INDUSTRIAL POLICY RESOLUTION 2015

GOVERNMENT OF ODISHA



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NAVEEN PATNAIK
Hon'ble Chief Minister



Odisha with abundant resources and opportunities is an emerging industrial destination on the east coast of India. A vibrant industrial eco-system, abundant availability of skilled manpower, an excellent road, rail and port connectivity coupled with a progressive and responsive administration is going to fuel the industrial growth in coming years.

The Industrial Policy Resolution-2015 is formulated to create a conducive environment through an enabling policy and regulatory framework to drive sustainable industrial growth in the state. The state has embarked on a mission to leverage technology to complement the governance framework. The approvals and clearances for the establishment and operations of the industries shall be through an on-line portal with minimum human interface. The State is committed to simplify the processes and procedures and expedite project approvals and clearances. The state is a pioneer in implementing the "Ease of Doing Business" framework through a robust single window clearance mechanism, which will be further strengthened. The state shall guide and facilitate the investors through a dedicated "Facilitation Cell". "Escort officers" would be positioned for each of the focus sectors who will act as a single point contact for the investors.

FOREWORD

The policy focusses on providing quality industrial infrastructure, creation of a large land bank, financial assistance to the private sector for development of industrial infrastructure and sustainable environmental protection measures by the MSME units. The emphasis of the policy is to make Odisha "a destination of choice" for industrial enterprises.

Welcome, investors – be a part of an exciting growth story.

MESSAGE

The new Industrial Policy is a path breaking initiative of the State of Odisha focusing on attracting employment intensive industries. The policy provides a “Single Point” facility for investor facilitation and project approvals.

The policy places greater importance on supporting industrial infrastructure initiatives and an enabling framework for development of industrial clusters by the user industries. The sectoral focus of the policy coupled with the resource availability and a competitive eco-system opens up wide opportunity to the investing community to set up their base in the state. I am sure that this policy will be a precursor for faster and sustainable industrial growth of Odisha.



DEBI PRASAD MISHRA
Hon’ble Industries Minister

1. INTRODUCTION



1.1. In order to promote industrial development, the State government introduced path breaking initiatives in the Industrial Policy Resolution (IPR) in 2007. IPR was formulated to set up a business climate conducive to accelerate investment in industry and infrastructure projects, raise income, employment and economic growth, reduce regional disparities in economic development within the State and attract domestic as well as foreign investors.

1.2. The IPR 2007 put in place a robust policy framework for industrial promotion and investment facilitation in the State, including creation of an enabling environment. The IPR 2015 aims at reinforcing and further accelerating this process.

1.3. Odisha is one of the richest mineral States having iron ore, chromite, nickel, bauxite ore and coal deposits to the extent of 33%, 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, auto-components, textile, apparel and ancillary and downstream industries. 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. As part of fresh initiatives, 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. Project clearances will be accorded in a time bound manner through an online portal. Self-certification will be promoted under various regulations and multiple inspections will be synchronized with an emphasis on risk-based inspections. A dedicated team will be positioned to facilitate 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 Micro, Small& Medium Enterprises (MSMEs), a policy for promotion of ancillary and downstream industries will be announced. The new Special Economic Zone (SEZ) Policy will promote internationally competitive growth centres which would fuel the export of goods and services. Sector specific policies will also be released to provide focussed attention to employment intensive sectors.

2. OBJECTIVES

The IPR 2015 has been conceptualized with the aim of making Odisha a destination of choice for the investors worldwide. The prime 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 Information Technology (IT)/ Information Technology Enabled Services (ITES), Electronic System Design & Manufacturing (ESDM), Biotechnology, Agro, Marine & Food Processing, Tourism, Textiles & Apparel and automotive industries, which offer strong linkages to employment generation and exports.

2.4. To promote direct employment intensive sectors.

2.5. To maximize employment generation and enhanced employability through industry oriented 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 and effective institutional structure to facilitate and encourage private sector investments.

2.9. To create quality external and internal infrastructure by establishing industrial parks through public and private initiatives.



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, good governance etc. would all be used to its advantage. The new policy has identified and developed a strategy which comprises the following:

3.1. Create an enabling environment for development of industrial and related social infrastructure of international standards.

3.2. Create a level playing field for all investors / private sector players by enhancing the facilitation mechanism enabling them to do their business with ease and less transaction cost.

3.3. Promote entrepreneurship development for broad based industrial development.

3.4. Promote ancillary and downstream industries /industrial parks.

3.5. Provide special incentive packages for promotion of priority sectors and MSMEs.

3.6. Make provision of world-class infrastructural facilities for industries with active participation of private sector/ industry/ user industry.

3.7. Promote skill development in order to enhance the employability of local youth especially women and also to make available ready-to-employ human resource to the industry.

3.8. Put in place an effective grievance redressal mechanism for speedy project implementation and also for addressing post implementation issues.

4. GENERAL POLICY FRAMEWORK

The IPR - 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 maximise the triple objectives of value addition, employment generation and revenue augmentation.

This IPR will remain in force from 2015 to 2020 or to be substituted by another policy whichever is later.

4.1. Investment Promotion

a) "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. Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) is the technical Secretariat of Team Odisha.

b) IPICOL as the nodal agency for promotion of Investment in the State will endeavour to participate in select National and International events on an annual basis to project the strengths of the State, network with investors and build the State's image as an industry-friendly destination.

c) The Odisha Investment and Export Promotion Office (OIEPO) which is located in the Office of the Resident Commissioner, Government of Odisha, New Delhi shall be strengthened and 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 an integral part of IPICOL 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.

4.2. Ease of doing business

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) 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.

c) 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).

d) IPICOL as the SLNA shall be further strengthened to function as an effective one stop shop for investors. 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.

e) IPICOL shall develop and implement a web based system to facilitate time bound clearances to investment proposals, including facility for e-filing of Combined 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.

f) IPICOL shall establish a GIS based Comprehensive Industrial Data Bank for the use of existing and prospective entrepreneurs, administrators and policy makers.

g) The Industries Department shall review implementation of the IPR-2015. Besides giving overall direction to the industrial development efforts made by Team Odisha, the Department may give specific direction (s) wherever required.

4.3. Simplification and Rationalization of Regulatory Mechanisms

a) The State shall take initiatives to review the prevailing regulatory mechanisms to make 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.

d) Technology will be leveraged to simplify the procedures, reduce physical interface and facilitate time bound approvals.

5. FRAMEWORK FOR INCENTIVES AND OTHER SUPPORT MEASURES

5.1. 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 IPRs 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) 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 (MSMED) 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 the State Financial Corporation Act, 1951 or SARFAESI Act 2002 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 Value Added Tax (VAT), Entry tax, Motor Vehicle (MV) tax, Employees Provident Fund (EPF), Employees State Insurance (ESI) and Excise duty payable by previous owners shall not be realizable from the transferees of the transferred units 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.,

- IPICOL for Large Industrial Units;
- Director of Industries (DI) /DIC/RIC 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 period 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 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.

5.2. General Provisions

a) Implementation of various provisions covering the incentives, concessions, etc., will be subject to the issue of detailed guidelines/ statutory notifications.

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) The date of commercial production for availing of incentives shall be determined by the G.M, RIC/DIC for Micro, Small & Medium Enterprises and the DI for the large industrial units basing on the documentary evidence.

d) 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.

e) Condonation of delay for time overrun in implementation of projects beyond the control of the industrial units may be considered by the Empowered Committee (EC) on a case to case basis. The EC may be constituted under the chairmanship of Secretary to Government. Industries Department for Large Industries and Secretary to Government. MSME Department for Micro, Small & Medium Enterprises.

f) Necessary permission in SEZ, private industrial parks Infrastructure and Public Private Partnership (PPP) projects for the provision of sub-leasing will be given as per circular of Revenue & Disaster Management (R&DM) Department.

5.3. INDUSTRIAL DEVELOPMENT IN INDUSTRIALLY BACKWARD DISTRICTS

a) Government of Odisha will aim to provide enabling industrial infrastructure such as road connectivity, power supply, water supply, telecommunication and mobile connectivity etc. and common facilities for storage, preservation and agri-marketing to promote industrialisation and development in industrially backward districts of the State. Government will identify potential sectors for each district and provide incubation support to units in these sectors.

b) Non-mineral based new industrial units located in Industrially Backward districts with minimum investment of Rupees Five crore in plant & machinery shall be treated as Priority sector unit and be eligible for all incentives prescribed for the Priority sector.

5.4. INCENTIVES

5.4.1 LAND

a) Government land earmarked for industry under the "Land Bank" scheme of Odisha Industrial Infrastructure Development Corporation (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. Land rate shall be revised by Industries Department in consultation with R&DM Department in every two years.

Zones	Location	Concessional Industrial Land Rate. (Rs. Lakhs / Acre)
Zone-A	Urban areas under the jurisdiction of Bhubaneswar Municipal Corporation area.	**Rs. 125 Lakhs/ Acre**
Zone-B	Urban areas under the jurisdiction of Development Authorities of Cuttack, Rourkela, Berhampur, Sambalpur, Paradeep, Puri, Angul and Jharsuguda	Cuttack – Rourkela- **Rs.60 Lakhs / Acre** Berhampur, Sambalpur, Paradeep, Puri, Angul, Jharsuguda **Rs. 30 Lakhs / Acre**
Zone-C	Revenue Sub-Divisions of Bhubaneswar (except BMC area), Khurda, Angul, Cuttack, Jharsuguda, Panposh, Puri, Sambalpur	Municipal/NAC area **Rs. 15 Lakhs / Acre** Other than NAC area **Rs. 6 Lakhs / Acre.**
Zone-D	Revenue Sub-Divisions of Athagarh, Balasore, Berhampur, Chhatrapur, Champua, Dhenkanal, Jagatsinghpur, Jajpur, Keonjhar, Talcher	Municipal/NAC area **Rs.10 Lakhs / Acre** Other than Municipal/ NAC area **Rs. 4 Lakhs / Acre**
Zone-E	Revenue Sub-Division of Banki, Baripada, Bhadrak, Baragarh, Bolangir, Jeypur, Koraput, Municipal/Rayagada, Sundargarh	NAC area **Rs. 6 Lakhs / Acre** Other than NAC area **Rs. 2 Lakhs / 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, Paralakhemundi, Patnagarh, Rairakhol, Sonepur, Titlagarh	Municipal/NAC area **Rs. 3 Lakhs / Acre** Other than Municipal/ NAC area **Rs. 1 Lakh / Acre**

Ground Rent will be paid @ 1% of the land value

c) IDCO will sign a lease agreement with private industrial estate developers, new industrial units and existing units acquiring fresh land to undertake expansion/ modernization/ diversification.

d) IDCO will aim to aggregate government land suitable for establishment of industry to create Land Banks to meet the 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, new Industrial units and existing industrial units in Priority Sector taking up expansion/ modernisation/ diversification will be granted exemption under the provisions of clause - C of Section-73 of Orissa Land Reforms (OLR) 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 , RIC/DIC for Micro and 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: 100% up to 100 Acres and 50% for balance area

5.4.2 INTEREST SUBSIDY

a) New MSME units and non MSME Priority sector units 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

- ❑ Rs. 10 Lakhs for Micro Enterprises;
- ❑ Rs. 20 Lakhs for Small Enterprises;
- ❑ Rs. 40 Lakhs for Medium Enterprises;
- ❑ Rs. 1 Crore for Non-MSME Priority Sector Units

Units which are classified as Non-Performing Asset (NPA) at the time of making the application will not be eligible to avail such incentive.

For units in Industrially Backward districts, the reimbursement period will be seven years from the date of commencement of production subject to the aforesaid limit.

b) In addition to the interest subsidy, the guarantee fee charged under Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE) scheme to Micro & Small Enterprises (MSEs) will be reimbursed to the enterprises in order to improve the CGTMSE coverage for collateral free loans in the State.

5.4.3 STAMP DUTY

a) 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.

b) In respect of transfer of land / shed by Government, IDCO and Private Industrial Estate developers to new industrial units and existing industrial units acquiring fresh land for 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

c) 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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 or on the recommendation of the SLIIC.

d) Stamp duty will be exempted for units under proprietary /partnership firms to be converted to companies for rehabilitation on the recommendation of the SLIIC.

e) 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.

f) 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.

5.4.4 ENERGY

a) New MSMEs 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) New & existing industrial units setting up Captive Power Plant with non-conventional sources & bio-fuel shall be exempted from payment of 100% Electricity Duty for a period of 5 years from the date of commissioning as Green Energy Subsidy.

d) Industries of seasonal nature such as food processing, sugar, salt and cotton ginning & pressing unit will be provided with the facility of temporary surrender of a part of their contract demand as per norms of Odisha Electricity Regulatory Commission (OERC). Suitable amendment may be made in the agreement to extend the facility to seasonal industrial units.

e) To encourage energy efficiency of industries, a one-time reimbursement of cost of Energy Audits by Industrial Units shall be provided up to a maximum of

- ❑ Rs. 1 Lakh for Micro Enterprises;
- ❑ Rs. 2 Lakhs for Small Enterprises;
- ❑ Rs. 3 Lakhs for Medium Enterprises;

per unit subject to achieving energy efficiency. Independent and credible third party agency must certify energy efficiency of Industries.

5.4.5 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, in a tapered manner, 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, 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, in a tapered manner, 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, 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. New Pioneer Units under each Priority Sector shall be eligible for reimbursement of 100% of VAT paid for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery in a tapered manner over a period of nine 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.

vi. Anchor Tenant in each industrial park shall be eligible for reimbursement of 100% of VAT paid for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery in a tapered manner over a period of nine 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.

vii. This provision will be suitably replaced / modified after Goods and Services Tax (GST) is introduced.

b) Reimbursement of Entry Tax:

i. Plant & Machinery

a) New MSMEs 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.

b) Existing industrial units in MSMEs and Priority Sector units 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

a) New MSMEs 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.

b) Existing industrial units in MSMEs and Priority Sector units 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.

c) New Pioneer Units under each Priority Sector shall be eligible for 100% reimbursement of Entry Tax on purchase of raw materials for a period of seven (7) years from the date of commencement of production subject to a total maximum ceiling of 100% of cost of plant & machinery.

iii. This provision will be suitably replaced/ modified after GST is introduced.

5.4.6 ENTERTAINMENT TAX (ET)

a) New Multiplex Cinema hall of at least 3 screens with minimum capital investment of Rs.3.00 crores and above with modern projection system, sound system, air conditioning, shall be eligible for reimbursement of 100% of ET for a period of 5 years starting from the date of commencement of its operation.

b) If the existing cinema hall is upgraded to a multiplex and modernised with minimum investment of rupees one crore, then 100% ET reimbursement to be allowed for 5 years from the date of commencement of operation.

c) This provision will be suitably replaced/modified after GST is introduced.

5.4.7 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 and existing units undertaking E/M/D in Micro and Small sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.

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 and existing units

undertaking E/M/D in Medium sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.

c) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new and existing Industrial units undertaking E/M/D in MSME 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.

d) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new and existing Industrial units undertaking E/M/D in MSME and Priority Sector which employ skilled and semi-skilled persons with Disabilities who are domicile of the State as regular employees.

e) For Industrially Backward districts the Employment Cost Subsidy will be allowed for additional period of 2 years.

5.4.8 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 registration @ 100% of the registration cost up to maximum of Rs.10 Lakhs.

5.4.9 QUALITY CERTIFICATION

New 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 @ 100% of the quality certification charges up to a total maximum limit of Rs.3 Lakhs.

5.4.10 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 Rs.1 Lakh in case of indigenous technology and up to Rs.5 Lakhs in case of imported technology.

5.4.11 ENTREPRENEURSHIP DEVELOPMENT SUBSIDY

In order to promote and create a culture of entrepreneurship, reimbursement of 75% of course fee limited to Rs.50,000 per course shall be extended to budding entrepreneurs to undergo Management Development Training in reputed national level institutions.

5.4.12 ENVIRONMENTAL PROTECTION INFRASTRUCTURE SUBSIDY

Individual manufacturing units of MSME Sector adopting Zero Effluent or Waste Water Discharge (ZLD) shall be eligible for an Environment Protection Infrastructure Subsidy of Rs.20 Lakhs or 20% of capital cost of setting - up such Effluent Treatment Plant (ETP) whichever is less. The units shall produce a certificate from State Pollution Control Board (SPCB), Odisha to this effect.

5.4.13 CAPITAL GRANT TO SUPPORT QUALITY INFRASTRUCTURE

Government will support quality infrastructure in the form of a capital grant to industrial parks / cluster parks promoted by private sector or industry association or user units in a cluster format, with a grant of 50% of the infrastructure cost with a ceiling of Rs.10 crore per park or cluster. In the case of upgradation of the existing parks / clusters the government will provide a similar support of 50% of total cost with a ceiling of Rs.5 crore provided the park / estate / cluster is user- managed.

5.4.14 ANCHOR TENANT SUBSIDY

In order to attract lead investment by a reputed investor which would promote and facilitate further investment in the designated industrial Park / Estate, following incentives shall be provided to the first tenant industry.

a) 25% subsidy on cost of land

b) VAT Reimbursement for additional 2 years subject to the overall limit.

5.4.15 MARKETING SYNDICATION

Odisha Small Industries Corporation (OSIC) / National Small Industries Corporation (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/ NSIC so that it can act as a consortium leader for all the Micro & Small Enterprises and organize raw material supply at reasonable rate.

5.4.16 MARKETING ASSISTANCE TO INDUSTRIES ASSOCIATIONS

Marketing Assistance to Industries Association for participation of minimum 5 units in Odisha Pavilion in International Trade fairs abroad @ 50% of total rent subject to a maximum of Rs.10 Lakhs.

5.4.17 FILM INDUSTRY

a) Film Industry in Odisha provides direct and indirect employment to a number of people. 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, Odisha Film Development Corporation (OFDC) will be the nodal officer for providing single window clearance for shooting feature films in Odisha.

c) Producers of films who utilize the facilities of Kalinga Studio Limited, 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.

d) OFDC shall formulate a scheme for extending soft loan assistance 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.

e) Multiplexes/ Cinema Halls shall be eligible to get allotment of government/ IDCO land at concessional industrial rate.

5.4.18 EMPLOYMENT RATING BASED INCENTIVES

To encourage employment intensive industries in Odisha in the priority sector, government shall offer special package of incentives to the industrial projects as outlined below. This will be applicable only in respect of the employees domiciled in Odisha.

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:

Sl. 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

Special Incentives

To encourage employment intensive industries, Government of Odisha shall provide the following incentives to the New Industrial Units. These incentives are also applicable for Expansion/ Modernisation/ Diversification projects as defined in the IPR. PSUs shall not be eligible for these incentives.

A. Power:

Reimbursement in Power Tariff: Reimbursement per unit for a period of 5 years from the date of commercial production shall be provided as per the details below. In addition, the units falling under the above category shall also be provided the following:

- Committed 24*7 power
- Dedicated industrial feeders

These incentives will be subject to the guidelines of OERC, as laid down from time to time.

B. Training Subsidy:

Reimbursement of Training Subsidy: For every person trained and newly recruited in the unit, the State government shall reimburse the training cost as mentioned below for a period of three years. The training subsidy under this policy shall be reimbursed only once for each trainee either for training of newly recruited trainee or for skill upgradation. This support shall not be available to those trainees who are availing State government support for similar training programs.

The incentives on power and training subsidy are listed below:

Sl. No.	Rating	Investment (Rs. Cr)	Employ-ment (No.)	Reimburse-ment of Power Tariff (Rs./Unit)	Training Subsidy (Rs. / Person)	
Category A					New	Skill Upgrada-tion
1	A 1 - a	>100	100-150	0.25	2500	1750
	A 1 - b		151-300	0.35	2750	1900
	A 1 - c		301-500	0.45	3000	2100
	A 1 - d		>500	0.50	3300	2400
2	A 2 - a	>200	200-250	0.40	3000	2000
	A 2 - b		251-500	0.50	3250	2250
	A 2 - c		501-1000	0.60	3500	2500
	A 2 - d		>1000	0.75	3750	2750
3	A 3 - a	>500	400-500	0.55	3300	2300
	A 3 - b		501-1000	0.65	3600	2600
	A 3 - c		1001-1500	0.80	3800	2800
	A 3 - d		>1500	1.00	4000	3000
Category B						
1	B 1 - a	>50	75-100	0.30	2600	1750
	B 1 - b		101-200	0.40	2750	2000
	B 1 - c		201-300	0.50	3000	2250
	B 1 - d		>300	0.60	3300	2500
2	B 2 - a	>100	100-150	0.45	3000	2000
	B 2 - b		151-300	0.60	3250	2250
	B 2 - c		301-500	0.75	3500	2500
	B 2 - d		>500	1.00	3750	2750
3	B 3 - a	>250	200-250	0.65	3500	2300
	B 3 - b		201-500	0.80	3600	2650
	B 3 - c		501-750	1.10	3800	2800
	B 3 - d		>750	1.25	4000	3000

C. LAND FOR WORKERS HOSTELS

In order to encourage retention and ensure security and safety of the workforce, the government shall incentivize the units by providing land at 50% of the prevailing market rates of IDCO. The land shall only be utilized for setting up a workers hostel or dormitory and shall not be utilized for any other purpose.

Sl. No.	Classification	No. of Acres
Category A		
1	A 1	1
2	A 2	2
3	A 3	3
Category B		
1	B 1	1
2	B 2	2
3	B 3	3

D. SUBSIDY FOR PLANT AND MACHINERY

Subsidy for investment in plant and machinery shall be provided to units in Auto and Auto Components, Agro and Food Processing, Textile including Technical Textile & Apparel, Pharmaceuticals and Plastics sectors as follows:

Sl. No.	Classification	Max. Capital Subsidy
1.	A1/ B1	10% of *investment with a max. of Rs. 10.0 Cr
2.	A2/ B2	10% of *investment with a max. of Rs. 20.0 Cr
3.	A3/ B3	10% of *investment with a max. of Rs. 50.0 Cr

* investment in Plant & Machinery

The above subsidy will be reviewed on an annual basis.

E. Grievance Redressal:

The government shall fast track the grievances of industries pertaining to the above categories. A committee headed by Chief Minister shall meet bi-monthly to address the grievances of these industries. A suitable mechanism shall be put in place in this regard.

5.5. PROJECT MONITORING AND GRIEVANCE REDRESSAL

a) Investors with projects with investment up to Rs.50 Crore shall submit their grievances, if any, to the Director of Industries for redressal. These issues will be placed for resolution in a committee under the chairmanship of Secretary, MSME Department with the following members:

1.	Secretary, MSME Department	Chairman
2.	Director of Industries, Odisha	Member Convenor
3.	G.M., DICs/RICs, concerned	Member
4.	Representative of Water Resources Deptt.	Member
5.	Representative of Energy Department	Member
6.	Representative of Directorate of Factories & Boilers…	Member
7.	Representative of Odisha State Pollution Control Board.	Member
8.	Representative of IDCO	Member
9.	Representative of IPICOL	Member
10.	Managing Director, OSFC	Member
11.	Any other member to be co-opted as per requirement	Member

b) Investors of projects with investment more than Rs.50 crore will use an online portal to submit their issues to the State Level Project Monitoring Group (SPMG), chaired by Chief Secretary for resolution. IPICOL will be the technical secretariat for SPMG.



6. INFRASTRUCTURE DEVELOPMENT PLAN

6.1 Quality Infrastructure Support

a) Quality Infrastructure Support for both MSME and Large Sector shall be provided by promoting new industrial parks / clusters / estates. As far as possible external infrastructure to any industrial cluster / park will be funded on priority from ongoing schemes of concerned Departments. In order to meet the budgetary gap of any department to undertake an infrastructure work, the lack of which may cause a bottle neck in the smooth provision of external infrastructure to any industrial park / cluster or estate promoted by IDCO or private sector, the Government shall set-up an exclusive Industrial Infrastructure Development Fund (IIDF)with an initial corpus of Rs.100 (one hundred) crore. The fund shall be utilized to develop quality/infrastructure like roads, power, water, waste management, etc. An inter-departmental Committee headed by Chief Secretary shall be constituted to approve the proposals.

b) Provision of Sub-station for Industrial Parks

For an industrial park with energy requirement in excess of 20 MVA, GRIDCO/ OPTCL shall provide a sub-station (220 KV SS/110 KV SS depending on the power requirement) at its cost with the approval of OERC. The land for the sub-station may be provided by the IDCO/ SPV/ developer free of cost.

6.2 Industrial Estates

a) IDCO will 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 existing and new Industrial Estates and Parks. It shall also 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 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.

6.3 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 have issued a separate policy for SEZs to provide fiscal and non-fiscal incentives.

6.4 NIMZ (National Investment & Manufacturing Zones)

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 has identified Kalinga Nagar Industrial Complex, Dhamra and Gopalpur as the proposed locations for NIMZ. The NIMZ shall be developed as a greenfield/brownfield industrial cluster having State-of-the-art infrastructure and offering

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

6.5 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. in Jagatsinghpur and Kendrapara districts. This will be the fourth PCPIR in the country and IOCL is an anchor tenant in this PCPIR. It is setting up 15 MMTPA grass root refinery-cum-petrochemical complex. A Special Purpose Vehicle (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 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.

6.6 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.

b) Government will, in due course, shall announce a Port Policy to incentivise investment in ports in the State.

6.7 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 to improve quality of life of the inhabitants.

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) IDCO may issue separate notifications for the rates for allotment of land to select category of social infrastructure like educational and medical institutions.

6.8 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. A large part of this investment is expected to come from the private sector in the 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 the necessary institutional mechanism to encourage private investments in infrastructure development on PPP mode. Planning and Coordination Department has been designated as the nodal department and the IDCO as the technical secretariat for promoting PPP projects.

d) The 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 a 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. Maximize industry-institution linkages by encouraging industries to adopt existing technical institutions and also to set up specialized advanced technical training institutions, wherever feasible.

iii. Promote setting-up of specialized Industrial Training Institutes (ITIs) and Skill Development Centres (SDCs) based on requirements.

iv. Closely work with various industries for identification/ formulation of courses and providing practical training to students.

v. Government will encourage opening of Industrial Training Centre (ITC) in blocks where such a facility does not exist.

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.

b) A proactive mechanism for early detection of incipient sickness in the MSE sector and their rehabilitation be operationalized through a sub-committee of SLBC chaired by Secretary, Finance Department with participation of Industries Associations.

c) 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 can be sanctioned.

9. LABOUR REFORM

a) The Orissa Industries (Facilitation) Act-2004 and corresponding Rules-2005 lay down the importance of Labour Reforms for industrial growth. 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.

b) A system of joint inspection by various regulatory agencies such as SPCB, Odisha, Labour Commissioner and Chief Inspector of Factories & Boilers shall be devised and implemented in a time bound manner.

c) 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.

d) 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)& IT Enabled Services (ITES)

ii. Bio Technology

iii. Agro-based & Marine-based Processing

iv. Electronics & Telecommunications

v. Export Oriented Units (EOUs)

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

e) 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 MSMED 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.



ii. With a view to encouraging large and medium industries 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 strengthened.

b) Local Micro & Small Enterprises and Khadi & Village industrial units including handloom and handicrafts will enjoy a price preference of 10% 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 BIS 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 Directorate of Export Promotion and Marketing (EP&M), 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

Exports play a vital role in the State economy. State Government has announced Odisha Export Policy, 2014 with an objective to increase the exports to the tune of 6.50 billion USD by 2023 with special focus on agriculture and forest resources, handlooms & handicrafts products, marine & engineering products. Besides, services such as tourism, higher education, IT/ ITES and engineering consultancy etc. would also be targeted for export promotion. An Export Resource Centre is being established in the Directorate of Export Promotion and Marketing to facilitate the entrepreneurs to expand their outreach to overseas market.

12. REVIEW AND MONITORING

The implementation of the policy will be periodically reviewed by Industries Department for necessary facilitation and mid-course correction, wherever necessary.



13. FOCUS SECTORS FOR FIVE YEARS

13.1 Auto and Auto Components

a) Automotive industry has universally emerged as an important driver in the economy. The State has identified Automobiles & Auto Components as a priority sector. Government of Odisha intends to leverage the existing advantages of Odisha in raw material availability and proximity to large domestic markets to attract investments in auto industry.

b) The State shall identify and reserve the areas for development of auto parks in Odisha.

c) IDCO shall ensure that the auto parks will be provided with adequate connectivity to the expressway and freight corridors as well as ports.

13.2 Downstream and Ancillary Industries

a) Odisha contributes almost 20% of steel production capacity and 50% of 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. Ancillary and Downstream policy would be announced to assist orderly and sustainable growth of MSMEs in the identified sectors.

d) The establishment of these parks shall enable maximum value addition within the State and generate high employment through promotion of Micro & Small Enterprises.

13.3 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 the fourth largest vegetable producing State of India. The State also 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 as 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. More such food parks will be taken up in due course.

13.4 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 and the 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, 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). This includes 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.

13.5 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 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 will continue to participate in National and International Tourism Fairs, besides developing Puri and Chilika as Special Tourism Areas.

13.6 Manufacturing in Aviation and Maintenance, Repair & Overhaul (MRO) facilities

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 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.

b) In order to promote alternative and sustainable air transportation options to travel domestically and internationally, the Government of Odisha is in the process of formulating an incentive package for the sector.

c) The Government 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 in 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, it is also planned to develop airports/ airstrips in PPP mode.

13.7 Pharma

a) Growth potential of the Pharma Sector in the country is immense and the State shall proactively 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 promote 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.

13.8 Handicrafts and Textile

a) In the State handloom and handicraft sector provides massive employment opportunity to rural artisans. The State has a rich tradition of producing handloom products, hand woven textiles and handicraft items due to indigenous knowledge and skill imbibed over many generations of rural artisans who are known for their high quality of craftsmanship.

b) Odisha has a long tradition of textiles sector in power loom industry and large wealth of skilled man power. The state is blessed with high quality cotton which is growing at a CAGR of 14.9%. The identified thrust areas for value addition are the Ready Made Garments (RMG) and apparel sector which have high potential of growth and can create enormous employment.

13.9 Petroleum, Chemicals and Petro-Chemicals

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, the State has placed this sector in the list of priority sectors. Indian Oil Corporation Ltd. is the anchor tenant for the approved Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) at Paradeep. The first Poly-propylene plant of IOCL is being established by 2017 for development of first phase of downstream industries.

13.10 Plastics and Polymers

The plastic and polymer industries in the country have witnessed a high rate of growth in last two decades. However, plastics industry of the State is yet to realize its full potential. The low level of per capita plastics consumption in India is indicative of the high growth potential of the sector. Most plastic industries in the State are in the MSME sector which has high employment potential. Government will encourage establishing plastic industries in cluster mode to reap advantages of economies of scale.

14. MISCELLANEOUS



a) This policy lays down the base fiscal and non-fiscal incentives available to any industry 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.

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 along-with 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, Central Sales Tax (CST) and Entertainment Tax will be applicable till the notification of GST by Government of India. Post notification of GST, Industries Department will suitably modify this policy.

f) 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 a case to case basis by a high level committee to be constituted under the Chairmanship of Chief Secretary taking into account the benefits to the State. The Cabinet would consider such proposals duly recommended by the high level committee.

h) All the industrial units are expected to adhere to the provisions of the Apprentice Policy 1973 as a measure of their contribution to skill development.

i) 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 for clarification / resolution. The decision of Government in this regard shall be final and binding on all concerned

15. ANNEXURE I
DEFINITIONS AND INTERPRETATIONS

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

1) "Anchor Tenant" means the first & 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.

2) "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.

3) "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.

4) "Earlier " IPRs means the applicable previous Industrial Policy Resolution

5) "Effective Date" means the date of notification of this IPR.

6) "Entry Tax" means the Tax payable under Orissa Entry Tax Act, 1999.

7) "Existing Industrial Unit" means an industrial unit that has commenced production before the effective date of this IPR.

8) "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/ SISI/ NSIC/ NCDC/ OCAC/ STPI/ IPICOL/ 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.

9) "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.

10) "Fixed Capital Investment" means investment in land, building, plant, machinery and balancing equipment.

11) Industrially Backward districts means units established in Kalahandi, Nuapada, Bolangir, Subarnapur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj districts.

12) "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.

13) "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.

14) "Micro, Small, Medium & Large Enterprise "means an Industrial Unit as defined by the Government of India from time to time.

15) "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 for MSMEs and five years for Large units from the date of starting of first fixed capital investment. New investment after the effective date on existing land towards building and plant and machinery and which goes in to production within three and five years for MSME and Large units respectively from the date of starting of first fixed capital investment will be considered as a new industrial unit.

16) "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 for MSMEs and five years for Large Industries 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.

17) "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.

18) "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. Plastics and Polymers

m. Sea food Processing

n. Shipbuilding and construction of other floating vessels/ Ship repair

o. Textile including Technical Textile & Apparel

p. Tourism and Hospitality (All the units/activities specified in Para 6.11 of Odisha Tourism Policy -2013 are eligible units)

q. Any industry other than mineral extraction and mineral based industries, which exports more than 50% of its total turnover, duly certified by the Director, Export Promotion and Marketing

r. Migrated industrial units treated as new industrial units under Priority sector

s. Rehabilitated sick industrial unit treated at par with new industrial unit under Priority sector

t. Industrial unit seized under the State Financial Corporation Act 1951/ Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 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

u. Non-mineral based new industrial units located in industrially Backward districts with minimum investment of five crore rupees in plant & machinery

Government may modify the above list from time to time.

19) "Raw Material" means materials required by the unit that will directly go into the composition of its finished products.

20) "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 SARFAESI Act or SIDBI Act, 1989 or transferred with the approval of OSFC or IPICOL or SIDBI.

21) "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.

22) "Year" for the purpose of incentives means a period of 365 consecutive days.

Abbreviations

23) "DIC" means District Industries Centre

24) "RIC" mean Regional Industries Centre

25) "DLNA" means District Level Nodal Agency

26) "HLCA" means High Level Clearance Authority

27) "IDCO" means the Odisha Industrial Infrastructure Development Corporation

28) "IDCO land" means land allotted to and land acquired by IDCO

29) "IPICOL" means the Industrial Promotion and Investment Corporation of Odisha Limited

30) "ISO" means International Standards Organisation

31) " IPR" means Industrial Policy Resolution

32) "KVA" means Kilo Volt Ampere

33) "MVA" means Mega Volt Ampere

34) "MSE" means Micro Small Enterprises

35) "MSME" means Micro, Small & Medium Enterprises

36) "MSMED" Act means Micro, Small and Medium Enterprises Development Act

37) "NCDC" means the National Co-operative Development Corporation

38) "NSIC" means the National Small Industries Corporation

39) "OERC" means the Odisha Electricity Regulatory Commission

40) "OFDC" means the Odisha Film Development Corporation Ltd

41) "OCAC" means Odisha Computer Application Centre

42) "OSFC" means the Odisha State Financial Corporation

43) "OSIC" means the Odisha Small Industries Corporation

44) "PMRY" means Prime Minister's Rozgar Yojana

45) "REGP" means Rural Employment Generation Programme

46) "RIC" means Regional Industries Centre

47) "SARFAESI Act" means Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act

48) "SIDBI" means the Small Industrial Development Bank of India

49) "SLNA" means State Level Nodal Agency

50) "SLSWCA" means State Level Single Window Clearance Authority

51) "STPI" means Software Technology Parks of India



16. 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 manufacturing enterprises 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) Coir Board.

   (ii) Silk Board.

   (iii All India Handloom and Handicrafts Board.

   (iv) Khadi and Village Industries Commission / Board.

   (v) Any other Agency constituted by Government for industrial development.

   c) Infrastructure projects only for the purpose of determining applicable land rate.

   d) Service sector projects under Priority Sector.

   e) Service sector other than Priority sector only for the purpose of applicable land rates.

2. Industrial unit will not include non-manufacturing / servicing industries except:

   (a) General workshops including repair workshops having investment in plant & machinery of Rs. 50 Lakhs and above and running with power.

   (b) Cold storage and Seafood freezing units having investment of Rs.25.00 Lakhs and above.

   (c) Electronics repair and maintenance units for professional grade equipment and Computer Software, ITES/BPO and related services with investment of Rs.25.00 Lakhs and above.

   (d) Technology Development Laboratory /Prototype Development Centre/ Research & Development with investment of Rs.25.00 Lakhs and above.

   (e) Printing press with investment in plant and machinery of Rs. 50 Lakhs and above

   (f) Laundry/ Dry Cleaning with investment in plant and machinery/ equipment of Rs. 25 Lakhs 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 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:

   1. Hullers and Rice mills with investment in plant and machinery of less than Rs.25 Lakhs for industrially backward districts and less than one crore rupees for other areas

   2. Flour mills including manufacture of besan, pulse mills and chuda mills except investment in plant & machinery of more than Rs.25 Lakhs for industrially backward districts and less than Rs. 1 Crore for other areas (excluding Roller Flour Mills)

   3. a. Processing of spices with investment in plant and machinery with less than Rs.10 Lakhs for industrially backward districts and less than two crore rupees for other areas

      b. Units without Spice-mark or Agmark

   4. Confectionary with investment in plant and machinery with less than Rs.10 Lakhs for industrially backward districts and less than two

crore rupees for other areas.

5. Oil Mills with expellers including oil processing, filtering, de-colouring, colouring, refining of edible oils and hydro-generation there-of except investment in plant & machinery of Rs.10 Lakhs in industrial backwards areas.
6. Preparation of sweets and savouries etc.
7. Bread-making (excluding mechanised bakery)
8. Mixture, Bhujia and Chanachur preparation units
9. Manufacture of Ice candy
10. Manufacture and processing of betel nuts
11. Hatcheries, Piggeries, Rabbit or Broiler farming
12. Standalone Sponge Iron plants
13. 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
14. Cracker-making units
15. Tyre retreading units with investment in plant and machinery of less than Rs.20 Lakhs
16. Stone crushing units.
17. Coal / Coke screening, coal washing, Coal/ Coke Briquetting.
18. Production of firewood and charcoal.
19. Painting and spray-painting units with investment in plant and machinery of less than Rs.20 lakhs
20. Units for physical mixing of fertilizers.
21. 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).
22. Manufacturing of tarpaulin out of canvas cloth with investment in plant and machinery of less than Rs. 20 Lakhs
23. Saw mill, sawing of timber.
24. Carpentry, joinery and wooden furniture making except when part of a wood based cluster of at least 20 units
25. Drilling rigs, Bore-wells and Tube-wells
26. Units for mixing or blending / packaging of tea
27. Units for cutting raw tobacco and sprinkling jaggery for chewing purposes and Gudakhu manufacturing units
28. Units for bottling of medicines
29. Bookbinding / Rubber stamp making / Making notebooks, exercise notebooks and envelopes.
30. Distilled water units
31. Tailoring (other than readymade garment manufacturing units)
32. Repacking / stitching / printing of woven sacks out of woven fabrics
33. Pre- processing of oil seeds- decorticating, expelling, crushing, parching, and frying
34. Aerated water and soft drink units
35. Bottling units or any activity in respect of IMFL or liquor of any kind
36. 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
37. Polythene less than 40 micron in thickness / recycling of Plastic materials
38. Thermal power plants
39. Repackaging units

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



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