HIGHLIGHTS OF INDUSTRIAL POLICY RESOLUTION – 2007

IPR 2007 has been formulated after going through an elaborate iterative process consulting all stakeholders, including Industry Associations, Sector Specific Associations, Chambers of Commerce and Industry, Experts and Departments concerned and comparing Industrial Policy of neighbouring States & selected States.

Orissa Industrial Policy Resolution-2007 aims at ---
- Reinforcing & further expanding the existing policy framework for industrial promotion,
- Investment facilitation & creation of enabling environment,
- Addressing emerging challenges in the current context of industrial development

Overview of Non- Fiscal incentives offered -

1. Focus on Micro, Small & Medium Enterprises
2. Efforts for promotion of Large Industries, Ancillary & Downstream Industries
3. To facilitate direct investment into Thrust sector and focus on Priority Sector.
4. To make Single Window Mechanism fully operational and extended throughout the State
5. An Industrial Information Service Unit (IISU) shall be set up in IPICOL
6. One stop shop for all Industry
7. Development of a web enabled Project Monitoring and Information System (PMIS) to facilitate time bound clearance
8. Export Policy & Action Plan for Export Promotion
9. Institutional framework of State Govt. as TEAM ORISSA

Infrastructure

10. Industrial and Allied Infrastructure Development Fund (IAIDF) with initial corpus of Rs.100 crore
11. State Govt. shall announce a comprehensive Land Policy and implement the Land Bank Scheme
12. A separate policy for Special Economic Zones
13. Functional Industrial Parks for promotion of thrust and priority sector industries
14. Integrated industrial townships at selected locations
15. Development of five(5) industrial corridors, namely, Chandikhol-Paradeep, Balasore-Bhadradhama, Rayagada-Gopalpur, Sambalpur-Jharsuguda-Rourkela and Angul-Talcher-Duburi
16. A Special Purpose Vehicle (SPV) for promoting Petroleum, Chemicals and Petrochemical Investment Region (PCPIR)
17. An Inter-departmental Advisory Committee to identify land in the Greater Bhubaneswar Capital Region to develop BBSR as Knowledge City & High-Tech City
18. Development of Infrastructure Projects in PPP mode
19. Promotion of World Trade Centre (WTC) at Bhubaneswar
20. Promotion of Gas Grid in association with public & private entities
21. Thrust on promotion of high quality social infrastructure such as school, colleges, technical & professional institutions, hotels, multiplexes, commercial complexes etc
22. A time bound action plan for up-gradation and maintenance of infrastructure facilities in existing Industrial Estates, Parks, IID Centres, Growth Centres
23. To undertake a comprehensive land zoning in respect of new Industrial Estates, Parks etc.
24. A comprehensive policy for industrial use of water shall be formulated and announced
25. Development of roads of economic importance shall be taken up on priority basis in PPP mode
26. To promote construction of rail corridor between ports and industrial hubs
27. To promote more ports and fishing harbours at suitable locations
28. Inland Container Depots shall be set up at suitable locations

Human Resource Development

29. Planning for quality Manpower and Human Resource Development
30. To establish a Technical Education Strategic Planning Unit (TESPU) for taking up issues of technical manpower in mission mode
31. To upgrade the Orissa College of Mining Engineering (OCME), Keonjhar to the level of an institution of National Excellence
### Specialized ITIs

32 Specialized ITIs shall be set up at locations having heavy concentration of specialized workmen. An Advanced Plumbing Institute shall be set up at Pattamundai and a Gemstone Cutting and Polishing Institute at Gopalpur.

33 A special drive for setting up of Engineering Schools in all Districts and ITC in Blocks.

34 An e-portal shall be launched for placement of manpower from ITIs & ITC's.

35 To promote an IIT at Bhubaneswar in Public-Private Partnership mode.

### Rehabilitation And Revival Of Viable Sick Units

36 State Level Inter Institutional Committee (SLIIC) shall be suitably reinforced and empowered to extend need base incentives.

### Labour Reform

37 To formulate time bound action plan for expeditious implementation of The Orissa Industries Facilitation Act-2004 for Labour Reforms.

38 Introduction of “Self-Certification” for Labour related compliance of routine nature.

39 A system of joint inspection by various regulatory agencies.

40 Six categories of Industries / Establishments as envisaged in this IPR shall be declared as "Public Utility Services" for application of Chapter –V of I D Act -1947.

41 Five categories of Industries / Establishments as envisaged in this IPR shall be exempted from the provisions of Chapter –VI of Factory Act –1948 (Working Hours of Adults).

### Marketing Support

42

- Comprehensive review of the rate contract purchase list, exclusive purchase list and open tender purchase list.
- Institutional mechanism in the line of Plant Level Advisory Committee existing in respect of Central Public Sector Undertakings (CPSUs) shall be devised and implemented in private sector.
- Specific efforts shall be made to increase awareness amongst local MSMEs regarding export opportunities and export procedures.
- Requirement of store items of Govt. Dept and agencies under its control are to be procured from local industries.
- Local units shall get price preference for this purpose.
- For facilitating government purchase of MSE products, an "MSE Exclusive List" shall be prepared.

### Overview of Fiscal incentives offered -

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>New Industrial Units</th>
<th>Rehabilitated of sick industrial units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrated Industrial Units</td>
<td></td>
<td>Transfered units</td>
</tr>
<tr>
<td>Existing industrial units undertaking up E/M/D</td>
<td></td>
<td>Pioneer Units in each Thrust Sector</td>
</tr>
<tr>
<td>Industrial Units of earlier IPRs shall continue to enjoy the incentives admissible under the said Policy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**"Pioneer Units"**

The first five industrial units of each Thrust Area, which commence fixed capital investment and go into commercial production during the operative period of this IPR.

**"Priority Sectors"**

New Industrial units where fixed capital investment commence on or after the effective date and fall within the following categories:

1. IT and IT enabled service
2. Tourism related
3. Bio-technology
4. Petroleum, Chemicals & Petro-chemicals
5. Pharmaceuticals
6. Handicraft, Handloom, Choir and Leather products
7. Gem stone cutting and polishing
8. Sea food Processing
9. Fly ash & Blast furnace slag based industries utilizing a minimum of 25% by weight as base raw material
10. Industry other than mineral extraction industry, which exports more than 50% of its total turnover, certified by EPM
11. Units not qualifying for "Thrust Sector" status for not meeting minimum capital investment criteria
**“Thrust Sector”**

New industrial units in the following categories which commence fixed capital investment on or after the effective date and full fill the criteria stipulated as under.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Minimum Investment</th>
<th>Capital</th>
<th>Employment (Direct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro- Processing</td>
<td>Rs. 25 crores</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Automobiles</td>
<td>Rs. 300 crores</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>Auto- Components</td>
<td>Rs. 50 crores</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>Textile</td>
<td>Rs. 50 crores</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>Apparel</td>
<td>Rs. 10 crores</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>Ancillary &amp; Down Stream</td>
<td>Rs. 10 crores</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

1. **SPECIAL INCENTIVES FOR K B K REGION including Kandhamal, Gajapati & Mayurbhanj** as deemed thrust sector unit. Such status may also be granted to other industrial units by HLCA

2. **Land & Shed**
   - Govt. land under Land Bank scheme of IDCO & other Govt. land may be allotted at concessional Industrial rate to Industrial Units including Infrastructure Projects
   - Land at special concessional rate be allotted to Industrial units in Thrust Sector by HLCA
   - The Industrial Estates, Industrial Areas, Industrial Parks, Growth Centres etc. shall be excluded from the tax regime of the Municipal and other local authorities for management by the local industries' associations

3. **Concessional industrial rates of Land**
   - Rates to be fixed by Revenue / GA Department in consultation with Industries Dept.
   - Municipal / NAC Area Other than Municipal / NAC Area
   - Zone- A Rates to be fixed by Revenue / GA Department in consultation with Industries Dept.
   - Zone- B @ Rs 5 lakh / Ac, @ Rs 2 lakh / Ac
   - Zone- C @ Rs 3 lakh / Ac @ Rs 1 lakh / Ac
   - Zone- D @ Rs 1.5 lakh / Ac @ Rs 0.5 lakh / Ac
   - Ground Rent - @ 1% of the land value

4. Exemption of premium on conversion of agriculture land for industrial purpose in favour of New Indl. Units & Existing Indl. units taking up E/M/D
   - Micro & Small Enterprises 100 % up to 5 Ac. Priority Sector 50 %
   - Medium Enterprises 75 % up to 25 Ac. Thrust Sector 100 %
   - Large Industries 50 % up to 500 Ac. IDCO SHED- in 4 annual installments for M & S Sector

5. **No Stamp Duty** for land allotted by Govt. to IDCO or Govt./ IDCO to Private Ind. Estate Developers
   - Exemption of applicable Stamp Duty
     - Micro & Small Enterprises @ 75 %
     - Medium Enterprises @ 50 %
     - Large Industries @ 25 %
     - Priority Sector @ 50 %
     - Thrust Sector @ 100 %
   - Stamp duty exempted -
     - Units transferred to new management
     - Conversion of Prop / Partnership to Company for rehabilitation
     - Loan agreement, Credit deed, Mortgages and Hypothecation deed executed by industrial unit in favour of Banks or FI
     - Reconstitution & amalgamation of companies is sanctioned by the Court under section 394 of the Companies Act

6. **VAT** exempted on finished product of Khadi, Village, Cottage & Handicraft industrial units and traditional Coir products sold at authorised sales outlet

7. **Entry Tax Exemption**
   - Plant & M/c New Micro & Small, Thrust Sector -Case to case basis
   - Raw materials New Micro & Small, for 5 years limiting to 100% FCI & Thrust Sector units for similar incentives - Case to case basis

8. **CST** at concessional rate not exceeding 2 % shall be levied on sale of finished products for 10 years limited to 100% of FCI for new industrial units in Thrust Sector & no net out go from State Exchequer.

9. **VAT Reimbursement**
   - New Micro & Small and Medium Enterprises 50% of VAT paid for 5 years limited to 100% FCI
   - New Industrial Units in Priority Sector 75% of VAT paid for 5 years limited to 100% of FCI
   - New Industrial Units in Thrust Sector 75% of VAT paid for 10 years limited to 200% of FCI
   - Existing Units taking up E / M / D On increased production capacity for the period applicable as above
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Entertainment Tax</td>
<td>100% reimbursement of ET for 5 years to New Multiplex Cinema Halls</td>
</tr>
</tbody>
</table>
| 11 Interest Subsidy | ► New Indl. Units @ 5% for 5 years limited to - Rs 10lakh for Micro Enterprises, Rs 20lakh for Small Enterprises & Rs 100 lakh - Thrust Sector Units  
► New Industrial Units under PMRY / REGP @ 3% for 5 years limited to Rs.25000/- only  
Promoter(s) would not have defaulted to OSFC / IPICOL / SIDBI / Banks / Public FI /Other Govt. agencies in connection with the unit. |
| 12 POWER | ♦ New industrial units other than Thrust Sector - 100% ED exempted for 5 years up to 110KVA  
♦ New industrial units in Thrust Sector - 100% ED exempted for 5 years up to 5MW  
♦ New Captive Power Plant - 50% ED exempted for 5 years on for self consumption  
♦ Seasonal units like Sugar, Salt etc shall be allowed for temporary surrender of their connected load |
| 13 Patent Registration | New Industrial Units - 50% of registration cost up to Rs. 5 lakh |
| 14 Quality Certification | New Indl. Units - 50% of Quality Certification charge up to Rs. 2 lakh |
| 15 Assistance for Technical Know-how | Sector | Indigenous Technology | Imported Technology |
| | New Micro, Small & Thrust Sector | Up to Rs.1 lakh | Up to Rs.5 lakh |
| 16 Marketing Syndication | OSIC / NSIC will act as Syndicate Leader for marketing of products & service of Micro and Small Enterprises on service charge of 1% of sale value  
Bulk orders of the Govt. may be routed through OSIC as a consortium leader for Micro and Small Enterprises and organize raw material supply at reasonable rate. |
| 17 Film Industry | Employment of one lakh people in Film industry can be doubled through appropriate incentives for film production & film studios, multiplexes.  
All Oriya feature films produced in Orissa shall be exempted from Entertainment Tax.  
Multiplexes are eligible to get allotment of government / IDCO land at concessional indl. rate.  
Soft loan assistance at a nominal rate of interest will be available to producers of films in the State  
Producers of films will be eligible to get subsidy as determined by OFDC for utilization of facilities of Kalinga Studio Limited (KSL), Film & Television Institute of Orissa and Kalinga Prasad Colour Processing Laboratory. |
| 18 Export Promotion | Export promotion shall be the priority activity of the State  
An Export Policy and Action Plan for export promotion shall be notified  
An Export Resources Centre shall be established in Directorate of EPM. |
| 19 SHILPA ADALAT | ♦ Shilpa Adalat shall meet every month and hear the grievances / complaints of investors and make its recommendation to the appropriate authority / authorities for consideration and redressal of the grievances.  
State Level Single Window Clearance Authority (SLSWCA) shall be the competent authority for taking final decision in grievances. Where major policy decision is involved, such matters shall be placed before the HLCA. |
| 20 Negative list | 51 activities listed at sl. –3 of Schedule (Annexure – II) of this IPR –2007 shall not be eligible for fiscal incentives as industrial units, but shall be eligible for investment facilitation. |
HIGHLIGHTS OF ORISSA MSME DEVELOPMENT POLICY-2009

Orissa MSME Development Policy-2009 has been formulated through an elaborate consultative process involving all stake-holders.

The Policy aims at broad basing the growth of MSME sector with ample opportunities for employment generation, revenue augmentation, exports, etc.

The policy focused on the needs and requirements of the MSMEs addressing the areas such as Infrastructure, Credit, Raw Material, Marketing, Export Promotion, Technology Up-gradation, Promotion of Clusters, Promotion of Consortium and Sub-Contract Exchange, Rehabilitation and Revival of viable Sick Units, Institutional Support, Single Window Mechanism, Entrepreneurship Development, Skill Development and to provide Fiscal Incentives for sustenance.

### Infrastructure
- Reservation of 20% area in ind. estate, ind. parks, ind. corridors and land banks for MSMEs
- New exclusive industrial parks for MSMEs at all major industrial hubs and near the SEZs.
- 10% of land up to 200 Ac. provided to Large & Mega industries shall be earmarked for setting up ancillary and downstream MSMEs in cluster mode.
- Sector specific Ancillary & Downstream industrial parks shall be set up in association with mother plants.
- Associating user units for infrastructure maintenance in existing indl estates, parks, IID/ growth centres
- Land on free of cost as the State Government’s share to CFCs set up by SPVs of MSME clusters
- Development of 10% of the land limiting to 200Ac by Large and Mega Ind. Signed / will sign MoUs for setting up of Ancillary and Downstream MSMEs in cluster mode.
- Permanent exhibition centres for MSMEs at suitable locations.
- Dedicated Industrial Parks for Women Entrepreneurs shall be developed at suitable locations
- Priority in allotment of land in existing as well as new industrial estates / parks for MSMEs
- District Level Single Window Clearance Authority shall assess & recommend the requirement of land

### Credit
- DCC, SLBC and Empowered Committee of RBI shall be utilized effectively to enhance the credit flow.
- Constitution of Credit Monitoring Group to monitor the flow of credit to the MSMEs
- Land at concessional industrial rate for dedicated branches of Commercial Banks and F I for MSMES.
- Implementation of schemes and programmes such as Credit Guarantee Fund Trust for Micro & Small Enterprises, Credit Linked Capital Subsidy Scheme, Technology Upgradation Fund & National Equity Fund and Interest Subsidy Scheme of IPR-2007 with active assistance of Banks and F Is
- Revival of OSFC & resumption of lending to MSMEs
- Reimbursement / subsidizing the rating fees of credit rating by reputed agencies.
- “Orissa MSME Venture Capital Scheme” to provide financial assistance and mentoring services to new and innovative MSMEs

### Raw Material
- Enabling MSMES to source raw materials in an efficient and cost effective manner
- Linkages amongst MSMEs and Central / State PSUs for sourcing crucial raw materials at the lowest rate
- OSIC / NSIC as the Nodal Agency for sourcing and supplying of raw materials to MSMEs
- Common procurement of raw material by SPVs of MSME Clusters shall be encouraged

### Marketing
- Requirement of goods and services of Govt. Depts and Agencies are procured from MSEs
- Any goods or services shall be procured following the rate contract system
- State Govt. Dept. and Agencies will have to procure their requirement from Exclusive list from local MSEs with ISO / ISI / EPM certification inviting limited competitive quotations
- 10% price preference to local M S Es and Khadi & Village Industrial Units including Coir, Handloom and Handicrafts vis-à-vis local / outside medium and large industries competing in the open tender.
- Additional price preference of 3% to local M & SEs having ISO or ISI certification.
- VAT payable in Orissa shall be excluded and price comparison shall be made only on the basic price including tax payable outside Orissa in open tender
- Exemption of earnest money and 25% of security deposit for registered local MSEs
- Service charges not exceeding 1% to OSIC as nodal procurement agency
- Micro, Small Enterprise Facilitation Council constituted under MSMED Act-2006 shall regularly take up cases related to delayed payments to MSEs
- Factoring Assistance Scheme and Bill Discounting Scheme to assist the local MSEs in marketing.
- DEPM & OSIC shall organize annual buyer-seller meet and Vendor Development Programmes
**Export Promotion**

- Creation of awareness on overseas Market & identification of product of MSMEs having export potential
- Product country matrix for MSMEs shall be prepared by EPM
- Regular sensitization on export documentation and logistic shall be conducted by EPM in association with FIEO, ECGC and other Promotion Councils of India
- Annual catalogue of products of MSMEs having export potential shall be published by EPM

**Technology Up-gradation**

- MSMEs shall be encouraged to adopt Cutting-edge technology for cost reduction & quality up-gradation
- MSME Technology Up-gradation scheme for providing subsidized credit support to MSMEs for modernization / technology up-gradation
- Assistance for Technical Know-how @ of 50% of the cost up to Rs.1 lakh in case of indigenous technology & up to Rs. 5 lakh in case of imported technology as per IPR-2007
- Subsidy @ 50% of consultancy charges up to Rs.25,000/- for adoption of CDM & related technology

**Promotion of Clusters**

- Cluster Development Cell as a professional body in partnership with like minded Agencies / Institutions shall be set up in Directorate of Industries to converge resources & dovetail funds for cluster development
- New clusters of Ancillary & Downstream units shall be promoted at major industrial hubs
- SPVs of MSMEs cluster shall be given the status of new SSI

**Consortium and Sub-Contract Exchange**

- Promotion of Consortium of MSMEs to derive the benefit of schemes of Ministry of MSME (GoI), NSIC
- Consortium & Sub-contract Exchange set up by MSME Associations & SPVs of MSME Clusters shall be allowed to avail the benefits prescribed for MSMEs in this policy in context of Marketing

**Rehabilitation and Revival of viable Sick Units**

- Potentially viable sick units shall be identified and placed in fast track mode for assistance
- Existing institutional mechanism of DLC, Sub-SLIIC, SLIIC shall be suitably reinforced
- SLIIC shall be empowered to extend need base incentives & assisted unit treated at par with new indl unit
- State Govt shall liaise with GoI for setting up of a body in the line of BIFR.

**Institutional Support**

- Institutions under Ind. Dept shall be streamlined and aligned with the requirements of MSME sector
- Human resources of DIC shall be augmented
- Knowledge & professional skill of staff of DIC shall be up-graded imparting training in modern management tools & practices, project formulation, appraisal methodology & emerging aspects of industrial development
- Up-gradation of 5 DICs to Regional Industries Centres
- Restructuring of existing set up of different level of DICs
- Net working of Directorate of Ind. with EPM, DT&ET, DH &CI, IPICOL, IDCO, OKVIB, KVIC, NSIC, MSMEDI & OSIC

**Single Window Mechanism**

- Single Window Mechanism shall be fully operationalised & DIC shall discharge the function of DLNA
- Project Monitoring and Information System (PMIS) shall be operational in all DIC.

**Entrepreneurship Development**

- IED shall be evolved into Centre of Excellence
- Infrastructure & other support to National & International institutions for setting up of their branches
- Science & Technology Entrepreneurship Park (STEP) shall be established in PPP mode.
- Incubation Centres shall be set up in association with CIPET, CTTC, XIMB, NSIC, KVIC etc

**Skill Development**

- Augmentation of the capacity of the existing Technical Training Institutions
- Assisting in up-gradation of ITIs
- Maximization of Industries-Institutions linkages
- Govt. land as per NCVT norms for setting up of quality ITCs
- Higher training to promoter of MSMEs by subsidizing the cost of training

**Fiscal Incentives**

- Capital Investment Subsidy -
  @ 10% of FCI upto Rs. 8 lakh to new MSEs
  @ 12% of FCI up to 10 lakhs to SC, ST, PH, Women, Technical (Degree / Diploma holding) entrepreneurs
- Women entrepreneurs setting up of new MSE shall avail VAT incentive under IPR-2007 up to absolute limit for an additional period of 2 years