



**Government of Odisha**  
**Industries Department**

**Industrial Policy – 2015**

Resolution

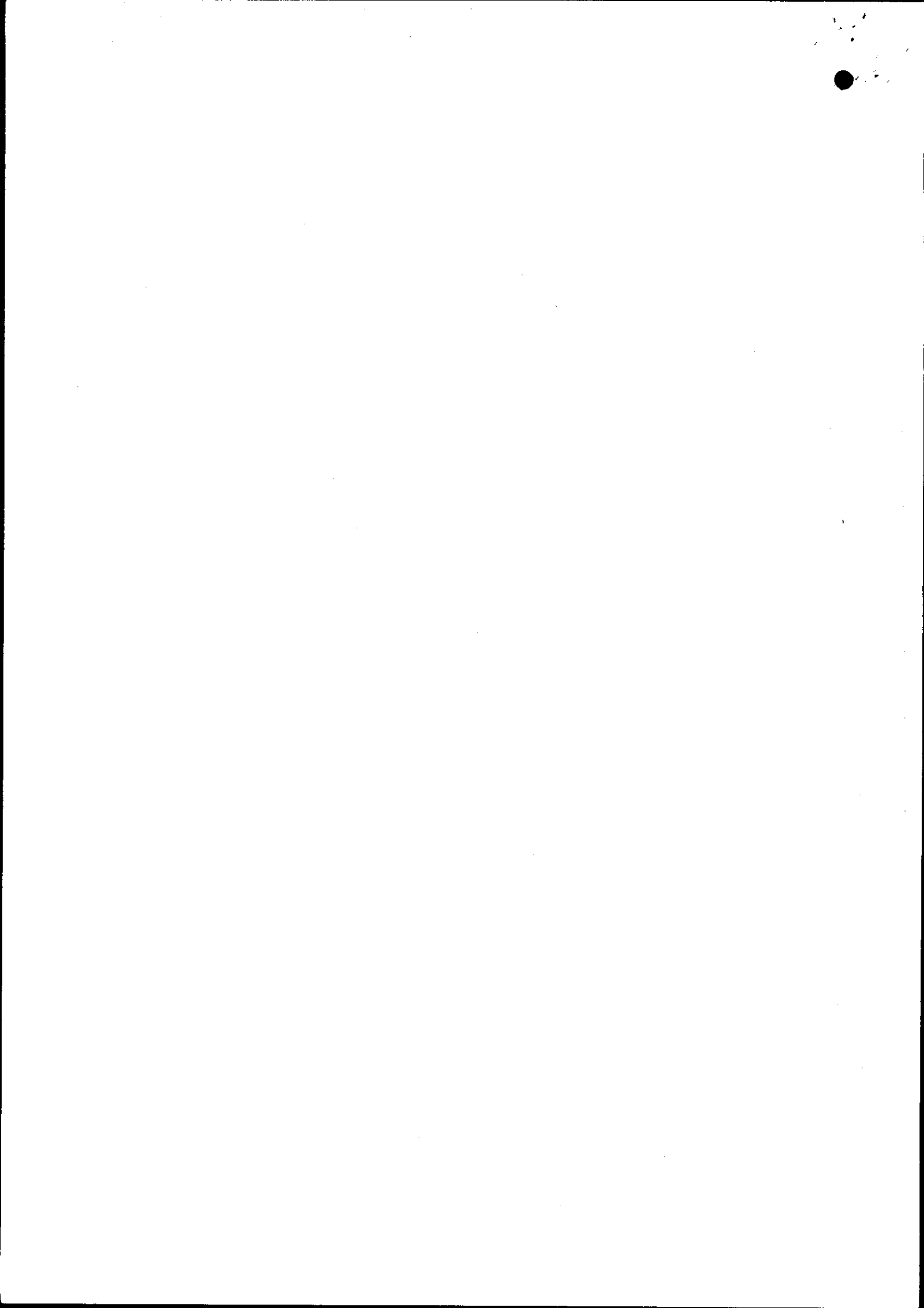
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## **Foreword by the Chief Minister**

*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.*

*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.*

*Chief 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 IPR2015 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 Municipal / 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, Rayagada, Sundargarh	Municipal / NAC area: Rs. 6 Lakhs / Acre Other than Municipal / 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, Sonapur, Titilgarh	Municipal / NAC area – Rs. 3 Lakhs / Acre Other than Municipal / NAC Area –Rs. 1 Lakh / acre
<b>Ground Rent will be paid @ 1% of the land value</b>		

- 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 unitstaking 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, Subarnpur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj.

##### Classification of Industry:

S. No.	Category	Investment (Rs. Cr)	Minimum Employment (No.)
<b>Category A</b>			
1	A 1	>100	100
2	A 2	>200	200
3	A 3	>500	400
<b>Category B</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:

S. No.	Rating	Investment (Rs. Cr)	Employment (No.)	Reimbursement of Power Tariff (Rs./ Unit)	Training Subsidy (Rs./ Person)	
					New	Skill Upgradation
<b>Category A</b>						
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
<b>Category B</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