



Odisha MSME Development Policy -2022

Government of Odisha
Micro, Small & Medium Enterprises Department

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1. Introduction

- 1.1 Odisha, located strategically contiguous to states of southern, central, and eastern parts of India, is a treasure trove of natural resources. It has a rich heritage, a vibrant present and a huge potential for Micro, Small and Medium Enterprises. Access to global markets, presence of qualified human resource, robust infrastructure, stable polity and a positive business environment make the Odisha a favoured destination for investors.
- 1.2 Enabling policies, Make-in-Odisha conclaves, and various facilitation measures for ease of doing business are helping to boost the industrial ecosystem of the State. Odisha's real Gross State Domestic Product (GSDP) has grown at 10.1% in 2021-22, which is much higher than the national growth rate of 8.8%. One of the fastest growing economy in the country, the State is consistently growing above the national average. The industry sector in the state grew at 14.5% followed by service sector with 7.9% in 2021-22. The industry sector's Gross State Value Added (GSVA) share increased from 17% in 1993-94 to 39.5% in 2021-22.
- 1.3 The export turnover of Odisha has increased by 169.3% from INR 47,242.28 crore in 2019-20 to INR 127,232.48 crore in 2021-22. The share of exports of the State in All-India exports has grown significantly from 2.21% in 2016-17 to 4.04% in 2021-22.
- 1.4 Odisha is well connected by road, air, rail, and water. The state has three operational airports in Bhubaneswar, Jharsuguda and Jeypore. A new airport is being set up in Rourkela. Seaports in Paradip, Dhamra and Gopalpur offer industrial units a direct linkage with worldwide markets. National Waterway 5 (NW 5) connects Odisha and West Bengal. Extensive rail and road network in the State link the various growth centres. The flagship initiative of the State, the Biju Expressway, connects the 8 western Odisha districts having potential to be an industrial hub of the region. The natural gas pipeline will connect several major industrial clusters of the State.
- 1.5 Odisha, a power surplus state, has an installed power generation capacity of 7,648.56 MW. In the FY 2021-22, Odisha had met its peak power demand of 5,643 MW.
- 1.6 Odisha contributes the highest to the nation's mineral production (excluding fuel oil and atomic minerals). Odisha with a share of 47.2% in the national output was the leading mineral producer of the country in 2021-22. In terms of mineral reserves in India, Odisha accounts for 96% of Chromite, 92% of Nickel, 51% of Bauxite, 33% of Iron ore, 43% of Manganese ore and 24% of Coal. Odisha is the leader in the production of several minerals such as Bauxite and is the only producer of Chromite in the country. Revenue collection from

minerals in Odisha has increased from INR 4,587 crore in 2011-12 to INR 13,918 crore in 2020-21.

- 1.7 The State has an enabling ecosystem to develop downstream and ancillary parks. Some of the key existing and proposed metal downstream parks include:
- Steel Downstream Park at Rourkela (SAIL) – Fabrication works
 - Aluminium Park (Vedanta) in Jharsuguda
 - Aluminium Downstream Park (NALCO) in Angul
 - Stainless Steel Park (JSL) in Jajpur
 - National Investment & manufacturing zone (Tata Steel and Visa Steel) in Jajpur
- 1.8 In 2020-21, agriculture sector in Odisha grew by 7.4% as compared to 3.3% at all India level. Odisha has 10 agro-climatic zones and 8 major soil types, which are favourable for production of variety of crops, vegetables, fruits and spices. Primarily, being an agrarian state, Odisha is endowed with huge-allied resources like animal husbandry, fishery, forest produces, etc. Odisha is India's leading producer of Cereals like rice, maize; Pulses like arhar, moong, black gram; Oil Seeds like groundnut, sesame, mustard & sun flower; Fibers like cotton, jute, mesta & coconut; Spices like turmeric, ginger, chilly & garlic. The vast coast-line of 480 km provides ample scope for marine as well as coir produce. Odisha is the 4th largest producer of fish and the 4th largest producer of shrimp in the country.
- 1.9 Odisha is the home to some of the leading public sector enterprises like Hindustan Aeronautics Limited, Rourkela Steel Plant, Indian Rare Earths Limited, Mahanadi Coalfields Limited, National Aluminium Company Limited (NALCO), NTPC Limited, Paradip Port Trust (PPT), Indian Oil Corporation Limited (IOCL), Ordnance Factory and private companies like Tata Steel, Vedanta Aluminium, Aditya Birla, Jindal Steel, JK Paper and others. Existence of these large industries offers a huge opportunity for establishment of Ancillary and Downstream MSMEs.
- 1.10 The State has immense potential for growth in sectors such as Ancillary and Downstream in metal sector, Agro Processing, Food and Sea-food Processing, Cold Storage and Cold-chain infrastructure, Chemicals and Petrochemicals, Textiles and Technical Textiles, Rare Earth Minerals based products, Specialty Steel and its Products, Handicraft, Handloom and Coir based products and Tourism and Hospitality owing to the rich availability of raw materials, strategic location, presence of ports, robust industrial infrastructure ecosystem, and the availability of skilled workforce.
- 1.11 The State has enormous prospects for growth in emerging sectors such as Renewable and green energy, electric vehicles and EV component manufacturing, IT & ITeS, Electronics System Design and Manufacturing (ESDM), green hydrogen and ammonia, white goods and components. The State has potential to maximize value addition in these sectors.

- 1.12 One of the preferred destinations, Odisha supports the growth of startup ecosystem with an advanced policy, best-in-class infrastructure and project facilitation platform with opportunities of seed funding, mentorship, prototype development, IP facilitation and others. Some of the major sectors where startups have progressed include IT services, healthcare services, renewable and green energy, agri-tech, edu-tech, art, craft and handloom, travel and tourism, telecom and media, fintech, agriculture and food technology, IPT, AI, Analytics and Robotics.
- 1.13 The State has a robust skill development ecosystem, with a pool of talented graduates from engineering colleges, polytechnic institutions and ITIs. Odisha houses some of the best national institutes of the country such as the Indian Institute of Technology (IIT) in Bhubaneswar, Indian Institute of Science, Education & Research (IISER) in Berhampur, Indian Institute of Management (IIM) in Sambalpur, National Institute of Science Education and Research (NISER) in Bhubaneswar, National Institute of Technology (NIT) in Rourkela, Indian Institute of Information Technology (IIIT) in Bhubaneswar, National Institute of Fashion Technology (NIFT) in Bhubaneswar, Indian Institutes of Handloom Technology (IIHT) in Bargarh and many others.
- 1.14 The State has notified Industrial Policy Resolution, which lays down policy framework and fiscal incentives for industries including MSMEs. However, MSME sector suffers from intrinsic disadvantages in availing priority in infrastructure, credit linkages, marketing and needs extra support especially in industrially backward districts. With a view to provide a conducive eco-system for promoting growth of MSMEs in a focused manner, commensurate with the present scenario and anticipated future, the State is declaring "Odisha MSME Development Policy, 2022".
- 1.15 Odisha MSME Development Policy, 2022 has been formulated through a consultative process involving stakeholders including Industry Associations, Financial Institutions, Experts and Government Departments concerned. This Policy aims to facilitate creation and sustenance of MSME enterprises in the State. The major focus of this policy is to create quality infrastructure, provide growth enabling incentives, facilitate MSME cluster development, extend support to MSMEs for sourcing and supplying of raw materials, enable technology upgradation and provide capacity building & skill upgradation facilities for MSMEs. The Policy encourages investment by micro, small and medium players in the industrially backward region of Odisha, identified focus sectors and industrial estates along the Biju Expressway Corridor. It also provides additional fiscal support to enterprises owned by women, SC, ST & persons with disabilities.

2. Objectives

The objectives of the policy are to:

- a. Support the growth of new micro, small, and medium-sized enterprises in the State.

- b. Encourage expansion, scaling up and diversification of existing MSMEs.
- c. Facilitate economic empowerment of women entrepreneurs, entrepreneurs from industrially backward region and entrepreneurs from weaker sections including SC, ST and persons with disabilities.
- d. Facilitate scaling up of women SHG enterprises.
- e. Enable growth of Odisha's focus sectors.
- f. Provide easier access to domestic and international markets.
- g. Make concerted efforts to encourage MSMEs to adopt and practise green initiatives, sustainability and waste management.
- h. To sustain high levels of employment generation and promote skilled workforce through closer coordination between industries, technical institutes and skill development department.
- i. Develop and strengthen state of the art infrastructure in various multi product MSME parks, clusters, industrial estates, multimodal logistics parks & testing laboratories and thereby augment infrastructural support to the MSMEs.
- j. Increase capacity and resilience of MSMEs to withstand natural calamities and epidemic situations.
- k. Encourage certification, quality consciousness, technical know-how, and build awareness on the relevance of branding, marketing and packaging activities amongst MSMEs.

3. Strategy

- 3.1 To achieve the objectives of this Policy, the following strategies are proposed:
- Development of MSME Parks in districts to provide ready infrastructure for establishment of MSMEs and to promote balanced growth across regions.
 - Development of product-specific clusters namely, ancillary & downstream, metal, engineering, agro & food processing, pharmaceutical, plastic & polymer, etc.
 - Convergence of schemes and resources of States for leveraging schemes and resources of Government of India.
 - Suitable incentive packages for promotion and growth of MSMEs especially in industrially backward districts.
 - Facilitate setting up of Ancillary & Downstream enterprises of the existing and upcoming Large Industries & Public Sector Undertakings.
 - Enhance flow of credit to MSMEs by encouraging banks / financial institutions through dedicated MSME branches.
 - Establish MSME ~ Institution linkages for creation of awareness, imparting entrepreneurial education through empanelled Institutes & setting up of Livelihood Business Incubators (LBIs) / Technology Business Incubators.
 - Strengthen MSME ~ Academia interface for skill development, product / process development, R&D and innovations.
 - Encourage the use of technology to enhance transparency in timely service delivery through teamwork, which will lead to transformation.
 - Encourage product branding "Make in Odisha" for global recognition.
 - Organize road shows, awareness programmes, trade fairs, investors' meets and MSME connect programs extensively inside the country and at strategic locations overseas.

- 3.2 The Policy takes cognizance of 'Ease of Doing Business' initiatives and the relevant extant Policies of both the State Government & Government of India and aims to make Odisha– a destination of choice for MSMEs. Accordingly, the Policy has been divided into three parts, viz. Enabling Framework, Supporting Framework and Incentive Framework.

4. Enabling Framework

4.1 Ease of Doing Business

- 4.1.1 RICs / DICs shall be the nodal agency for development of MSMEs in the State. They shall assist and extend handholding support to investors in setting up business.
- 4.1.2 All relevant schemes / assistance enunciated in the extant Policies of State Government and Government of India shall be dovetailed at RIC / DIC level to enable investors to take advantage as per their eligibility.
- 4.1.3 In order to accelerate promotion & growth in MSME sector, MSME Department shall organize Road Shows / Investors' Meets at strategic locations inside the country as well as overseas. RICs / DICs shall similarly organize Awareness Programmes within their districts.
- 4.1.4 Facilitation Cells at State Level / RICs / DICs to support entrepreneurs / investors shall be strengthened.
- 4.1.5 Online mechanism for administration of incentives in a time bound manner has been put in place and shall be further upgraded time-to-time to ensure timely sanction and release of incentives.
- 4.1.6 An online platform shall be set up for redressal of grievances of MSM entrepreneurs and investors.

4.2 Capacity Building & Skill Development

- 4.2.1 The MSME Department shall strive to maximize Industry ~ Institution linkage by entrepreneurial education through empanelled Project Institutes such as Institutes of Higher learning, ITIs, and Entrepreneurship Development Centres under the National Scheme on Entrepreneurship Development.
- 4.2.2 The Technical Institutions / Project Implementing Agencies shall be encouraged through Director, Technical Education & Training / Director, Employment to assist MSMEs / MSME Associations in skill development, product / process development, research & innovation.
- 4.2.3 The MSME Department shall organise training programmes to enhance capacities and abilities of the departmental officers in order to improve the quality-of-service delivery to MSMEs.
- 4.2.4 Promoting Digitalization amongst MSMEs: The MSME Department supported by the Institute of Entrepreneurship Development (IED) will organize training and capacity building workshops for MSMEs to facilitate:

- Social media marketing, email marketing, content posting, and Search Engine Optimization (SEO)
 - Registering, marketing, cataloguing, and selling products on E-Commerce platforms (such as Government e-Marketplace and non-governmental platforms)
- 4.2.5 The MSME Department supported by the Directorate of Export Promotion & Marketing (DEPM) will organise training programmes for MSMEs on export preparedness, branding and marketing.

4.3 Cluster Development

- 4.3.1 Often MSMEs are of smaller in size and have limitation in achieving economy of scale, negotiation, specialization, access to strategic information, which restrict them in achieving the expected level of business. Cluster approach envisages overcoming such limitations and maximising their opportunities.
- 4.3.2 The MSME Department will promote and facilitate cluster development for potential products, including the focus sector products of Odisha, One District One Product (ODOP) and others.

4.4 Credit Flow to MSMEs

- 4.4.1 An Empowered Committee under the Chairmanship of Secretary, MSME shall monitor credit flow to MSME sector especially in schemes viz. Prime Minister Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Credit Linked Capital Subsidy Scheme (CLCSS) and coverage under Credit Guarantee Fund Trust for Micro & Small Enterprises.
- 4.4.2 Government shall encourage opening of MSME dedicated bank-branch in industrial estates / industrial hubs / MSME Parks. Government land (IDCO land) for such branches, if required can be provided at concessional industrial rate.
- 4.4.3 The MSMEs shall be encouraged to obtain credit ratings from reputed rating agencies for facilitation of credit.

4.5 Focus Sectors

- 4.5.1 MSME Development in the State shall be achieved by leveraging strategic advantage of Odisha such as availability of raw materials, strategic location, presence of ports, competitive cost of doing business, robust industrial infrastructure ecosystem and the availability of skilled workforce.
- 4.5.2 In order to realise this vision, this policy identifies a list of sectors which shall be accorded the "Focus Sector" status. These sectors shall be eligible for a set of additional fiscal and non-fiscal incentives so as to attract MSME investors to make Odisha their destination of choice. These sectors are also expected to generate employment and livelihood opportunities in the State.

The Policy identifies the following eight sectors as Focus Sectors:

1. Automobile & Auto Components

2. Plastics & Polymers
3. Steel & Stainless Steel
4. Defence Equipment
5. Aluminium
6. Pharmaceuticals
7. Medical Equipment
8. Apparel and Textiles

4.6 Geographical Indications (GI) of Potential MSME sectors

- 4.6.1 The State shall identify potential MSME manufacturing products which have specific geographical origin and possess qualities or reputation due to their origin.
- 4.6.2 Geographical Indications (GI) will help the regions to gain special attention from national and international buyers, augment livelihood opportunities and provide special recognitions to the entrepreneurs from the region.

5. Supporting Framework

5.1 Infrastructure Development

- 5.1.1 MSME Parks shall be established in each district with basic infrastructural facilities such as availability of water and power.
- 5.1.2 Expansion and rejuvenation of the existing industrial estates managed by State PSUs shall be taken up basing on demand and availability of land.
- 5.1.3 10% of the land for large projects subject to an upper limit of 300 Acres shall be earmarked (by the concerned large industry) for setting up of Ancillary and Downstream Industrial Park.
- 5.1.4 Existing Testing laboratories would be strengthened and upgraded to provide support to MSMEs.
- 5.1.5 Logistics infrastructure will be strengthened in the State to aid MSMEs.

5.2 Support for Ancillary and Downstream Enterprises

- 5.2.1 Facilitate linkage between potential entrepreneurs and large industries for development of ancillary and downstream enterprises.
- 5.2.2 Facilitate easy availability of products / by-products / waste generated by the mother industries to the MSM Entrepreneurs for further value addition.
- 5.2.3 Land for ancillary & downstream enterprises in industrial estates / MSME parks shall be allotted on priority basis.
- 5.2.4 Plant Level Consultative Committee for large industries with District Collector as Chairman and other stakeholders as members shall support and monitor development of ancillary and downstream enterprises.
- 5.2.5 Plant Level Advisory Committee (PLAC) of Central Public Sector Undertakings (CPSUs) with Secretary, MSME / CEO as Chairman and other stakeholders as members shall support and monitor development of ancillary and downstream enterprises.
- 5.2.6 Development of ancillary & downstream enterprises shall be undertaken.

5.3 Raw Material Support

- 5.3.1 The Odisha Small Industries Corporation Limited (OSIC) shall act as the Nodal Agency for sourcing and supplying of raw material required by MSMEs in the State. OSIC shall set up Raw Material Bank(s) to provide such support.
- 5.3.2 The Central PSUs, State PSUs and large industries shall accord priority in supplying raw material to OSIC being the Nodal Agency for MSMEs at the lowest possible rate extended to any other buyer for the same material.

5.4 Technology Up-gradation

- 5.4.1 MSMEs shall be encouraged to undertake interventions to enhance their competitiveness with respect to quality, productivity, reduction in cost, etc. by up-gradation of technology and adoption of new technology for quality enhancement and environment friendly production.
- 5.4.2 Directorate of Industries in association with MSME Development and Facilitation Office (MSME-DFO), Government of India shall increase awareness of schemes of Government of India for incentivizing adoption of cutting-edge technology by MSMEs such as CLCSS (Credit Linked Capital Subsidy Scheme), QMS (Quality Management Standards), QTT (Quality Technology Tools). The progress under such schemes shall be closely monitored by Director of Industries, Odisha.

6. Eligibility

- a) New and existing enterprises with investment in Plant & Machinery up to INR 50 crores units shall be eligible for incentives provided in this policy, subject to the general conditions and specific conditions as stipulated in this policy
- b) Industrial units covered under earlier IPRs/MSME Development Policies 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.
- d) Existing industrial units which take up expansion/ modernization/ diversification (E/M/D) will be eligible for specific incentives as specified.
- e) Transferred Units
 - i. "Transferred Unit" means an industrial unit, seized under the State Financial Corporation Act, 1951 or SARFAESI Act 2002 or liquidated under the order of National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC) and thereafter sold to a new enterprise on sale of assets basis. Such transferred unit shall be treated as a new industrial unit.
 - ii. A transferred unit after commencement of production shall be eligible to avail all or any of the incentives for the period for which the unit was eligible before transfer but could not avail the same due to suspension of production or closure on account of sickness or for any other reason.
- f) Industrial Units set up without financial assistance from Public Financial Institutions and / or Banks will be required to be assessed by RIC/DIC.

- g) If the industrial unit has availed incentive under any scheme of the State Government or the Government of India (GoI) or Government Agencies or any Financial Institutions, it shall be eligible for the differential amount of benefit only.

7. Framework for Incentive and Financial Support

To encourage growth of MSMEs in the State, the Government shall offer financial support to the enterprises as outlined in sub-sections below. This will be applicable only in respect of the units operating in Odisha.

MSMEs under Priority and Thrust Sector under IPR 2022 may claim benefits under IPR 2022 and /or OFPP 2022 and/or Odisha MSMED Policy 2022, which ever will be beneficial for them.

MSMEs availed benefits under IPR 2022 will also be eligible to claim other benefits under OFPP 2022 and/or Odisha MSMED Policy 2022 provided that the MSME has not availed the similar incentives under IPR 2022.

7.1 Stamp duty

- a) In respect of transfer of land/ shed by Government, IDCO and Private Estate Developers to new enterprises and existing enterprises acquiring fresh land for Expansion/ Modernization/ Diversification, exemption on stamp duty shall be applicable as follows:
- Enterprises with investment in Plant & Machinery up to INR 10 crores: 100% of applicable stamp duty
 - Enterprises with investment in Plant & Machinery above INR 10 crores and up to INR 50 crores: 75% of applicable stamp duty
- b) Stamp duty will be exempted for units required to be transferred to a new owner/ management under the provisions of the State Financial Corporation (SFC) Act 1951 or under Scrutinization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 or by the orders of NCLT under the IBC.

7.2 Land Conversion Charges

New enterprises and existing enterprises taking up Expansion/ Modernization/ Diversification will be granted exemption under the provisions of Section-73 (C) and clause-C of Section 8 (A) of Orissa Land Reforms (OLR) Act, 1960 from payment of premium leviable on conversion of land for industrial purpose in the following manner:

- Enterprises with investment in Plant & Machinery up to INR 10 crores: 100% up to 5 acres
- Enterprises with investment in Plant & Machinery more than INR 10 crores and up to INR 50 crores: @75% up to 25 acres

7.3 Capital Investment Subsidy (CIS)

7.3.1 New and existing enterprises undertaking Expansion/ Modernization/ Diversification (E/M/D) with investment in Plant & Machinery up to INR 10 crores shall be eligible for CIS in the following manner:

- a) New and existing enterprises undertaking E/M/D: 25% of capital investment made in Plant & Machinery with a maximum limit of INR 2 crores only.
- b) New and existing enterprises undertaking E/M/D owned by SC, ST, persons with disabilities, women & technical (Degree/Diploma) entrepreneur: 30% of investment made in Plant & Machinery with a maximum limit INR 2.50 crores only.
- c) New and existing enterprises undertaking E/M/D shall be granted additional CIS @5% of capital investment made in Plant & Machinery, subject to an upper limit of INR 20 lakhs over and above the limits as specified above at (a) and (b) for the following enterprises:
 - i. Set up in Industrially Backward Districts.
 - ii. Set up in designated IDCO Industrial Estates or Industrial Areas along Biju Express Highway Corridor.
 - iii. Enterprise of Automobile & Auto Components, Plastics & Polymers, Steel & Stainless Steel, Defence Equipment, Aluminium, Pharmaceuticals, Medical Equipment and Apparel & Textile sector.
- d) New and existing enterprises undertaking E/M/D will be granted additional CIS @5% of capital investment made in technical civil works and Plant & Machinery for non-polluting measures, subject to an upper limit of INR 25 lakhs over and above the limits as specified above in sl. no. (a) and (b) for investment in non-polluting measures such as:
 - i. Waste water treatment
 - ii. Waste recycling
 - iii. Green Energy Equipment manufacturing
 - iv. Green Buildings
 - v. Use of rooftop renewable source of power
 - vi. Installing Continuous Emission Monitoring System (CEMS) for red category industries
 - vii. Effluent Treatment Plants
 - viii. Adopting rain water harvesting/ rainwater recharging practices
 - ix. Any other environment management practices/projects approved by the MSME Department
- e) New and existing Anchor enterprises undertaking E/M/D shall be eligible for CIS @30% of investment made in Plant & Machinery subject to a maximum limit of INR 4 Crores.

7.3.2 New enterprises with investment in Plant & Machinery up to INR 50 crores engaged in manufacturing of E-Vehicle component and charging infrastructure shall be eligible for CIS @ 30% of investment made in Plant & Machinery subject to a maximum limit of INR 3 Crores.

Note:

- i. Investment in Plant & Machinery till the date of Commencement of Production.
- ii. For the enterprises set up by SC, ST, persons with disabilities, Women, Technical Degree or Diploma holders, their stake in shareholding shall be 51% or more individually or jointly on the date of commencement of production.

7.4 Interest Subsidy

New enterprises with investment in plant and machinery up to INR 50 crores shall be eligible for reimbursement of 50% of interest paid on term loan availed from public financial institutions/banks for a period of 5 years from the date of commencement of production, subject to a total maximum limit of INR 1 crore.

7.5 Electricity duty exemption for MSMEs

New enterprises with investment in Plant & Machinery up to INR 50 crores shall be exempted from the payment of electricity duty up to a contract demand of 750 KVA for a period of 5 years from the date of commencement of production

7.6 SGST Reimbursement

- 7.6.1 New and existing enterprises undertaking Expansion/ Modernization/ Diversification (E/M/D) with investment in Plant & Machinery up to INR 50 crores shall be eligible for reimbursement of 75% of net SGST paid in cash for a period of 3 years from the date of commencement of production limited to 100% of cost of Plant & Machinery, provided that the net SGST reimbursement shall be applicable only to the net tax paid towards State component of GST, after adjustment of input tax credit against the output tax liabilities.
- 7.6.2 New pioneer enterprises with investment in Plant & Machinery up to INR 50 crores shall be eligible for reimbursement of 100% of net SGST paid in cash for a period of 5 years from the date of commencement of production limited to 200% of cost of Plant & Machinery, provided that the net SGST reimbursement shall be applicable only to the net tax paid towards State component of GST, after adjustment of input tax credit against the output tax liabilities.

7.7 Subsidy for MSME Sustainable Certification Zero Defect Zero Effect (ZED)

- 7.7.1. New and existing MSMEs will be provided an additional subsidy of 80% on the balance cost i.e., over and above the financial support provided by Government of India on the expenses incurred by the MSME for obtaining MSME sustainable ZED certification.
- 7.7.2. In order to encourage the new and existing MSMEs, a one-time reimbursement will be provided to the applicant MSME, towards the expenses incurred on acquisition of plant & machinery/testing equipment in the following manner:

- a) @50% of expenses incurred on acquisition of Plant & Machinery/testing equipment subject to an upper limit of INR 2.00 lakhs to achieve "ZED Bronze" from "No Rating"
- b) @50% of expenses incurred on acquisition of Plant & Machinery/testing equipment subject to an upper limit of INR 3.00 lakhs to achieve "ZED Silver" from "ZED Bronze or lower rating"
- c) @50% of expenses incurred on acquisition of Plant & Machinery/testing equipment subject to an upper limit of INR 5.00 lakhs to achieve "ZED Gold" from "ZED Silver or lower rating"

7.8 Subsidy for investing in Quality Certification

New and existing enterprises undertaking Expansion/ Modernization/ Diversification (E/M/D) with investment in Plant & Machinery up to INR 50 crores will be provided with assistance for obtaining quality certifications from nationally and internationally recognized institutions and its renewal for next consecutive 2 years, i.e., for a total period of 3 years @100% of the quality certification charges up to a total maximum limit of 5 lakhs.

7.9 Employment Cost Subsidy

- a) 75% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of employers' contribution paid towards ESI and EPF for a period of 5 years for new and existing units undertaking E/M/D, with investment in Plant & Machinery up to INR 10 crores, which employ unskilled, semi-skilled, skilled and highly skilled workers who are domicile of the State and are on the payroll of the unit.
- b) 75% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of employers' contribution paid towards ESI and EPF for a period of 3 years for new and existing units undertaking E/M/D, with investment in Plant & Machinery of more than INR 10 crores and up to INR 50 crores, which employ unskilled, semi-skilled, skilled and highly skilled workers who are domicile of the State and are on the payroll of the unit.

7.10 Technology Purchase Subsidy

The State Government shall reimburse 50% of the amount spent on purchase of technology from the National Research Development Corporation (NRDC) or other Government research centres, up to a maximum limit of INR 20 Lakh. Special focus will be on technologies which could help the units become cleaner and/ or energy-efficient and/or IT enabled.

7.11 Assistance for raising Capital through SME Exchange

New Enterprises with investment in Plant & Machinery above INR 1 crore and up to INR 50 crores shall be entitled for a one-time grant of 20% of expenditure incurred for

raising of capital through SME Exchange subject to a maximum of INR 10 lakh after successful raising of equity as per the scheme approved by SME Exchange.

7.12 Reimbursement of Audit Cost for Water Conservation

To encourage water conservation, a onetime reimbursement of 75% of water audit cost by approved agencies limiting to INR 1 lakh shall be provided to new enterprises, with investment in Plant & Machinery up to INR 50 crores, undertaking water conservation measures.

7.13 Reimbursement of Audit Cost for Energy Conservation

To encourage energy conservation, a onetime reimbursement of 75% of energy audit cost by approved agencies limiting to INR 5 lakhs shall be provided to new enterprises, with investment in Plant & Machinery upto INR 50 crores, undertaking energy conservation measures.

7.14 Subsidy on the cost of Patent Registration in India or abroad

New and existing enterprises undertaking E/M/D, with investment in Plant & Machinery upto INR 50 crores, will be provided assistance for Patent and Intellectual Property Right registration of 100% of the registration cost up to a maximum limit of INR 5 lakhs.

7.15 Trade Mark Assistance

New and existing enterprises undertaking E/M/D, with investment in Plant & Machinery upto INR 50 crores, shall be entitled for reimbursement of 100% of expenditure incurred in obtaining Trade Mark subject to a maximum limit of INR 3 lakhs.

7.16 Award to MSMEs

In order to encourage competitiveness and efficiency amongst enterprises with investment in Plant & Machinery upto INR 50 crores, annual State Awards shall be given to MSMEs in recognition of their contribution in terms of:

- Product/Process Innovation
- Sustainability and adoption of environment friendly technology
- Employment Generation
- Export
- Women entrepreneurship
- Registration of Patent and Trade Mark
- Excellence in growth, profitability, liquidity, and turnover

Quantum of first, second and third prizes will be of INR 1,51,000, INR 1,00,000 and INR 51,000 respectively.

Note: Awards will not be applicable for industries which are under ineligible category under this MSME Policy.

8. Governance

- a. Implementation of provisions of this policy shall be periodically monitored and reviewed by a High-Level Committee to be constituted under the Chairmanship of Chief Secretary for mid-course correction / amendments, if any.
- b. Claims for CIS under this Policy shall be considered and approved by the following Committees to be constituted by MSME Department:
 1. District Level Committee (DLC) under the Chairmanship of District Collector: Enterprises with investment in Plant and Machinery up to INR 1 Crore.
 2. State Directorate Level Committee (SDLC) under the Chairmanship of Director of Industries, Odisha: Enterprises with investment in Plant and Machinery above INR 1 Crore and upto INR 10 Crore.

9. General Provisions

- 9.1 This Policy and other extant Policies provide fiscal & non-fiscal incentives for Enterprises with investment in Plant & Machinery up to INR 50 crores. Entrepreneur can choose to avail a particular incentive according to his / her eligibility.
- 9.2 Incentives as envisaged in this policy shall not be applicable to an enterprise if the similar financial incentives are availed under any other policies of State Government or Government of India.
- 9.3 Enterprises for availing incentives under this policy shall be acknowledged with Entrepreneurship Identification Number and / or Production Certificate and commencing production within a period of three years from the date of starting of first fixed capital investment.
- 9.4 The date of commencement of production for availing of incentives under this policy shall be determined by the GM RIC/DIC basing on the documentary evidence.
- 9.5 Government may consider condonation of delay (beyond the stipulated period of 3 years) in implementation of projects due to force majeure (reasons like natural calamities) and reasons beyond the control of the unit on case-to-case basis on recommendation of an Empowered Committee to be constituted under the Chairmanship of Secretary to Government, MSME Department.
- 9.6 Enterprise shall become ineligible to get incentives if it does not file its claim within the time limit prescribed in the Operational Guidelines of respective incentives. Government may consider condonation of delay (upto 60 days after the prescribed time limit) for filing of application for incentives by the enterprises on case-to-case basis on recommendation of the Empowered Committee as defined under clause 9.5.
- 9.7 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.
- 9.8 This Policy shall be effective from the date of its notification.
- 9.9 Enterprises which have commenced fixed capital investment prior to notification of this Policy shall continue to be governed and assisted under Odisha MSMED Policy, 2016.
- 9.10 Annexure I may be referred for definitions of all the terms used in the policy.
- 9.11 Doubts relating to interpretation of any term and / or dispute relating to the operation of any provision under this policy shall have to be referred to the MSME Department,

Government of Odisha for clarification / resolution. Decision of Government shall be final and binding on all concerned.

- 9.12 The list of ineligible MSMEs for incentives in respect of this policy is given at Annexure II.
- 9.13 No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy.
- 9.14 Implementation of various provisions covering the incentives, concessions etc. will be subject to notification of detailed guidelines / statutory notifications by MSME / concerned Administrative Department.
- 9.15 The State Government may at any time amend any provision of this Policy.

Annexure-I

For the purpose of this Policy, the various terms shall have the meanings assigned to them here under:

1. "Ancillary Enterprise" 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 Enterprise" 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 material.
3. "Anchor Enterprise" means the first and lead investor in the designated industrial park whose brand value & potential for backward and/or forward linkages shall stimulate further investment in the industrial park.
4. "Pioneer Enterprise" means the first five industrial units engaged in production of products not manufactured earlier in the State.
5. "Earlier IPR" means the applicable previous Industrial Policy Resolution.
6. "Earlier MSMED Policy" means the applicable previous MSME Development Policy.
7. "Effective date" means the date of notification of this policy.
8. "Existing enterprise" means an enterprise that has commenced production before the effective date of this policy.
9. "Expansion / Modernization / Diversification" of an existing industrial unit means additional investment of at least 50% of the un-depreciated 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 appraised and approved by DIC/ RIC/ OCAC/ Public Financial Institutions/ Banks. 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.
10. "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.
11. "Fixed Capital Investment" means investment in land, building, plant & machinery, balancing equipment and electrification.
12. "IDCO" means the Odisha Industrial Infrastructure Development Corporation.
13. "IDCO Land" means land allotted by IDCO.
14. "Enterprise/ Industrial Unit" means any industrial enterprise located inside the State and engaged in any manufacturing or servicing activity, owned and promoted by Proprietors, Partnership, LLPs, Private Limited, One Person Company (OPC), SHGs, Startups, FPOs, and FPCs.

15. Industrially Backward Districts include Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nabarangpur, Kandhamal, Gajapati and Mayurbhanj.
16. "IPR" means Industrial Policy Resolution.
17. "OFPP" Means Odisha Food Processing Policy
18. "Local Micro, Small & Medium Enterprises" means Micro, Small and Medium Enterprises situated in the State of Odisha.
19. "Micro, Small & Medium Enterprise" means an Industrial Unit / Enterprise as defined by the Government of India in MSMED Act, 2006 and its amendment from time to time. As per the latest definition of the Government of India, MSME is defined as:

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than INR 1 crore and Annual Turnover: not more than INR 5 crore	Investment in Plant and Machinery or Equipment: Not more than INR 10 crore and Annual Turnover: not more than INR 50 crore	Investment in Plant and Machinery or Equipment: Not more than INR 50 crore and Annual Turnover: Not more than INR 250 crore

20. "MSME-DFO" means MSME Development & Facilitation Office.
21. "Migrated Industrial Unit" means an industrial unit which has commenced fixed capital investment but not gone into production before the effective date of this policy and will have the option to be treated as New Industrial Unit under this policy 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 and MSMED policy. 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.
22. "New MSME" means a Micro, Small & Medium Enterprise where fixed capital investment (including the one who has existing land, land & building) has commenced on or after the effective date and goes into production within three years from the date of starting of first fixed capital investment.
23. "OSIC" means the Odisha Small Industries Corporation Limited.
24. "PMEGP" means Prime Minister's Employment Generation Programme.
25. "Raw Material" means material required by an enterprise that will directly go into the composition / manufacturing of its finished products.
26. "RIC" means Regional Industries Centre and "DIC" means District Industries Centre.
27. "SIDBI" means the Small Industrial Development Bank of India.
28. "GST/CGST/IGST" as defined under the provisions of CGST Act 2017, and IGST Act 2017.
29. "SGST" as defined under the provisions of The Odisha Goods and Services Tax Act, 2017.
30. NCLT: National Company Law Tribunal
31. IBC: Insolvency and Bankruptcy Code (IBC) 2016.
32. "Year" for the purpose of incentives means a period of 365 consecutive days.

Annexure-II

The following units shall not be eligible for fiscal incentives specified under this Odisha MSME Development Policy – 2022.

1. All service sector enterprises except:
 - a. General workshops including repair workshops having investment in plant & machinery of INR 50 Lakhs and above and running with power.
 - b. Registered Vehicle Scrapping Facilities (RVSF)
 - c. Cold storage and Seafood freezing units having investment of INR 25 Lakhs and above.
 - d. Electronics repair and maintenance units for professional grade equipment and Computer Software, ITES/BPO and related services with investment of INR 25 Lakhs and above
 - e. Technology Development Laboratory /Prototype Development Centre/ Research & Development with investment of Rs. 25.00 Lakh and above.
 - f. Printing press with investment in plant and machinery of Rs. 50 Lakh and above.
 - g. Laundry/ Dry Cleaning with investment in plant and machinery/ equipment of Rs. 25 Lakh and above.
 - h. Refilling of medical oxygen and/or its container
2. Hullers and Rice mills with investment of less than INR 10 Crore in plant and machinery
3. Flour mills, Besan mills with investment of less than INR 1 Crore in plant and machinery.
4. Confectionary with investment in plant & machinery with less than Rs.10 lakh for industrially backward districts and less than Rs. 1 Crore for other area.
5. Edible / Non-Edible Vegetable Oil Mills having;
 - a) Expeller with investment in plant & machinery less than Rs.10 lakh.
 - b) Solvent Extraction with investment in plant & machinery less than Rs.50 lakh.
 - c) Hydrogenation of Oil.
 - d) Repacking of oil with Filtering, Coloring and Deodorizing
 - e) Refining of Oil with investment in plant & machinery less than Rs.5 crore
6. Bakeries and units involved in preparation of sweets and savouries with investment of less than Rs. 10 Lakhs in plant and machinery in industrially backward districts and less than Rs.50 lakhs in plant and machinery in other districts.
7. Mixture, Bhujia and Chanachur preparation units.
8. Manufacture of Ice candy.
9. Manufacture and processing of betel nuts
10. Hatcheries, Piggeries, Rabbit or Broiler farming.
11. Standalone Sponge Iron plants
12. "Iron and Steel Processors

- a) Coiling and De-Coiling of Sheets, Straightening and Cutting of sheets and Rods, Cutting of angle, Channels, Bar Blooms, Billets, Slabs.
 - b) Iron and Steel scrap processing unit.
 - c) Integrated Rolling Mill
13. Cracker-making units.
 14. Tyre retreading units.
 15. Stone crushing units.
 16. Coal, Coke screening, coal washing, Coal & Coke Briquetting.
 17. Production of firewood and charcoal
 18. Painting and spray-painting
 19. Units for physical mixing of fertilizers.
 20. Brick-making units (except units making refractory bricks and those making bricks from fly ash, red mud not less than 25% as base material).
 21. Manufacturing of tarpaulin out of canvas cloth with investment in plant and machinery of less than Rs. 20 lakh
 22. Saw-mill, sawing of timber.
 23. Carpentry, joinery and wooden furniture making with investment of less than INR 1 Crore in plant and machinery.
 24. Drilling rigs, Bore-wells and Tube-wells
 25. Units for mixing or blending / packaging of tea.
 26. Units for cutting raw tobacco and sprinkling jaggery for chewing purposes and Gudakhu manufacturing units.
 27. Bookbinding, rubber stamp making, exercise notebooks and envelopes with investment of less than Rs. 50 Lakhs in plant and machinery.
 28. Distilled water units
 29. Tailoring (other than readymade garments manufacturing)
 30. Re-packaging Units,
 31. Pre-processing of oil seeds: decorticating, parching and frying
 32. Bottling units or any activity in respect of IMFL or liquor of any kind.
 33. Size reducing, size separating, Grinding, mixing units with investment in plant & machinery of less than ten crore rupees except manufacturing of Cement with clinker
 34. Single Use Plastic, Polythene less than 120 microns in thickness, recycling of polythene and plastic materials.
 35. Stitching, printing of woven sacks out of woven fabrics
 36. Packaged drinking / mineral water.
 37. Soft drinks and carbonated drinks (except the units manufacturing fruit pulp and/or juice out of it with investment of less than Rs.1 Crore in Plant & Machinery).
 38. Manufacturing of Asbestos-based products

Note: List of Industrial Units indicated above may be modified by the Government from time to time.