

**OPERATIONAL GUIDELINES FOR REIMBURSEMENT OF
SUBSIDY ON PLANT AND MACHINERY UNDER IPR- 2015**

(See Para 5.4.18.D of IPR 2015)

(To be reviewed after one year)

1. **Short Title:** - Operational guidelines for reimbursement of Subsidy on Plant and Machinery under Industrial Policy Resolution, 2015.
2. **Extent:** - It shall extend to the whole of the State of Odisha.
3. **Commencement:** - It shall come into force from the "Effective Date" of Industrial Policy Resolution, 2015 i.e. 24.08.2015.
4. **Terms and Expressions:** -
 - a) Investment means cost of Land, Building, Plant & Machinery, Other fixed assets and Electrical installations as per book value (Working capital is not considered).
 - b) Terms and expressions used in this operational guideline, but not specifically defined / explained here, shall have the same meaning as in Industrial Policy Resolution-2015.
5. **Policy Provisions-**

To encourage employment intensive industries in **Auto and Auto Components, Agro and Food Processing, Textile including Technical Textile & Apparel, Pharmaceuticals and Plastics Industries under Priority Sector** in the state, special package of incentives is provided to the industrial projects as outlined below;

Classification of Districts:

For the purpose of administering the incentives, the classification of districts is as follows:

Category	Districts
A	All other districts other than Category B
B	Industrially Backward Districts- Kalahandi, Nuapada, Bolangir, Subarnapur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj.

Classification of Industry:

S. No.	Category	Investment (Rs. Cr)	Minimum Employment (No.)
Category A			
1	A 1	>100	100
2	A 2	>200	200
3	A 3	>500	400
Category B			
1	B 1	>50	75
2	B 2	>100	100
3	B 3	>250	200

Provision of Subsidy on Plant & Machinery (P & M):

SL. No.	Classification	*Subsidy
1.	A1/ B1	10% of investment in P & M with a max. of Rs. 10.0 Cr
2.	A2/ B2	10% of investment in P & M with a max. of Rs. 20.0 Cr
3.	A3/ B3	10% of investment in P & M with a max. of Rs. 50.0 Cr

* Subsidy to be allowed till the date of production and will be reviewed on an annual basis.

6. Eligibility: - Industrial units satisfying definition and falling under -

- New Medium Enterprises & Large Industrial Units.
- Migrated industrial unit treated as new industrial unit under Medium/ Large Sector.
- Rehabilitated sick industrial unit treated at par with new industrial unit under Medium/ Large Sector.
- The applicable incentive shall not be sanctioned & disbursed if the industrial unit is found closed / has gone out of production. In such a case, it may be deferred and will be released on satisfactory resumption of production.

7. Determination of date of production: The date of production for availing of this incentive (CIS) shall be determined by the General Manager RIC/ DIC for Medium Enterprises and Director of Industries, Odisha in case of Large Industrial Unit basing on the totality of documentary evidence as per IPR-2015.

8. Time frame for filing application: Eligible Industrial unit shall file its claim in the prescribed Application Form complete in all respect, **within one year** from the date of starting production / **within one year** from the date of notification of this Rules and Operational guidelines, whichever is later. Application received after the due date/ incomplete in any respect shall be liable to be summarily rejected.

9. Constitution State Level Committee (SLC).

9.1 State Level Committee (S L C) – State Level Committee shall be the competent authority to sanction subsidy claims of eligible Industrial Units belonging to Medium Enterprises/ Large Industrial Units. The State Level Committee shall comprise of following members;

1	Principal Secretary to Government, Industries Department	Chairman
2	Secretary to Government, MSME Department	Member
3	Secretary to Government, Textile & Handloom Department	Member
4	Managing Director, IDCO	Member
5	Managing Director, IPICOL	Member
6	Director of Industries, Odisha	Member -Convener
7	Any other member to be co-opted as per requirement	

9.2 The State Level Committee shall go into merits of each case to decide whether the industrial unit qualifies for grant of the subsidy and will determine the quantum of subsidy admissible to the industrial unit.

9.3 The State Level Committee shall discharge all other functions as may be necessary and subservient to the sanction and disbursement of subsidy under this scheme and shall regulate / monitor the implementation of this scheme.

10. Meetings of the Committee: The State Level Committee may meet monthly or as per requirement.

11. Procedure:

11.1 Industrial units satisfying the eligibility shall file application in the prescribed form appended to this operational guideline at **Annexure -A-1** along with copies of all relevant documents as mentioned in the Checklist at **Annexure -A-2** and Undertaking prescribed at **Annexure A-2.1** as per the following category;

New Medium Enterprises shall file application in triplicate with General Manager, RIC / DIC and Large Industrial Units with Managing Director, IPICOL.

Copies of the documents as indicated in the checklist shall be self - certified by Proprietor / Managing Partner / Managing Director / Authorized Signatory.

11.2 On receipt of application, the acknowledgement as prescribed at **Annexure- A (3)** shall be dispatched to the applicant / applicant unit duly signed by the authorized officer / General Manager, RIC / DIC/ IPICOL on the day of receipt. General Manager, RIC /DIC and CMD, IPICOL may authorize any of his officers for the purpose.

11.3 The RIC/ DIC/IPICOL will check the eligibility and determine the IPR applicability in each case within a **week**. All the documents submitted by the units shall be verified with the original by an officer of the RIC/ DIC not below the rank of Asst. Manager & not below the rank of Joint Manager in IPICOL who will record his verification on the body of the copy of the document.

11.4 The RIC/DIC, in case of Medium Enterprises & IPICOL jointly with DI shall examine the eligibility and veracity of facts concerning the claim, visit the unit and assess the total investment as per format at **Annexure-A (4)**. The modality for assessment of investment / plant & machinery is prescribed below.

11.5 The RIC/ DIC / IPICOL on receipt of application will scrutinize the same and send a detail report to Director of Industries, Odisha with a detail note on fulfilment of eligibility criteria, time limit, IPR applicability, eligible amount of subsidy vis-à-vis investment in Plant & Machinery, decrease/ increase in recommended CIS amount with justification, working status, specific suggestion, if any, for consideration. A model agenda Note prescribed at **Annexure-A-5** may be referred to for the purpose.

12. Assessment of Investment/Plant & Machinery: Investment means investment in land, building, plant, machinery and balancing equipment. Further, balancing equipment generally means equipment required for de-bottlenecking the production process.

12.1.1 Land & Building: The land / land & building / building / shed shall be in the name of industrial unit / Company **represented through** its proprietor / partner(s) / Director (s) / shareholder (s) / Member (s). If ROR of the land is in joint possession and no clear-cut title deed is established in the name of the promoter, the said land should have been leased out in favour of the industrial unit. If the land / land & building / building / shed is ancestral or its title is represented by sale deed or other title deeds which are old, the market value (for the year of starting fixed capital investment) as assessed by Tahasildar under the appropriate rules of the Revenue & Disaster Management Department will be taken in to account. In other cases, the value of the land / land & building / building / shed as embodied in the sale deed (or) proportionately to the extent of need will be the cost for the purpose of assessment. The value of land / land & building / building / shed shall not be considered for the purpose of assessment on the following contingencies, if,

- It is held on registered lease from authorities **other than** government or IDCO and the lease period is less than 30 years,
- Rented or licensed and / or hired land / land & building / building / shed.

In no case the cost / premium paid towards conversion of land for industrial use shall be taken into account for the purpose of assessment.

12.1.2 Building constructed - For valuation of building constructed over the acquired land, the year of construction, the type of construction and the specification of the building, and the valuation certified by Chartered Civil Engineer for different type of construction will be taken into consideration.

12.1.3 The valuation of civil construction like factory building, godown, stores, office, R&D lab, testing lab, overhead tank, compound wall, gate, barbed wire fencing, well and civil works for the purpose of pollution control, energy conservation, installation of non-conventional energy equipment, power generation, transformer, gas plant, water treatment plant, rain water harvesting & charging etc shall be made as per the pro-forma prescribed at **Annexure-B (1)**. If the land is leasehold through a registered deed for a period of more than 30 years, the value of building constructed over the said land to the extent of industrial use will be considered for assessment for the purpose of CIS. In case of IDCO shed, value of shed will be taken into account.

12.2 Plant & Machinery- The value of plant & machinery as erected at factory site shall be taken into account including the cost of productive equipment such as tools, jigs, dies, mould etc. Amount spent towards insurance premium and tax for procurement of such assets will also be taken into account. In case of imported machinery, import duty, shipping charges, custom clearance charges, VAT paid thereon will also be taken into consideration.

12.3 Balancing equipment- The investment made on the following items will be taken into account for assessment, namely;

- a) Generator set not less than 10 K.W., transformer and Captive power plant (certified by DISTCOMs / Electrical Inspector (T&D))
- b) Gas producing plant
- c) Water and waste Water treatment plant

- d) Pollution Control equipment (certified by State Pollution Control Board, Odisha)
- e) R & D equipment, Quality control & Lab equipment
- f) Energy conservation equipment (certified by GRIDCO / DISTCOMs / Electrical Inspector (T&D / approved consultant)
- g) Non-conventional Energy equipment
- h) Fire Fighting equipment / sensors for safety measures
- i) Storage tanks / Bins for storing of raw material / finished goods
- j) Empty Gas cylinders for re-use

12.4 Electrification & Installation-

12.4.1- The cost involved in electrification, wiring, installation of cables, bus bar, electrical panels (not mounted on individual machines), circuit breakers etc. which are necessarily to be used for providing electrical power for industrial use will be taken into account.

12.4.2- The cost involved in installation & erection of plant & machinery and balancing equipment etc. will be taken into account for assessment.

12.5- The detailed valuation of plant & machinery and balancing equipment, electrification & installation etc. shall be made in the proforma prescribed at **Annexure-B (2)**.

12.6- The valuation of fixed assets shall be supported with a **certificate** that the assets acquired by the industrial unit are **new**, the cost has been duly paid for, the assets are required in process of operation and are found to be in use / working in the premises of industrial unit.

12.7- The Subsidy is not admissible on land & building. The period of Lease / Rent shall be for a period not less than 30 years starting from the date of first fixed capital investment through duly registered deed (s) so as to avail subsidy on Plant & Machinery.

12.8- Valuation of second-hand Plant & machinery and balancing equipment (Textile including Technical Textile & Apparel only)-

The valuation shall be made on the basis of original price less depreciation as per **Annexure- B-3** and provided further that the original and subsequent owners have not received subsidy from any sources at any stage of purchase, use, transfer or sale and the effective life should not have been expired. The Proprietor/ Managing Partner/ Managing Director/ Authorized signatory claiming subsidy, shall submit documentary evidence to the full satisfaction of SLC and affidavit in this regard duly sworn before an Executive Magistrate.

13. SANCTION, CONFIRMATION & RATIFICATION THEREON:

13.1 Considering the merit of each case, the SLC shall accord sanction of subsidy on Plant & Machinery in favour of the industrial unit.

13.2 After sanction of Subsidy on Plant & Machinery by the S L C, the Directorate of Industries, Odisha will communicate the details of sanction in the format prescribed at **Annexure-C-(1)** to the concerned industrial unit within **7 days** of issue of the Proceedings.

13.3 The industrial unit on receipt of sanction letter shall be required to execute Agreement with DIC/ RIC/ DI/ IPICOL as per **Annexure – C (2)** within next **3 days**.

13.4 In case of rejection by the S L C, the same will be communicated by DI to DIC/ RIC/ IPICOL & to the concerned enterprises in the format prescribed at **Annexure-C-(3)**.

13.5 DI, Odisha to ensure that the sanction for reimbursement of the subsidy should not take more than 30 days from the date of application by the industrial unit.

14. DISBURSEMENT OF SUBSIDY ON PLANT & MACHINERY

14.1 Director of Industries, Odisha shall disburse the subsidy on P & M to Medium Enterprise & Large Industrial Unit through the Financing Agency from which the unit has availed term loan/ financial assistance. In case of self-financed units the subsidy amount can be disbursed directly to the unit.

14.2 Disbursement will be made on availability of funds through budgetary provision as per the modality to be decided, if necessary, by the Director of Industries, Odisha.

15. Funds & Audit:

15.1 Funds: The Directorate of Industries, Odisha in consultation with DICs/ RICs/IPICOL will estimate the requirement of funds and furnish the requirement to the Industries/ MSME Department for budget provision every year. The State Govt. in Industries/ MSME Department will provide funds to Directorate of Industries, Odisha, who shall be the Disbursing Agency. The Disbursing Agency will maintain regular accounts for each case & shall be accountable to the Audit and the State Govt. Directorate of Industries will furnish the utilization certificate in OGFR-7 (A) along with the list of beneficiaries disbursed with assistance at the end of each financial year.

15.2 Audit: The accounts maintained by the DI, Odisha shall be audited by the AG, Odisha.

16. Maintenance of Records: The receipt / forwarding / sanction / rejection / disbursement of subsidy on Plant & Machinery shall be monitored both electronically & manually at DIC /RIC/IPICOL/Directorate of Industries level.

17. Recovery of Subsidy on Plant & Machinery: In the following events or circumstances, Subsidy on Plant & Machinery received by an Industrial unit shall be recoverable from it under the provision of OPDR Act as arrears of land revenue, unless refunded within a period of one month from the date of an order issued to this effect by the GM, RIC/ DIC / Director of Industries, Odisha.

(i) Where an industrial unit in the opinion of the State Level Committee has availed of the Subsidy on Plant & Machinery by misrepresentation, fraud or by furnishing false & misleading information or by suppressing facts / materials or disbursed in excess of the amount actually admissible for whatsoever reason.

(ii) Where the Subsidy on Plant & Machinery amount becomes recoverable in terms of the stipulation contained in the Agreement- **Annexure – C (2)** or the beneficiary units violate any other condition of the Rules & Guidelines and Agreement.

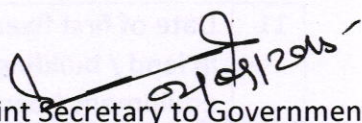
18. Miscellaneous:

- 18.1** Application for Condonation of implementation delay shall be dealt separately. The General Manager, RIC / DIC in case of Medium Enterprises and Managing Director, IPICOL shall forward the request made by the entrepreneur for condonation of delay with justification to the Director of Industries, Odisha who shall examine and recommend to Industries Department as applicable for placement of the same in the Empowered Committee for consideration
- 18.2** DIC / RIC/IPICOL/ DI may inspect the industrial unit individually / jointly if required.
- 18.3** Administration of CIS in the contingencies like shifting of industrial unit within the State, change of ownership etc. within the period of this incentive shall be governed as per the terms & conditions stipulated in the Agreement.
- 18.4** Industrial Unit shall furnish its audited financial statements and other periodical statements of each financial year to the DIC/ RIC/ IPICOL during the period of incentives.
- 18.5** Any change in facts or circumstances affecting the eligibility of the unit shall be intimated immediately to the DIC /RIC/ IPICOL/Directorate of Industries, Odisha by the unit.
- 19.** Where any doubt arises regarding implementation of these rules, the same shall be referred to Government of Odisha in the Industries Department whose decision shall be final and binding on all the parties.
- 20.** This has been concurred in by Finance Department vide their UOR No. 127-ES-II/F , dated 27.08.2015.

GOVERNMENT OF ODISHA
INDUSTRIES DEPARTMENT

Memo No 5934 /I., Bhubaneswar, dated 2/9/2015
XIV-HI-41/2015

Copy forwarded to All Departments/ All Heads of Departments/ All PSUs/ All Revenue Divisional Commissioners/ All Collectors/ All DICs/ All RICs/ Head, State Portal Group, IT Centre, Secretariat, Bhubaneswar/ All Sections of Industries Department/ Guard File (5 copies) for information and necessary action.


Joint Secretary to Government

APPLICATION FOR SANCTION AND DISBURSEMENT OF CAPITAL INVESTMENT SUBSIDY ON PLANT
& MACHINERY UNDER IPR 2015

Application received after the due date / incomplete in any respect shall be liable for rejection
(Strike out whichever is not applicable)

(See Clause- 11.1)

From
M/s. _____
At/PO _____
Dist. _____
(Location of the Industrial Unit)

To
The General Manager,
Regional Industries Centre / District Industries Centre -----

Managing Director,
Industrial Promotion and Investment Corporation of Odisha limited
IPICOL House, Janpath, Bhubaneswar-751022

Sub: Application for sanction and disbursement of Subsidy on Plant & Machinery under IPR 2015

Sir,

In accordance with the provisions laid down in IPR 2015 and its Rules & Guidelines, the Application for sanction and disbursement of Subsidy on Plant & Machinery is submitted with following particulars.

1	Category of the Unit New Medium Enterprises/ Large Industrial Unit	:	
2	Address of Registered office	:	
3	Type of organization (Proprietorship / Partnership / Co-operative / Private Limited / Public Limited)	:	
4	Name of Proprietor / Managing Partner / Managing Director / Authorized Signatory	:	
5	EM-II / IEM / I L No. and date	:	
6	Items of manufacture / activity with installed capacity	:	Item
			Quantity
			Value
	(i)		
	(ii)		
7	Employment created	:	
8	Name of the Financer	:	
9	Amount of loan applied for	:	
10	Amount of loan sanctioned with date	:	
11	Date of first fixed capital investment i.e. investment in land / building / plant & machinery and balancing equipment (specify the investment)	:	
12	Date of starting production	:	
13	Details of fixed capital investment of the unit (Head-wise)		
Sl.	Items	As per scheme approved by Financial Institution / DIC	Actual expenditure incurred
a	Land		
b	Building		
c	Plant & Machinery		
d	Balancing equipment		

e	Electrification & Installation		
f	Loading, unloading, transportation, duties, tax, Inc etc.		
g	IDCO Shed		
	Total		
14	Means of Finance (in Rs.)	Internal Resources -	
		OSFC / Commercial Banks -	
		Other Financing Institutions -	
15.	A/c No. of the Industrial unit		
16.	Name of Bank Branch with IFSC code & MICR No.		

I, Sri _____ S/o _____ at present _____ (designation) of M/S _____ (name of the industrial unit) certify that the information furnished as above is true and correct to the best of my knowledge and belief.

Date-

Signature of the Proprietor / Managing Partner/
Managing Director / Authorized Signatory in full and on behalf of
M/s-----

Place-

CHECK LIST

(See Clause- 11.1)

Copies of documents to be attached with the application shall be self-certified by Proprietor / Managing Partner/Managing Director / Authorized Signatory
(Strike out whichever is not applicable)

1	Entrepreneurs Memorandum- I / Entrepreneurs Memorandum- II, IEM / Industrial License & Production Certificate.																								
2	Power of Attorney / Board Resolution/ Society Resolution, as applicable, while signing as Partner / Managing Director / Authorized person.																								
3	Certificate of registration under Indian Partnership Act1932 / Societies Registration Act-1860 / Certificate of incorporation (Memorandum of association & Article of Association) under Company Act-1956																								
4	Certificate of Migrated industrial unit treated as new industrial unit issued by Director of Industries, Odisha																								
5	Document(s) in support of rehabilitated sick industrial unit treated at par with new industrial unit and duly recommended by State Level Inter Institutional Committee (SLIIC)/BIFR for this incentive.																								
6	Document(s) in support of Industrial unit seized under Section 29 of the State Financial Corporation Act,1951 and Securitisation and Reconstruction Of Financial Assets and Enforcement of Security Interest Act, 2002 thereafter sold to a new entrepreneur on sale of assets basis and treated as new industrial unit for the purpose of this IPR																								
7	Undertaking on non-availment of subsidy earlier on this project as per clause- 11.8.1																								
8	Approved DPR / Project Profile																								
9	Document in support of date of production																								
10	Document in support of date of first investment in fixed capital i.e. investment in land / building / plant & machinery and balancing equipment																								
11	Sanction order(s) of the Term Loan																								
12	Land document –Title Deed / Sale Deed																								
13	Document in support of market value of land assessed by Tahasildar as per clause- 11.1.1																								
14	Copy of Registered Lease Deed in support of land / land & building / building where the lease period is for 30 years or more																								
15	Approved plan for civil construction																								
<p>Certificate(s) from the competent authority against the fixed assets- Balancing equipment. <i>Certificate to be issued by the competent authority / approved consultant for installation of Generator set not less than 10 K.W., transformer and Captive power plant / Pollution Control equipment / Energy conservation equipment / Non-conventional Energy Equipment.</i> (see Clause-11.3)</p> <p>Certified that the application of M/s. _____ located at _____ Dist _____ has been verified and the details of installation of Generator set not less than 10 K.W., transformer and Captive power plant / Pollution Control equipment / Energy conservation equipment / Non-conventional Energy Equipment by the Industrial unit is as follows :</p> <table border="1"> <thead> <tr> <th>Sl</th> <th>Name of Machinery with Specification</th> <th>Bill No. & Date (Rs.)</th> <th>Duty / Tax/ Ins. etc. (Rs.)</th> <th>Cost of installation (Rs.)</th> <th>Total (Rs.)</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p style="text-align: right;">Signature of competent authority / approved consultant with date & seal,</p>		Sl	Name of Machinery with Specification	Bill No. & Date (Rs.)	Duty / Tax/ Ins. etc. (Rs.)	Cost of installation (Rs.)	Total (Rs.)	1	2	3	4	5	6												
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