

ORISSA INDUSTRIAL POLICY – 2007

INDUSTRIES DEPARTMENT

RESOLUTION

The 2nd March 2007

Subject - ORISSA INDUSTRIAL POLICY – 2007.

1. INTRODUCTION

1.1. The Industrial Policy Resolution (IPR) of Orissa 2001 has put in place a robust policy framework for industrial promotion and investment facilitation in the State, including creation of an enabling environment. The Industrial Policy Resolution 2007 aims at reinforcing and further expanding this process.

1.2 In response to the strategic initiative taken by the State to leverage its abundant mineral and other natural resources to promote maximum value addition within the State, a large number of investment proposals have been received for setting up of mineral based industries such as steel, power, alumina and aluminium. During this period, the State Government have executed Memoranda of Understanding (MoU) with several leading private investors, including foreign companies for setting up of steel, alumina / aluminium, power, cement and other projects in the State involving a total investment of about Rs.400,000 crore. A sizeable percentage of these MoU projects are at different stages of project implementation. In the steel sector, 20 out of the 45 MoU projects have partially commenced commercial production with an investment of about Rs.12,000 crore, which has led to direct and indirect employment for about 25,000 persons. Similarly, substantial progress has been made in other sectors also.

1.3 Apart from investments in mineral based industries, the State has also been successful in attracting quality investments in Information Technology (IT), Information Technology Enabled Services (ITES) and Tourism sector.

1.4 In order to sustain the current investment level, it has become imperative to provide high quality supporting industrial and social infrastructure. With a view to furthering this objective, a robust institutional mechanism has been put in place to encourage private investments in infrastructure development on public private partnership (PPP) mode. Planning and Coordination Department has been designated as the nodal department and the Orissa Industrial Infrastructure Development Corporation (IDCO) as the technical secretariat for promoting PPP projects. Some of the successful initiatives to promote PPP projects in infrastructure development include Info Park at Bhubaneswar, upgradation of industrial infrastructure at Kalinganagar Industrial Complex through IDCO and user industries, development of Haridaspur-Paradeep Rail Link jointly by Rail Vikas Nigam Limited and user industries, promotion of Special Economic Zones (SEZs) at different locations, and establishment of Bio-Tech Park, International Convention Centre and IIIT at Bhubaneswar. PPP in road infrastructure include Cuttack-Paradeep road and the Greater State Capital Region ring road. A Project Development Fund (PDF) has been set up by IDCO in partnership with Infrastructure Leasing and Financial Services (IL & FS) for developing and promoting priority PPP projects. A PPP Policy is also on the anvil, which will create the enabling environment and extend policy support to PPP initiatives, including PPP through community participation.

1.5 With a view to providing connectivity between mining belt and metal belt as also the hinterland and Port, large scale upgradation of National Highways and State Highways has been taken up. Similarly, to augment port handling capacity, three (3) new ports are being promoted, Dhamra and Kirtania in the north and Gopalpur in the south on PPP mode. Dhamra port is being developed with a cargo handling capacity of 80 million tones per annum (mtpa) with an investment outlay of about Rs.5,000 crore. Similarly, Gopalpur port is being developed in Southern Orissa, which is expected to have a cargo handling capacity of over 40 mtpa in the long run. Gopalpur would serve the industrial corridor of Southern Orissa, especially for the mining and mineral processing zone covering Kalahandi, Rayagada and Koraput Districts, and the proposed Special Economic Zone (SEZ) planned at Gopalpur itself.

1.6 Orissa has also emerged as a national hub for thermal power with a proposed capacity installation of over 20,000 MW in the medium term involving an investment of over Rs.80,000 crore. The State is therefore poised to leverage the availability of low cost and reliable power to attract further investments.

1.7 With a view to making the current industrialization process sustainable, maximum emphasis shall be laid on sound environment management practices. With this objective in mind, the State Government among other things is actively promoting investments in new cement plants based on blast furnace slag and fly ash, which would be available in abundance due to the large number of steel and power plants coming up in the state. The regulatory and institutional arrangements for strict enforcement of environment laws shall be further strengthened commensurate with the increased work load owing to the large number of industries coming up in the State. At the same time environment friendly technologies shall be encouraged. Similarly, special efforts shall also be made for development of green belts around industrial areas.

1.8 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.

1.9 Any policy is as good as its implementation mechanism. Accordingly, institutional arrangements for industrial promotion and investment facilitation at various levels shall be further strengthened, which shall include District Industries Centre (DIC) as the District Level Nodal Agency (DLNA), Industrial Promotion and Investment Corporation of Orissa Limited (IPICOL) as the State Level Nodal Agency (SLNA) and Team Orissa as the Common Focal Point for extending single window services to investors. 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.

1.10 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 laid on promoting IT & ITES, biotechnology, engineering, food processing and textile & apparel industries, etc.

1.11 Comprehensive policy support shall continue to be extended to Micro and Small Scale Enterprises (MSE) sector in the areas of credit, marketing, technology development, quality control, infrastructure and rehabilitation. With a view to maximizing the outcome and impact of the current industrialization process, special efforts shall be made to promote maximum possible forward and backward linkages between Large, Small and Medium Enterprises (SMEs) through development of ancillary and downstream industries. While accelerating the ongoing efforts, the IPR 2007 shall provide a new direction to the industrialization process by encouraging further value addition specially focusing on sectors such as engineering, textiles and apparel, agro processing, IT / ITES and tourism, etc., which together are expected to provide maximum benefit to the State in terms of growth of employment and revenue. Cluster approach shall be intensified to promote handicrafts, handlooms, Khadi & Village industries, coir industries and salt sector, which also offer huge employment opportunities. Special effort shall be made to provide them with support in areas such as design development, technology, credit and marketing.

1.12 In order to cater to the huge requirement of technical manpower of upcoming industries, special efforts shall be made on promoting new technical institutions, upgrading existing ones and maximizing industry-institution linkages. Technical education quality improvement shall be taken up on a mission mode.

1.13 IPR 2007 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 Departments concerned have been consulted and their suggestions have been duly considered.

2. OBJECTIVES

2.1 To transform Orissa into a vibrant industrialized State.

2.2 To enhance the share of Industries in State Gross Domestic Product.

2.3 To promote orderly and environmentally sustainable industrial growth.

2.4 To promote Orissa as a major manufacturing hub.

2.5 To maximize employment generation opportunities both direct and indirect.

2.6 To maximize linkages between micro, small, medium and large industries and make focused efforts for development of ancillary and downstream industries.

2.7 To promote employment intensive sectors such as handicrafts, handlooms, Khadi & Village industries, coir and salt.

2.8 To specifically promote sectors such as IT/ ITES, biotechnology, agro, marine and food processing, tourism, textiles and apparel and automotive industries, which offer maximum linkages for employment generation and exports.

2.9 To assist in arresting industrial sickness and promote revival and rehabilitation of potentially viable sick industries, especially in the micro, small and medium enterprises (MSME) sector.

2.10 To create awareness amongst and assist Micro, Small and Medium Enterprises (SMEs) to respond to the opportunities and challenges emerging under the World Trade Organisation (WTO) regime. A WTO Cell shall be established in the Industries Department.

2.11 To maximize industry and institution linkages in the areas such as manpower planning, research and development etc.

2.12 To make concerted efforts for balanced regional development.

3. STRATEGY

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

3.2 Human Resources Development to create competitive scientific and technical manpower.

3.3 To promote entrepreneurship development for healthy industrial development.

3.4 To promote ancillary and downstream industrial parks at all major industrial hubs.

3.5 To promote specialized / functional industrial area / park for thrust and priority sectors.

3.6 To provide special incentive packages for promotion of thrust, priority and MSME sectors.

3.7 To fully operationalise and strengthen the industrial facilitation mechanism under Orissa Industries (Facilitation) Act 2004 and Rules 2005.

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

4. GENERAL POLICY FRAMEWORK

The Industrial Policy 2007 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, directed efforts shall be made to incentivise investment in thrust and priority sectors with a view to maximizing the triple objectives of value addition, employment generation and revenue augmentation.

4.1 Micro Enterprises: the focus shall be on 4.1.1 Promoting linkages with micro finance institutions.

4.1.2 Product development through design and technology support.

4.1.3 Provision of raw material linkages. Orissa Small Industries Corporation (OSIC) shall set up raw material banks to provide such support.

4.1.4 Market development through focused market access initiatives.

4.1.5 Intensification of cluster development project with special emphasis on promotion of **Common Facility Centres (CFC)** through community based **Public Private Partnership (PPP)** initiatives.

4.2 Small & Medium Enterprises: the focus shall be on

4.2.1 Undertaking a special drive for modernization of SMEs.

4.2.2 Facilitating greater flow of institutional credit, including revival of the Orissa State Financial Corporation (OSFC).

4.2.3 Providing marketing support under Government purchase programme.

4.2.4 Rehabilitation of potentially viable sick industries.

4.2.5 Development of Special Industrial Parks for ancillary and downstream industries.

4.2.6 Cluster development approach for enhancing the competitiveness of potential sectors. Industry Associations shall be encouraged to set up Common Facility Centres and Testing Laboratories on PPP mode.

4.3 Large Industries: efforts shall be made

4.3.1 To leverage the concentration of metal industries for promoting manufacturing industries. Similarly, leverage the coastline advantage to promote port based industries such as ship building, chemical and petrochemical complex, leather, etc.

4.3.2 To maximize supply chain linkages with SMEs by facilitating ancillary and downstream industries.

4.3.3 To proactively encourage industry-institutional linkages for optimal manpower planning and maximizing local employment opportunities.

4.4 Thrust sectors: the objectives shall be

4.4.1 To facilitate directed investment into sectors that offer huge employment opportunities, maximize value addition and have a multiplier effect in terms of ancillary and downstream linkages.

4.4.2 To provide tailor made incentive packages and provide additional incentive for the pioneer industries in these sectors.

4.5 Priority Sector: the focus shall be on 4.5.1 Leveraging our competitive strengths

4.5.2 Provision of specialised industrial infrastructure requirements

5. SINGLE WINDOW MECHANISM

5.1 Single Window mechanism that has been established in pursuance with the Orissa Industries (Facilitation) Act shall be made fully operational and extended throughout the State.

5.2 The District Industries Centres (DICs) shall be suitably restructured to enable them to effectively discharge the functions of DLNA. They shall also maintain a comprehensive database on micro and small enterprises.

5.3 5 DICs shall be upgraded to Regional DICs where heavy industrial concentration/ potential exist. The Regional DICs shall provide comprehensive and intensive business development services to the existing and prospective investors and also provide necessary support services to the DICs falling within their respective jurisdiction.

5.4 IPICOL as the SLNA shall be further strengthened to function as an effective one stop shop for investors. The role of IPICOL as the Investment Promotion Agency shall be reinforced by establishing an Industrial Planning and Strategizing Unit (IPSU), which, apart from preparing State Industrial Development Perspective Plan, shall also identify thrust/ priority sectors for location specific industrial promotion and undertake related investment promotion activities, including preparation of publicity material and organization of road shows.

5.5 The District Level Single Window Clearance Authority (DLSWCA) shall be activated in all districts. The State Level Single Window Clearance Authority (SLSWCA) and High Level Clearance Authority (HLCA) shall review progress in implementation of the single window services at the district and state level.

6. STATE LEVEL NODAL AGENCY

6.1 IPICOL shall establish a Comprehensive Industrial Data Bank on medium and large scale industries with the help of a professional agency.

6.2 An Industrial Information Service Unit (IISU) will also be set up in IPICOL to cater exclusively to investment related information needs of existing and prospective investors.

6.3 In order to discharge its role as a one stop shop for all industry related approvals and clearances, IPICOL shall bring out a comprehensive operational manual, including guidelines for providing a single point interface between investors and the State Government departments/ agencies.

6.4 IPICOL shall develop and implement an web enabled Project Monitoring and Information System (PMIS) to facilitate time bound clearances to investment proposals, including facility for e-filing of Common Application Form (CAF), e-payment of processing fees and virtual single window interface between investors and different clearance authorities.

6.5 The Orissa Investment and Export Promotion Office (OIEPO) which is located in the Office of the Resident Commissioner, Government of Orissa, New Delhi shall proactively network with Embassies, Industry Associations, Chambers of Commerce and Industry and others to promote Orissa as an attractive investment destination. The OIEPO shall function as integral part of the SLNA for extending outreach services to prospective investors outside the state.

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

6.6 The Export Promotion and Coordination Cell (EPCC) which has been constituted in the Industries Department shall formulate an Export Policy and Action Plan for Export Promotion for the State and coordinate with OIEPO and all other Departments / Organisations / Agencies to promote exports from the State.

7. HIGH LEVEL CLEARANCE AUTHORITY (HLCA)

7.1 The HLCA chaired by the Chief Minister shall meet at least once in a quarter to review implementation of the IPR-2007. Besides giving overall direction to the industrial development efforts made by Team Orissa, the HLCA may give specific direction (s) wherever required.

7.2 The HLCA may constitute sub-committees / expert bodies by drawing resource persons from within and outside Government to look into various issues pertaining to industrial development such as promotion of Foreign Direct Investment (FDI), environment management, land policy, periphery

development, ancillary and downstream development, promotion of frontier industries etc., which shall make recommendations for furthering such objectives.

8. TEAM ORISSA

8.1 "Team Orissa" 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 Orissa and the principal goal of the Team is to provide necessary synergies and convergence of all Government efforts to ensure Orissa's position at the vanguard of economic and social prosperity.

8.2 The Team Orissa shall adopt the four (4) principles of Convergence, Coordination, Cohesion and Concerted efforts in furthering its objectives.

8.3 A comprehensive investment promotion website shall be developed for Team Orissa, by IPICOL as Technical Secretariat of Team Orissa and the State Level Nodal Agency.

9. INFRASTRUCTURE

9.1 The State Government recognizes the need of providing quality industrial and social infrastructure for supporting healthy industrialization as also the need for industry to follow environment friendly practices to make the industrialization process sustainable.

9.2 The State Government shall launch an Industrial and Allied Infrastructure Development Fund (IAIDF) with an initial corpus of Rs.100 crore to support industrial infrastructure and associated social infrastructure projects. The Fund shall encourage private investment in infrastructure development by providing supplementary viability gap funding, wherever needed, on the lines of Central Government viability gap funding scheme. IDCO shall also be eligible to avail itself of financial support from the IAIDF for creation of such infrastructure. The Fund shall also support pre-project development activities by designated agencies. The State Government shall separately issue detailed guidelines for operation of the IAIDF.

9.3 The State Government shall announce a comprehensive Land Policy to address all issues concerning identification, procurement and allotment of land for industrial and allied purposes, including creation of associated social infrastructure. IDCO along with Revenue Department shall vigorously implement the Land Bank Scheme, which was announced in the IPR-2001 to ensure orderly industrial growth. IDCO in association with DLNAs shall identify suitable tracts of government land for this purpose, which shall then be considered by the DLSWCA for alienation in favour of IDCO. The land premium shall be paid by IDCO after a moratorium of three years from the date of alienation. The moratorium period should be utilized by IDCO for development of the land for industrial and allied use. In the event of non-payment of premium within the stipulated period the land shall be liable for resumption.

9.4 The State Government shall announce a separate policy for Special Economic Zones as required under the Special Economic Zone Act, 2005 and Rules 2006.

9.5 Apart from the Land Bank Scheme mentioned above, IDCO shall also develop Functional Industrial Parks for promotion of thrust and priority sector industries. Expeditious steps shall be taken by IDCO to promote industrial parks for ancillary and downstream industries at all major industrial hubs in the state.

9.6 IDCO shall promote/ develop integrated industrial townships at selected locations as approved by the HLCA. Such townships will come up at locations having concentration of large and related industries, which have potential for developing into full-fledged industrial township.

9.7 IDCO shall take proactive steps to promote/ develop five (5) industrial corridors, namely, Chandikhol-Paradeep, Balasore-Bhadrak-Dhamara, Rayagada-Gopalpur, Sambalpur-Jharsuguda-Rourkela and Angul-Talcher-Duburi.

9.8 IDCO shall form a Special Purpose Vehicle (SPV) for promoting Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) at Paradeep on PPP mode. 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.

9.9 An Inter-departmental Advisory Committee comprising representatives from General Administration Department, Industries Department, Revenue Department and Housing & Urban Development Department, Bhubaneswar Development Authority (BDA) and IDCO shall be constituted under the Chairmanship of the Chief Secretary to identify land in the Greater Bhubaneswar Capital Region to promote critical urban, commercial and social infrastructure to develop Bhubaneswar as a Knowledge and High-tech City.

9.10 The Special Cell created in the Planning & Coordination Department and the Technical Secretariat for PPP located in IDCO for development of infrastructure projects in Public-Private Partnership mode shall prepare a shelf of projects in consultation with Departments concerned for high priority projects specifically aimed at supporting current industrialization process in the state. The Departments concerned such as Industries Department, Housing and Urban Development Department, Tourism Department, Water Resources Department, Energy Department, Information Technology Department, Science & Technology Department and Works Department shall set up PPP Cells to make focused effort in that direction.

9.11 Development of Industrial Areas and Industrial Estate by private developers shall be encouraged. The private developers shall be eligible to apply for Government or IDCO land for development of such industrial estates and industrial areas. While Government land shall be made available at the applicable industrial rate as specified in this policy, IDCO land will be available at the price determined by IDCO. The land shall be given strictly on lease basis after careful assessment of the area of land required. In case land needs to be acquired, IDCO, on application of the Developer, shall acquire the land following due procedure. All efforts shall be made to avoid double-cropped agricultural land and minimize R&R requirement.

9.12 IDCO shall promote a World Trade Centre (WTC) at Bhubaneswar to promote global networking and give international visibility to the industrial potential of the state.

9.13 IDCO shall act as the Nodal Agency in the State for promotion of Gas Grid in association with different public and private entities in this field.

9.14 IDCO has already obtained Formal / In-principle approvals for development of IT / ITES, sector specific and multi product SEZs at different locations. These projects shall be implemented in a time bound manner by inviting co-developers through open competitive bidding process.

9.15 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. through IDCO and private developers. Private developers shall be selected through open competitive bidding process.

9.16 A time bound action plan shall be drawn up and implemented for upgradation and maintenance of infrastructure facilities in existing Industrial Estates, Parks, IID Centres, Growth Centres etc of IDCO. Suitable financial and management models shall be developed for this purpose.

9.17 IDCO shall undertake a comprehensive Land Zoning Plan in respect of new Industrial Estates, Parks etc., and would also undertake planning of existing Industrial Estates to the extent possible. IDCO shall bring out a comprehensive land management regulation for industrial estates, parks, growth centres, etc. with the approval of Government in Industries Department. Orissa Industrial Infrastructure Development Corporation (OIIDC) Act would be broadly aligned with the changing needs in view of the current and emerging industrial scenario in the state.

9.18 A comprehensive policy for industrial use of water shall be formulated and announced by the State Government taking into account the surplus water available after factoring for drinking water supply and irrigation requirements.

9.19 The State shall leverage the availability of low cost and reliable power to attract industries. At the same time, large industries shall also be encouraged to set up their captive power plants.

9.20 Roads of economic importance shall be taken up on priority basis for development on PPP mode.

9.21 The State Government shall proactively promote construction of rail corridor between ports and industrial hubs including Therubeli-Gunupur rail corridor to provide port connectivity in southern Orissa through Gopalpur port.

9.22 Apart from Dhamara, Gopalpur and Kirtania ports, which are being developed on PPP mode, the State Government shall promote more ports and fishing harbours at suitable locations for giving a thrust to economic activities in those regions. Special efforts shall also be made to develop industrial areas in the hinterland of ports for enhancing their viability and intensifying economic activities in the port area development region.

9.23 Inland Container Depots (ICD) shall be set up at suitable locations for facilitating containerized cargo from Orissa and the neighbouring land-locked States like Bihar, Jharkhand, Chattishgarh, etc. to the Paradeep Port and other ports in Orissa for exports, on PPP mode.

10. HUMAN RESOURCE DEVELOPMENT

10.1 The emergence of Orissa as major industrial hub has necessitated elaborate planning for Quality Manpower and Human Resource Development. To respond to this need, Government has established the Biju Patnaik University of Technology (BPUT) at Rourkela to act as a focal point for strengthening technical education in the State. Among other initiatives, five new Post Graduate Departments are being opened in the disciplines of i) Advanced Computing; ii) Nano Biotechnology; iii) VLSI and Embedded Systems; iv) Robotics and Mechatronics; and v) Advanced Materials and Composites.

10.2 The State Government shall establish a Technical Education Strategic Planning Unit (TESPU) in the Industries Department to take up the following activities in mission mode:

- i.* Address the supply side and demand side issues of technical manpower.
- ii.* Address the need for introduction of new and specialized courses to match industry requirements.
- iii.* Upgrade the Orissa School of Mining Engineering (OSME – Degree Stream), Keonjhar to the level of an institution of National Excellence.
- iv.* Maximize industry institution linkages by encouraging industries to adopt existing technical institutions and also to set up specialized advanced technical training institutions wherever feasible.
- v.* Specialized Industrial Training Institutes (ITIs) shall be set up at locations having heavy concentration of specialized workmen. An Advanced Plumbing Institute shall be set up at Pattamunde and a Gemstone Cutting and Polishing Institute at Gopalpur.
- vi.* A special drive shall be undertaken for introduction of multi-skilling in areas such as material handling, machine operation and maintenance, furnace operation and maintenance, automobile engineering, plumbing, gemstone cutting and polishing, advance precision machine tools and power engineering, etc. The industries will be closely associated for identification of courses and providing practical training to students.
- vii.* A special drive shall be undertaken for setting up of Engineering Schools in all Districts that do not have such institution. Similarly, policy measures shall be taken to encourage opening of Industrial Training Centre (ITC) in blocks where there is no ITI/ITC.
- viii.* Steps will be taken for conferring of Deemed University status to University College of Engineering, Burla.
- ix.* An e-portal shall be launched by the Directorate of Technical Education and training for placement of manpower from ITIs and ITCs in the state, which would be similar to online employment exchange and will also have a Management Information System for tracking of placement.

- x. A Special drive shall be undertaken for enforcement of the Apprentice Act.
- xi. Government shall promote an International Institute of Information Technology (IIIT) at Bhubaneswar on Public-Private Partnership mode.

10.3 Government shall bring out comprehensive legislation for regulation and development of technical and professional institutions in the State.

10.4 Efforts shall be made for establishment of Indian Institute of Technology (IIT) and Indian Institute of Management (IIM) or their equivalent level institutions in the state.

11. REHABILITATION AND REVIVAL OF VIABLE SICK UNITS

11.1 The recent intensification of industrial activities in the State provides significant growth opportunities for the existing industries, especially in the SME sector, including those, which have become sick for various reasons. The State Government shall undertake a comprehensive drive through Directorate of Industries for district wise identification of potentially viable sick units. Such industries shall be placed on a fast track mode for consideration of rehabilitation assistance by Government and all agencies concerned. The existing institutional mechanism of District Level Committees (DLC), Sub-Committee of State Level Inter Institutional Committee and the State Level Inter Institutional Committee (SLIIC) shall be suitably reinforced for this purpose.

11.2 The SLIIC shall be empowered to extend need based incentives as available under the present IPR for this purpose. The industries so assisted will be treated at par with new industrial unit for determining the maximum level of incentive that could be sanctioned by SLIIC.

12. LABOUR REFORM

12.1 The Orissa Industries (Facilitation) Act-2004 and corresponding Rules-2005 lay down the broad framework for Labour Reforms. A time bound action plan shall be formulated for expeditious implementation of these provisions.

12.2 Highest priority shall be accorded to amalgamation of different records, registers and returns required to be maintained under the various Labour Laws and introduce systems of "Self-Certification" for labour related compliance of routine nature.

12.3 A system of joint inspection by various regulatory agencies such as Orissa State Pollution Control Board (OSPCB), Labour Inspector, Chief Inspector of Factories & Boilers, Regional Provident Fund Commissioner, and Regional Director, Employees State Insurance Corporation shall be devised and implemented in a time bound manner.

12.4 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.

12.5 The following categories of Industries / Establishments shall be declared as "Public Utility Services" for the purpose of application of provisions under Chapter-V of the I.D. Act 1947.

- i) Information Technology & IT Enabled Services
- ii) Bio Technology
- iii) Agro-based & Marine-based Processing
- iv) Electronics & Telecommunications
- v) Export Oriented Units
- vi) Infrastructure projects including Industrial Parks and SEZs

12.6 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) Bio Technology

iii) Electronics & Telecommunication

iv) Export Oriented units

v) Industries set up in Special Economic Zones

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

13.1 The existing rules for extending marketing support to Small Scale Industries shall be brought in alignment with the newly enacted Micro, Small and Medium Enterprises Act, 2006 and corresponding Rules. The following measures shall be undertaken:

(a) Comprehensive review of the rate contract purchase list, exclusive purchase list and open tender purchase list shall be undertaken by a Committee consisting of Secretary, Industries Department, Director, Export Promotion and Marketing (EP&M), Director, Industries and representatives of Industries Associations, which shall submit their recommendations for Government approval in Industries Department.

(b) With a view to encouraging large and medium industries, including those in private sector, in the State to meet their store purchase requirements from the local MSEs, institutional mechanism in the line of Plant Level Advisory Committee existing in respect of Central Public Sector Undertakings (CPSUs) shall be devised and implemented.

(c) Specific efforts shall be made to increase awareness amongst local MSMEs regarding export opportunities and export procedures. The Export Promotion Cell in the Orissa Small Industries Corporation Limited shall be strengthened to assist local small-scale enterprise to access export market.

13.2 The State Government will ensure that requirement of store items of Government Departments and agencies under its control are procured from industries located within the State. Such local units shall get price preference for this purpose. Simultaneously efforts shall be made to ensure that local products are cost-effective and meet overall quality requirement for competitiveness.

Explanation-I: State Government Departments and Agencies under the control of State Government means Departments under the Orissa Government Rules of Business, Heads of Department and offices subordinate to them, Boards, Corporations, Development Authorities and Improvement Trusts, Municipalities, Notified Area Councils, Co-operative Bodies and Institutions aided by the State Government and also includes Companies where Government share is 50% or more.

Explanation-II: In order to give effect to the provisions of this paragraph the Orissa General Financial Rules (Appendix-6, Rule 96) shall be suitably amended and the Finance Department will issue detailed guidelines.

13.3 The State Government Departments and agencies will have to purchase their requirements of these items only from local industries with ISO/ ISI / EPM certification for the items, by involving competitive quotations from such industries. Efforts will be made to distribute the purchase order equitably among the participating industries, prepared to accept the lowest negotiated rate keeping in view their production capacity.

13.4 Local Small Scale Industrial units and Khadi & Village industrial units including handloom and handicrafts will enjoy a price preference of 5% over local medium and large industries and industries out side the State. Any local small scale industrial unit having ISO or ISI Certification for its product will get an additional price preference of 3%.-

13.5 For monitoring of adherence of Government purchase policy and timely payment to the MSE units by the Government Departments / Agencies, a task force shall be constituted under Director, Export Promotion & Marketing, Orissa with Director of Industries, Orissa, Financial Advisor (FA), Industries Department, Director, SISI, Government of India and two representatives nominated by the Apex State Level Industry Associations, as members.

13.6 For facilitating government purchase of MSE products, an "MSE Exclusive List" shall be prepared by Director of Industries, taking the items generally manufactured by the MSE units of the State. The items so listed shall be reserved for the MSE units of the State for Government procurement through limited tender system.

14. FINANCIAL AND OTHER SUPPORT MEASURES:

ELIGIBILITY

14.1 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. However Special Economic Zone (SEZ) & SEZ Units are not covered by this IPR for which a separate SEZ Policy is being issued.

14.2 Industrial units covered under earlier Industrial Policy Resolutions shall continue to enjoy the incentives if admissible under the said policy as per eligibility.

14.3 Migrated Industrial units shall be eligible for incentives provided in this policy, subject to the specific conditions stipulated in this policy.

14.4 Existing industrial units which take up expansion/ modernization/ diversification will be eligible for specific incentives as specified. However, defaulters of Banks, Development Financial Institutions, SIDBI, OSFC, IPICOL, Government and Government controlled agencies, will be eligible for such incentives only after they clear the dues.

14.5 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.

14.6 Transferred Units

(i) A transferred unit after going into commercial production shall be eligible to avail of all or any of the incentives for the period for which the unit was eligible before transfer but could not avail of the same due to suspension of production or closure on account of sickness or for any other reason.

(ii) An industrial unit seized under Section 29 of the State Financial Corporation Act, 1951 and thereafter sold to a new entrepreneur on sale of assets basis, shall be treated as a new industrial unit for the purpose of this IPR. Arrears of VAT, Entry tax, MV tax, EPF, ESI and Excise duty payable by previous owners shall not be realizable from the transferees of the transferred units under section 29 of State Financial Corporations Act, unless, otherwise provided for in any act enacted by the Central or the State Government. These being public dues shall be realizable from the previous owners under the Orissa Public Demand Recovery Act, 1962 or any other relevant Act.

14.7 Industrial Units set up without financial assistance from Public Financial Institutions and / or Banks will be required to be assessed by the appropriate agency i.e.,

(i) IPICOL and Directorate of Industries, Orissa jointly for Large Industrial Units;

(ii) DIC and OSFC jointly for Micro, Small & Medium Enterprises.

14.8 Pioneer Units in each Thrust Sector shall be eligible for extension of period of incentives for an additional two years over and above the limit specified, provided the unit has been in continuous commercial production during the normal period of incentive.

GENERAL PROVISIONS

14.9 Implementation of various provisions covering the incentives, concessions, etc., will be subject to the issue of detailed guidelines/ statutory notifications, wherever necessary, in respect of each item by the administrative Department concerned.

14.10 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.

14.11 Time frame for filing applications for different incentives

A unit shall become ineligible to get incentives if it does not file its claim complete in all respects, within 6 (six) months of its starting commercial production.

14.12 Determination of date of commercial production

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

15. SPECIAL INCENTIVES FOR K B K REGION, KANDHAMAL, GAJAPATI & MAYURBHANJ

Non-mineral based new industrial units located in the Revenue districts of Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nawrangpur, Khandamal, Gajapati and Mayurbhanj with minimum investment of five crore rupees in plant & machinery and providing direct employment to minimum hundred persons shall be treated as deemed thrust sector unit and be eligible for all incentives prescribed for the thrust sector. Such deemed thrust sector status may also be granted to other industrial units by High Level Clearance Authority subject to concurrence of Finance Department and Cabinet approval.

16. LAND

16.1 Government land earmarked for industry under the "Land Bank" scheme of IDCO and other Government land wherever available may be allotted for industrial units, including infrastructure projects.

16.2 Government land earmarked for "Land Bank" scheme and other Government land wherever available may be allotted for new industrial units, including infrastructure projects at the following concessional industrial rates.

Zones	Location	Concessional Industrial rate
Zone - A	Urban areas coming under the jurisdiction of Bhubaneswar Municipal Corporation, Cuttack Municipal Corporation, Rourkela Municipality, Berhampur Municipality, Sambalpur Municipality and Paradeep NAC.	Rates to be fixed by Revenue/ G. A. Department in consultation with Industries department
Zone - B	Revenue Sub- Divisions of Angul, Athagarh, Balasore, Berhampur, Champua, Cuttack, Dhenkanal, Jagatsinghpur, Jajpur, Jharsuguda, Keonjhar, Khurda, Panposh, Puri, Sambalpur, Talcher	Municipal / NAC Area- Zone -B -@ Rs 5 lakh / Ac, Zone- C-@ Rs 3 lakh / Ac, Zone- D @ Rs. 1.5 lakh/ Ac
Zone - C	Revenue Sub- Divisions of Banki, Baripada, Bhadrak, Baragarh, Bolangir, Chhatrapur, Jeypur, Koraput, Raygada, Sundergarh	Other than Municipal / NAC Area- Zone -B -@ Rs 2 lakh /
Zone - D	Revenue Sub- Divisions - Anandpur, Athamallik, Balliguda, Bamanghati, Bhanjanagar, Bhawanipatana, Birmaharajpur, Bonai, Boudh, Deogarh, Dharmagarh, Gunupur, Hindol, Kamakhyanagar, Kaptipada, Kandhamala, Kendrapada, Kuchinda, Malkangir, Nayagarh, Nuapada, Nilagir, Nabarangapur, Padampur, Pallahara, Panchpir, Paralakhemundi, Patnagarha, Rairakhol, Sonapur, Titilagarh.	Ac, Zone- C -@ Rs 1 lakh / Ac, Zone- D @ Rs. 0.5 lakh / Ac
Ground Rent - @ 1% of the land value		

16.3 Infrastructure Projects and projects of IDCO for industrial and infrastructure use shall be entitled to allotment of Government land at concessional industrial rate.

16.4 Industrial Units in Thrust sector may be allotted land at special concessional rate by the High Level Clearance Authority.

16.5 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, provided that the latter undertake to maintain the infrastructure of the industrial estates either directly or through other agencies by taking consent of IDCO and Housing and Urban Development Department by amendment of the concerned Act, if required.

16.6 New Industrial units and existing industrial units taking up expansion/ modernisation/ diversification will be granted exemption under the provisions of clause - C of Section-73 of Orissa Land Reforms Act, 1960 from payment of premium, leviable under provisions of clause - C of Section 8 (A) of the OLR Act.1960 on production of eligibility certificate from the Director of Industries, Orissa for Large Industries and Medium Enterprises and G.M / PM, DIC for Micro, Small Enterprises as follows.

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

16.7 Micro & Small Enterprises shall be eligible to make the payment for IDCO shed in four annual installments.

17. STAMP DUTY

17.1 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.

17.2 In respect of transfer of land / shed by Government, IDCO and Private industrial estate developers to new industrial units and existing industrial units taking up expansion, modernization and diversification, exemption on Stamp Duty shall be applicable as follows.

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

17.3 Stamp duty will be exempted for units required to be transferred to a new owner / management under the provisions of the State Financial Corporation Act, 1951 or on the recommendation of the State Level Inter Institutional Committee (SLIIC).

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

17.5 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) atleast 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.

17.6 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.

18. Value Added Tax (VAT), Central Sales Tax (CST), Entry Tax and Entertainment Tax

18.1 VAT shall be exempted on finished products of Khadi, Village, Cottage & Handicraft industrial units and traditional coir products excluding artistic footwear, cosmetic jewellery, embroidery works, zari works, gemstone, silver filigree, woolen carpet sold at sales outlets of authorised cooperatives/ government agencies and agencies recognised by Khadi and Village Industries Board/ Commission, Coir Board, Coir Corporation, Handicraft Corporation & DIC.

18.2 Exemption of Entry Tax shall be available to eligible industrial units as follows:

(a) New Micro & Small Enterprises shall be exempted from payment of Entry Tax on acquisition of plant & machinery for setting up of industrial units. Thrust Sector Units may also be considered for similar incentive on a case to case basis with the approval of the Cabinet.

(b) New Micro and Small Enterprises shall be exempted from payment of Entry Tax on purchase of raw materials for a period of five years from the date of starting commercial production subject to a ceiling of 100% of fixed capital investment. Thrust Sector Units may also be considered for similar incentive on a case to case basis with the approval of the Cabinet.

Note: The exemption, as above, in Para 18.2, is subject to outcome of judicial proceedings.

18.3 CST at concessional rate not exceeding two percent (2%) shall be levied on sale of finished products by the new industrial units in Thrust sector for a period of ten years from the date of starting commercial production subject to a total maximum limit of 100% of fixed capital investment and further subject to the condition that input tax credit shall not be allowed in excess of the output tax payable on CST sales.

18.4 VAT Reimbursement

(i) New Micro, Small & Medium Enterprises shall be eligible for reimbursement of fifty percent of VAT paid for a period of five years from the date of starting commercial production limited to 100% of fixed capital investment 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 seventyfive percent (75%) of VAT paid for a period of five (5) years from the date of starting of commercial production, limited to hundred percent (100%) of fixed capital investment 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) New Industrial units of Thrust sector shall be eligible for reimbursement of seventyfive percent (75%) of VAT paid for a period of ten years from the date of starting commercial production limited to 200% of fixed capital investment 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 unit taking up expansion/ modernisation/ diversification as defined in this IPR shall be eligible for reimbursement of VAT paid to the extent applicable to the industrial category as defined in sub para 18.4 (i) to (iii) above subject to the condition that it shall be applicable only on increased commercial production over and above the existing installed capacity 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.

18.5 Entertainment Tax (ET)

New Multiplex Cinema hall of at least 03 Screens with minimum capital investment of Rs.3.00 crore & above with modern Projection system, Sound system, Air conditioner, Generator Set, furniture & fixtures etc, where first fixed capital investment commences after the effective date shall be eligible for 100% reimbursement of Entertainment Tax (ET) for a period of five years starting from the date of its commissioning. The eligibility for this incentive shall be certified by OFDC.

19. INTEREST SUBSIDY

19.1 New industrial unit coming under micro enterprise / small enterprise and thrust sector shall be entitled to interest subsidy @ five percent (5%) per annum on term loan availed from Public Financial Institutions / Banks for a period of five years from the date of starting commercial production subject to limit of ten lakh rupees for Micro Enterprises, twenty lakh rupees for Small Enterprises and one crore rupees for units under Thrust Sector, if it fulfills the condition stipulated under clause - 19.3 of this section.

19.2 New industrial unit grounded under PMRY / REGP shall be entitled to interest subsidy @three percent per annum on term loan availed from public Financial Institutions / Banks for a period of five years from the date of starting commercial production subject to limit of twenty-five thousand rupees only, if it fulfills the condition stipulated under clause - 19.3 below.

19.3 Provided further that the concerned promoter(s) would not have defaulted to OSFC/IPICOL/SIDBI /Banks /Public Financial Institutions /other Government agencies in connection with the unit for which the incentive is sought or for any other unit/ activity in the state with which concerned promoter is directly or indirectly associated. For Micro and Small enterprises the interest subsidy shall be available only on term loan availed from OSFC.

20. POWER

20.1 New industrial unit other than Thrust sector industries shall be exempted from the payment of electricity duty upto a contract demand of 110 KVA for a period of 5 years from the date of availing power supply for commercial production. New industrial unit in the thrust sector shall be entitled to 100% exemption of electricity duty up to a contract demand of Five Megawatt for a period of 5 years from the date of availing power supply for commercial production.

20.2 New industrial unit setting up captive power plant shall be exempted from the payment of 50% of electricity duty for captive power plant for a period of 5 years for self-consumption only from the date of its commissioning.

20.3 Industries of seasonal nature like sugar, salt industries, etc., will be provided the facility of temporary surrender of a part of their connected/ sanctioned load subject to approval of OERC.

21. PATENT REGISTRATION

New Industrial units will be encouraged for filing patent of their research and State will provide assistance to entrepreneurs for Patent and Intellectual Property Right (IPR) provisions @ 50% of the registration cost up to maximum of five lakh rupees (Rs 5.00 lakh).

22. QUALITY CERTIFICATION

New Industrial units will be provided with assistance for obtaining quality certification from B.I.S and other internationally recognized Institutions @ fifty percent (50%) of the quality certification charges up to maximum of two lakh rupees (Rs. 2.00 lakh).

23. ASSISTANCE FOR TECHNICAL KNOW-HOW

New Micro, Small Enterprises and new Industrial Units of Thrust sector shall be eligible for reimbursement of fifty percentage of cost of purchase of technical know- how up to one lakh rupees in case of indigenous technology and up to five lakh rupees in case of imported technology.

24. MARKETING SYNDICATION

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

25. FILM INDUSTRY

25.1 Film Industry in Orissa provides direct and indirect employment to about 1.00 lakh people. In Orissa, the employment opportunities in film industry can be doubled by improving market outreach of Oriya films through appropriate incentives for film production, film studios and multiplexes.

25.2 All Oriya feature films produced in Orissa shall be exempted from Entertainment Tax.

25.3 Multiplexes shall be eligible to get allotment of government/ IDCO land at concessional industrial rate.

25.4 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.

25.5 Producers of films who utilize the facilities of Kalinga Studio Limited (KSL), Film & Television Institute of Orissa 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.

26. SHILPA ADALAT

26.1 With a view to providing a timely and effective dispute/ grievance resolution mechanism for industries, the State Government shall constitute a Shilpa Adalat with the composition given at para 26.3 below, which 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.

26.2 SLSWCA shall be the competent authority for taking final decision in all grievances which do not involve any major policy decision. Where major policy decision is involved, such matters shall be placed before the HLCA, which shall be the final authority.

26.3 The Shilpa Adalat shall have the following composition:

- i) Secretary, Industries - Chairman
- ii) Representatives of concerned Departments - Members
- iii) Managing Director, IPICOL - Member
- iv) Managing Director, IDCO - Member
- v) Managing Director, OSFC - Member
- vi) Managing Director, OSIC - Member
- vii) Director, Export Promotion & Marketing - Member
- viii) Director, Handicrafts & Cottage Industries - Member
- ix) Director, Industries - Member Secretary

The Shilpa Adalat shall submit quarterly return on cases heard and disposed to the SLSWCA and the HLCA.

27. ENTREPRENEURSHIP DEVELOPMENT

The Institute of Entrepreneurship Development shall be strengthened through various measures, including Government support, strategic alliances with national level entrepreneurship institutes, industry linkages, linkages with technical and professional institutions and PPP initiatives.

28. EXPORT PROMOTION:

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

29. REVIEW AND MONITORING

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

30. MISCELLANEOUS

(a) This policy shall remain in force until substituted by another policy. The State Government may at any time amend any provision of this policy.

(b) A special package of incentives over and above what has been enumerated in this Policy document may be considered for new industrial projects on case to case basis taking into account the benefits to the State. The Cabinet on the recommendations of the SLSWCA and the HLCA and concurrence of Finance department may consider such proposal.

(c) Doubts relating to interpretation of any term and / or dispute relating to the operation of any provision under this IPR shall have to be referred to the Industries Department, Government of Orissa for clarification / resolution and the decision of Government in this regard shall be final and binding on all concerned.

(d) Implementation of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed guidelines / statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.

ORDER: – Ordered that the Resolution be published in next extraordinary issue of the *Orissa Gazette* and copies thereof be forwarded to all Departments of Government, all Heads of Departments and Accountant General, Orissa.

By Order of the Governor

A. K. TRIPATHY

Chief Secretary, Government of Orissa