS, OR GIVEN THE STATUS OF INDUSTRIAL UNITS, FOR THE PURPOSE OF IPR- 2015.

1. Units engaged in manufacturing and / or servicing activity belonging to the following categories.
 - a) Industries listed under the first schedule of the Industries Development and Regulation Act, 1951 and classified under the Micro, Small and Medium Enterprises Development Act, 2006.
 - b) Industries falling within the purview of the following Boards and public Agencies:-
 - (i) Small Scale Industries Board/ National Board for MSME.
 - (ii) Coir Board.
 - (iii) Silk Board.
 - (iv) All India Handloom and Handicrafts Board.
 - (v) Khadi and Village Industries Commission / Board.
 - (vi) Any other Agency constituted by Government for industrial development.
 - c) Infrastructure projects including projects undertaken for social infrastructure, technical and professional institutions only for the purpose of determining applicable land rate.
 - d) Service sector projects except activities / categories under Priority Sector only for the purpose of determining applicable land rate and for 100% reimbursement of Entry Tax on acquisition of plant and machinery for setting up/ establishment of units.
2. Industrial unit will not include non-manufacturing / servicing industries except:
 - (a) General workshops including repair workshops having investment in plant & machinery of Rs. 25 lakh and above and running with power.
 - (b) Cold storage and Seafood freezing units.
 - (c) Electronics repair and maintenance units for professional grade equipment and Computer Software, ITES/BPO and related services.
 - (d) Technology Development Laboratory /Prototype Development Centre/ Research & Development.
 - (e) Printing press with investment in plant and machinery of Rs. 50 lakh and above
 - (f) Laundry/ Dry Cleaning with investment in plant and machinery/ equipment of Rs. 25 Lakh and above
 - (g) Photographic studios and laboratories with investment in plant and machinery/ equipment of Rs. 50 Lakh and above

3. The following units shall neither be eligible for fiscal incentives specified under this IPR nor for allotment of land at concessional rates within municipal corporation limits in

the state, but shall be eligible for investment facilitation, allotment of land under normal rules at benchmark value/ market rate and recommendations to the financial institutions for term loan and working capital and for recommendation, if necessary, to the Power Distribution Companies:

- 01 Hullers and Rice mills with investment in plant and machinery of less than one crore rupees.
- 02 Flour mills including manufacture of besan, pulse mills and chuda mill except Roller Flour Mills.
- 03 Making of spices with investment in plant and machinery of less than two crore rupees and without Spice-mark or Agmark and brand name, pampad excluding pampad manufactured by Cooperative Societies.
- 04 Confectionary with investment in plant and machinery of less than twenty five lakh rupees.
- 05 Preparation of sweets and savouries , etc.
- 06 Bread-making (excluding mechanised bakery).
- 07 Mixture, Bhujia and Chanachur preparation units.
- 08 Manufacture of Ice candy and Ice fruits.
- 09 Manufacture and processing of betel nuts.
- 10 Hatcheries, Piggeries, Rabbit or Broiler farming.
- 11 "Iron and Steel Processors" such as cutting of sheets, bars, angles, coils, M.S. sheets, recoiling, straightening, corrugating, drop hammer units etc with low value addition.
- 12 Cracker-making units.
- 13 Tyre retreading units with investment in plant and machinery of less than ten lakh rupees.
- 14 Stone crushing units.
- 15 Coal / Coke screening / coal washing / Coal Briquetting / Coke Briquetting.
- 16 Production of firewood and charcoal.
- 17 Painting and spray-painting units with investment in plant and machinery of less than ten lakh rupees.
- 18 Units for physical mixing of fertilizers.
- 19 Brick-making units (except units making refractory bricks and those making bricks from flyash, red mud and similar industrial waste @ not less than 25% as base material).
- 20 Manufacturing of tarpaulin out of canvas cloth with investment in plant and machinery of less than ten lakh rupees
- 21 Saw mill, sawing of timber.

- 22 Carpentry, joinery and wooden furniture making.
- 23 Drilling rigs, Bore-wells and Tube-wells.
- 24 Units for mixing or blending / packaging of tea.
- 25 Units for cutting raw tobacco and sprinkling jaggery for chewing purposes and Gudakhumanufacturing units.
- 26 Units for bottling of medicines.
- 27 Bookbinding / Rubber stamp making / Making notebooks, exercise notebooks and envelopes.
- 28 Photo copying.
- 29 Stenciling units / Processing of Stencil paper.
- 30 Distilled water units.
- 31 Tailoring (other than readymade garment manufacturing units).
- 32 Repacking / stitching / printing of woven sacks out of woven fabrics.
- 33 Clinical/Pathological laboratories.
- 34 Beauty parlours / Spa.
- 35 Video parlours.
- 36 Guest Houses / Restaurants.
- 37 Goods and passenger carriers.
- 38 Pre- processing of oil seeds- decorticating, expelling, crushing, parching, and frying.
- 39 Fruit Juice base, aerated water and soft drink units (excepting the units manufacturing fruit pulp or fruit pulp and juice out of it).
- 40 Distillery, Bottling units or any activity in respect of IMFL or liquor of any kind where the alcoholic strength exceeds 15%v/v.
- 41 Size reducing / size separating units / Grinding / mixing units with investment in plant & machinery of less than ten crore rupees except manufacturing of Cement with clinker.
- 42 Polythene less than 40 micron in thickness / recycling of Plastic materials
- 43 Thermal power plants
- 44 Repackaging units

Note: List of Industrial units indicated above may be modified by the Government in Industries Department from time to time.