

**INDUSTRIAL  
POLICY  
OF ORISSA-1986**

## **INDUSTRIAL POLICY OF GOVERNMENT OF ORISSA, 1986**

The Industrial Policy of 1980 with an attractive package of incentives and a number of administrative measures designed to provide single window facilities to entrepreneurs has ushered in brisk industrial activity and has created an atmosphere conducive to rapid industrialisation of the State.

2. The remarkable progress achieved in all the sectors of industrial growth during the past five years stands testimony to the appropriateness of this policy package and its success. Though a strong industrial base has been created and a healthy industrial culture has emerged in the State, the time has come to prepare the State's economy for the demands of the 21<sup>st</sup> century. Establishment of a super computer at Bhubaneswar and the plan for converting Bhubaneswar into a 'software city' as well as introducing computerization in important government and economic activities, only indicate the nature of qualitative changes taking place in the economic life of the State.

3. Therefore, the major thrust will be on development of sophisticated industries including electronics, upgradation of technology, modernization of the existing units and development of functional industrial areas in the fields of electronics and computers, electrical and domestic appliances, plastic and polymers, leather, textiles, ceramics, chemicals, drugs and pharmaceutical industries.

4. In addition, some the important objectives of the present industrial policy are:- generation of employment in secondary and tertiary sectors, larger employment of women in appropriate industries, dispersal of industries in backward areas on the state, anti-pollution measures, promotion of ancillary and down-stream industries, adoption of appropriate package for rehabilitation of sick industries, encouragement to techno-entrepreneurs, pragmatic marketing support, strengthening of the quality control and testing laboratories of the State, adoption of appropriate technical manpower policy, encouragement of women's cooperative particularly in the field of electronics, planning for long-term and optimal utilisation of raw materials, industrial by-products and waste materials available in the State and above all, expeditious delivery of incentives and facilities and effective monitoring of progress of industrialization.

5. Keeping in view the broad objectives mentioned above and the suggestions received from different quarters, the State Government decided to review the Industrial Policy of 1980 in order to give adequate incentives to entrepreneurs and to introduce administrative measures for quickening the pace of industrialization. In the light of experience gained and anticipating culture requirements, the State Government have now formulated the following industrial policy measures:-

### **A. ADMINISTRATIVE MEASURES**

The primary objective is to provide single window facility to the entrepreneurs at all levels and ensure expeditious sanction and delivery of incentives and facilities for rapid implementation of industrial projects.

#### **(A) NODAL COMMITTEE AT STATE LEVEL.**

(i) The Nodal Committee at the State Government level will continue to function as the forum where issues relating to the clearance of specific proposals for supply of infrastructure facilities as well as Government assistance for specific industrial projects involving inter-departmental references would be taken up for quick decisions.

(ii) In addition to considering the co-ordinational problems relating to supply of land, water, forest produce and other raw materials from Government sources, the Nodal committee will also look after specific problems faced by the industries in relation to the marketing of their products to Government departments and other agencies under the control of the State Government. All problems relating to the State Electricity Board and the agencies administering sales tax and octroi which cannot be stored out at lower levels will also be posed before this Committee for a final decision.

(iii) This Committee, under the chairmanship of the Chief Secretary, will meet at least once every two months and the decisions taken will be binding on all concerned.

#### **(B) A SPECIAL COMMITTEE FOR NRI PROJECTS.**

A special committee at Government level under the chairmanship of the Chief Secretary, will be constituted to review the progress of projects set up by Non-Resident Indians (NRI's) and take appropriate follow up steps to sort out the problems which may be faced in implementation of these projects.

#### **(C) SINGLE CONTACT POINT AT STATE LEVEL.**

(i) The single contact point forum known as Industrial Coordination Bureau will continue to function in the Industrial Promotion and Investment Corporation of Orissa Ltd. (IPICOL) to provide assistance to medium and large industries. It will have the responsibility of providing advice to entrepreneurs desirous of setting up medium and large industries regarding project identification, DGTD registration, industrial licence, clearance from the State Prevention and Control of Pollution Boards, power committee from the State Government, sanction of loan by financing institutions, Capital Goods clearance, import licence and foreign collaboration. A similar Industrial Coordination Bureau will also be set up in the Orissa State Financial Corporation (OSFC) and the Orissa State Electronic Development Corporation (ELCO) for identical purposes.

(ii) The Foreign Investment Division in IPICOL will be the single contact point of Non-Resident Indians desirous of making investment in industrial projects in the State.

(iii) The Industrial Infrastructure Development Corporation (IIDCO) will be the nodal agency regarding provision of infrastructural facilities such as land (both developed and undeveloped), water, power and built-up industrial sheds. It will also be geared up to provide turn-key consultancy services for project implementation.

#### **(D) ADMINISTRATIVE MEASURES AT DISTRICT LEVEL.**

(i) The District Industries Centre (DIC) will provide the single window facilities to entrepreneurs in the small scale sector at the district level.

(ii) A Nodal Committee will be constituted at the district level with the Revenue Divisional Committee as the Chairman. The collector of the concerned district, Lead Bank Officer, Regional Manager/Branch Manager of OSFC, Executive Engineers of State Electricity Board and representative of IIDCO will be members of the Committee and the General Manager, DIC will be the Member-Convenor. Meetings of the Nodal Committee will be held at least once every two months in every district and all problems faced by the entrepreneurs at the district level will be discussed and solutions found. The Committee may co-opt any other district level officer or Regional Manager/Branch Manager of Commercial/Cooperative Banks depending upon the subject the matter which is likely to come up for discussion. The decision of the Committee will be implemented by all concerned. In the case of a problem which cannot be sorted out in this forum, it should be posed to the State Level Nodal Committee for a decision.

## **(E) ENTREPRENEUR ASSISTANCE CELLS.**

Separate cells in the charge of responsible Officers will be constituted in the Industries Department, Offices of the Director of Industries, Director, Export Promotion, Director of Textiles, IPICOL, OSFC, IIDCO and Orissa State Electronics Development Corporation which will register all problems and grievances of individual entrepreneurs which might be referred to them. It would be the personal responsibility of the head of the institution to make sincere efforts to solve all the genuine problems that are registered and brought to his notice by the Officer-in-charge of the cell. In the case of any problem which needs inter-departmental coordination, or decision at a higher level, the head of the organization would refer it to the State Level Nodal Committee or the District Nodal Committee, as the case may be, for a decision.

## **(F) DELEGATION OF POWERS.**

More power would be delegated to the field Officers in the matter of allotment of land, sanction of term loan, sanction of other applications under different incentives schemes, power connections etc.

## **(G) SUPERVISION.**

The importance of regular follow up action and active supervision of the industries during and after implementation cannot be over emphasized. The General Manager, District Industries Centre will ensure visit and inspection of all the industries in his area at least once a quarter and submit a quarterly report to the Director of Industries which should contain detailed information about the functioning of the industry, proper utilization of incentives and facilities granted by Government agencies and financial viability. Problems faced by industries will be indicated for remedial action.

Director of Export Promotion and Marketing will ensure that the industries supplying their products on rate contract basis actually produce them in their units. Director of Industries and the functionaries of the Orissa State Financial Corporation should, through regular visits and inspection at the time of implementation of the projects, ensure realistic costing, proper utilization of incentives and facilities and completion of the project in time.

# **B. DEFINITIONS**

## **(A) CLASSIFICATION OF THE AREA:**

For the purpose of different incentives the State will be divided into the following three zones: -

Zone A will consist of districts of Phulbani, Bolangir and Kalahandi.

Zone B will comprise of the districts of Keonjhar, Mayurbhanj, Dhenkanal, Koraput, Balasore and Ganjam.

Zone C will consist of the districts of Cuttack, Puri, Sundargarh and Sambalpur.

This classification has been made on the basis of the industrial backwardness of the districts: those covered under Zone 'A' being industrially the most backward, those in Zone 'C' being the least backward. This has been done with a view to offering incentives on a graded scale: the maximum to the district in Zone 'A' and the minimum to the districts in Zone 'C'.

However, for the purpose of central investment subsidy and other concessions granted by Government of India, Balasore district will be deemed to be in Zone 'A'.

**(B) INDUSTRIAL UNIT.**

All industries eligible for central investment subsidy will qualify for incentives under this policy.

**(C) NEW INDUSTRIES.**

New industrial unit is one where investment in land, building, plant and machinery has been made during the operative period of this scheme and excludes a continuing industry.

**(D) EFFECTIVE DATE.**

Effective date for the Industrial Policy of 1986 is 1.4.1986 from which date the incentives available under the Industrial Policy Resolution of 1980 and other relevant Policy Resolutions will cease to be operative except for the continuing industries to which this Policy will not apply. Continuing industries are those which have made any kind of investment before the effective date or have availed themselves of any incentive or facility under the Industrial Policy of 1980.

**(E) ELIGIBILITY:**

(i) All new industrial units for which investment will be made after the effective date will be eligible for the package of incentives under this policy.

(ii) Expansion/Modernisation/Diversification of an existing industrial units will also be eligible for the incentives if the total capital investment on plant and machinery in the Expansion/Modernisation/Diversification, as the case may be, is more than 25 percent of the total fixed capital investment of the existing unit. For the purpose of calculation, undepreciated book value of all the capital investments made on land, building, plant and machinery of an existing unit will be taken into consideration.

The fact that the existing unit has availed itself of incentives will not disqualify the expansion/modernization/diversification project to get incentives for the extra investment made.

**(F) INELIGIBLE INDUSTRIES.**

The following categories of industries will not be eligible for the incentives: -  
(i) Rice Mill, (ii) Flour Mill, (iii) Pulse, (iv) Photographic Studios, (v) Manufacture of Ice Candy and Ice Fruits, (vi) Laundry, (vii) Tailoring units (other than manufacturing units for ready-made garments), (viii) saw Mill, (ix) Production of Firewood and Charcoal, (x) Decorticating, expelling, Crushing, roasting, parching, frying of oil-seeds and colouring, decolouring, scenting oil from seeds and oil-cakes, (xi) Preparing bread (other than by machine bakery) and any other industry which Government considers fit to be excluded from time to time.

**(G) PUBLIC SECTOR UNDERTAKINGS:**

Public Sector Undertakings fully owned by Government, both state and Central, will not be eligible for these incentives. However, if such undertakings apply for any of the incentives under this policy with justification, each case would be decided on merits and the State Government's decision in this regard shall be final.

**(H) CENTRAL INVESTMENT SUBSIDY AREA:**

Industries set up in areas where Central Investment subsidy is applicable would not be eligible for the State Investment subsidy to the extent covered by the Central subsidy.

#### FIXED CAPITAL INVESTMENT:

The term 'Fixed Capital Investment' will mean the investment made on land building, plant and machinery and other equipments of a permanent nature. The calculation of fixed capital investment will follow the principles outlined by Government of India from time to time for administration of Central Investment Subsidy Scheme.

#### (J) FILMS, CINEMA HOUSES, HOTELS:

Production of films, construction of cinema houses and establishment of hotels have been specially declared as industries and will be eligible for the incentives under this policy.

#### (K) SPECIAL CLASS OF ENTREPRENEURS:

Entrepreneurs belonging to the following groups will be termed as special class entrepreneurs and will be eligible for special assistance under this Policy: -

- technical entrepreneurs belonging to Scheduled Castes and Scheduled Tribes;
- women technical entrepreneurs;
- women's cooperatives;
- artisans' cooperatives.

#### C. INCENTIVES:

##### (A) ASSISTANCE FOR PROJECT REPORTS/FEASIBILITY STUDIES.

Assistance for preparation of project reports/feasibility studies will be as follows: -

**(i) Village and cottage Industries:** DIC would provide project reports/project profiles in respect of Village and Cottage Industries free of cost to the entrepreneurs.

**(ii) Small Scale Industries:** The actual cost of preparation of a project report/feasibility study upto a ceiling as prescribed below will be reimbursed after the unit goes into commercial production in the State: -

- 2% in respect of units with fixed capital investment upto Rs.5 lakhs.
- 1.5% where the fixed capital investment is upto Rs.10 lakhs.
- 1% in respect of units whose fixed capital investment exceeds Rs.10 lakhs.

If the entrepreneurs so desires, the project report/feasibility study can be got prepared by the promotional agencies of the State, either directly or through their approved consultants, on deposit of 25% of the cost as a security which will be refundable after the project goes into commercial production in the state. However, the total assistance will be limited to the ceiling prescribed above.

**(iii) Large and Medium Industries:** The principles mentioned in connection with preparation of project reports/feasibility study will also apply to large and medium industries subject to the following.

Where the fixed capital investment is more than Rs.1 crore, the cost of preparation of the project report will be limited to 1 percent of the first Rs. 1 crore and half percent of the additional value of fixed capital investment beyond Rs. 1 crore. The total subsidy will, however, not exceed an amount of Rs.3 lakhs.

**(B) ASSISTANCE TOWARDS TECHNICAL KNOWHOW FEES.**

(i) A subsidy to the extent of 75% of the lump sum fees charged by National Research and Development Corporation, Regional Research Laboratories and Organisations recognized by Government/Government Agencies imparting technical knowhow, will be allowed to all industries upto a limit of Rs. 1 lakh.

(ii) A subsidy on technical knowhow fees for imported technology will also be allowed to all industries upto a limit of Rs.1 lakh. The fees fixed by government of India in respect of the items where foreign collaboration is specifically cleared by them will hold good for the purpose of this calculation.

In respect of those items where import of technology is permissible under open General Licensing (OGL), the amount paid towards technical knowhow fees will be subject to the assessment of the Orissa State Financial Corporation (OSFC) and their decision in this matter shall be final.

**(C) CAPITAL INVESTMENT SUBSIDY.**

(I) New Industrial Units as well as expansion/modernization/diversification projects as defined earlier will be eligible to get fixed capital investment subsidy in the following manner:-

Zone-A	25% of the fixed capital investment subject to the limit of Rs.25 lakhs.	In respect of Kalahandi district, 10% of the fixed capital investment would be paid as State Investment subsidy in addition to 15% Central Subsidy.
Zone-B	15% of the fixed capital investment subject to a total limit of Rs. 15 lakhs.	In respect of Balasore district, 25% of the fixed Capital Investment subject to the limit of Rs.25 lakhs.
Zone-C	10% of the fixed capital investment subject to a total limit of Rs. 10 lakhs.	

(iii) Electronics industries so declared by the State Electronics Development corporation and special class entrepreneurs will be eligible for 5% extra capital investment subsidy subject to the upper limit of Rs.5 lakhs.

**(D) CONCESSIONS RELATING TO SALES TAX.**

**(i) Exemption of Sales Tax on raw materials:**

All new village, cottage and small industries will be exempted from Sales Tax on purchase of spare parts of machinery, raw materials and packing materials for a period of 5 years from the date of their commercial production. All new medium and large industries will be eligible for similar facility for 3 years in Zone B and C and for 5 years in Zone A.

**(ii) Exemption of Sales Tax on finished product:**

(a) Products of all existing and new Khadi, village, Cottage industries and Handicrafts will be exempted from Sales Tax when sold by the concerned manufacturing units or sales outlets of authorized cooperatives/Government agencies, finished products of all existing and new electronics industries so declared by the State Electronics Development Corporation will also be exempted from Sales Tax.

(b) Products of new small scale industries will be exempted from Sales Tax for period of 5 years from the date of their commercial production.

**(iii) Sales Tax Deferment Scheme.**

New medium and large industrial units will be eligible to defer payment of Sales Tax collected on their finished products for a period of 5 years in Zones 'B' and 'C' and 7 years in Zone 'A' from the date of their commercial production. Deferred amount in

respect of each year would be paid in full after the expiry of the period of deferment, annually.

**(iv) Exemption of Sales Tax on finished products in lieu of deferment:**

In lieu of the Sales Tax Deferment Scheme, new medium and large industrial units can opt for exemption of Sales Tax on their finished products for a period of 3 years if located in Zones B and C and for a period of 5 years if located in Zone A, from the date of their commercial production.

**(E) INCENTIVES FOR ANTI-POLLUTION MEASURES:**

(i) Efforts would be made to increase awareness among the people about the impact of industrialization on the environment and to take adequate steps to preserve the purity of the environment.

(ii) A capital subsidy of 10% subject to a maximum upper limit of Rs.10 lakhs would be granted to the industrial units for installation of pollution control and monitoring equipments in their plants. This would be in addition to the normal capital investment subsidy available to the units but would be subject to certification by the State Prevention and Control of Pollution Board about the need for their installation.

(iii) Bhubaneswar has been declared as a pollution free industrial zone where sophisticated engineering, electrical and electronic industry which have no pollution potential will be allowed to come up. Efforts would be made to declare similar pollution free industrial zones in other parts of the State.

**(F) EXEMPTION FROM OCTROI:**

(i) Machinery and equipments required to set up a new industrial unit will be exempted from payment of the Octroi levy. Similarly, spare parts of machinery, raw materials and packing materials used by the new industry for a period of five years from the date of its commercial production will be exempted from payment of Octroi duty.

(ii) This incentive will also be applicable to the expansion/modernization projects, as defined earlier, provided that the use of machinery and equipments for the expansion programme is on basis of a separate expansion project report which has been duly appraised by financing institutions and provided further that separate accounts are maintained in respect of spare parts of machinery, raw materials and packing materials which go into the production process in respect of the expanded/modernized part of the unit.

**(G) INTEREST SUBSIDY:**

Special Class of entrepreneurs will get an interest subsidy at 1% on term loan for setting up industries in the State.

**D. SPECIAL STEPS FOR DEVELOPMENT OF ELECTRONICS INDUSTRY.**

(a) Bhubaneswar has been declared as a 'Software City'. The super-Computer for the Eastern Zone is being installed here as a part of the national informatics network. The Department of Electronics has plans for establishment of a computer peripheral complex and a dedicated earth station at Bhubaneswar.

(b) The computer Application Centre which has been set up by the Government of Orissa, is embarking upon an ambitious programme of development of software, both for internal use as well as for export. It would also take the lead role for development of adequate manpower in computer programming, systems analysis and computer data processing. It will also have the responsibility of computerising activities of Government

Departments and Public sector Undertakings in suitable areas. It will be the Nodal Agency for computer software development.

(c) (i) The Orissa State Electronics Development corporation will act as the Nodal Agency for promotion of electronic hardware and related industries. It would offer a package of assistance starting from preparation of feasibility reports to assistance in actual implementation of projects. It would coordinate with IPICOL, IIDCO, Computer Application Centre, Industries Department of the State Government and the Department of electronics, Government of India, on behalf of the entrepreneurs.

(ii) It will provide a fully equipped Research and Development Centre as well as adequate testing and quality control facilities in important electronic estates. To start with, a large scale electronic industrial estate would be set up in Bhubaneswar which will have the benefit of availability of the super-computer, Dedicated Earth Station, Research, Testing and Quality Control facilities of Orissa State Electronics Development Corporation and many other centralized facilities which would be set up in this estate.

(iii) This Corporation in collaboration with other Public Sector Undertakings such as Konark T.V., will organize development of Womens Co-operatives in different parts of the State for assembly of consumer electronic products. It would also encourage development of electronic assembly units in the decentralised sector by extending support for supply of raw materials through establishment of centralised raw material Banks. It will also take the responsibility for providing adequate marketing cover for the products of electronic industries in the decentralised sector.

#### **(E) DEVELOPMENT OF FILM INDUSTRY:**

(a) The Film Development Corporation of Orissa Ltd. will continue as a Nodal Agency for development of the film industry in the State. Steps will be taken to improve its resource base so that it can accelerate the rate of progress achieved both in the field of construction of cinema houses in the rural and semi-urban areas as well as production of films in the State.

(b) (i) Construction of Cinema halls will be treated as an industry under the State Industrial Policy for the purpose of capital investment subsidy.

(ii) The electricity tariff rate in respect of a cinema hall will be as applicable to a regular industrial unit.

(iii) The Orissa film Development Corporation will provide seed capital loan at the rate of 10% of the total cost of construction of low cost cinema houses in semi-urban and rural areas.

(iv) In deserving cases the Orissa film Development Corporation will extend guarantee on behalf of the entrepreneurs for the loan to be sanctioned by NFDC/Banks for construction of cinema houses in the State.

© In respect of new cinema houses, payment of entertainment tax by them to the State Government will be deferred for the first two years from the date of their commissioning. The deferred amount will be paid by them to the Government after a period of two years in two successive equal annual instalments

(d)(i) Production of film in the State will also be treated as an industry under this policy and become eligible for subsidy from OFDC as per the schemes formulated by them.

(ii) Soft loan assistance at nominal interest will be paid to the producers of films in the State subject to a maximum ceiling to be decided by OFDC from time to time.

In deserving cases, the Corporation will extend guarantee for the Bank loan sanctioned for the production of films.

(iii) Term loan to producers of Oriya Films upto 70% of the project cost but subject to a maximum ceiling to be decided by the OFDC from time to time, will be given.

In deserving cases, the Film Development Corporation will extend equity support and guarantee for repayment of loan to be sanctioned by NFDC for production of films.

(e) A colour processing laboratory near Kalinga Studio Ltd. will be established so as to make this complex full-fledged and self-sufficient.

(f) The Orissa Film Development Corporation will organize exhibitions of films in different parts of the State.

**F. HOTELS:**

(a) 'Hotels' will be treated as an industry and will be eligible for the incentives declared under this policy.

(b) Electricity tariff rates and incentives relating to power supply for hotel industry will be the same as applicable to a regular manufacturing industry.

Provided that only such hotel units as have been financed by State financing agencies will be eligible for this concession.

**G. DEVELOPMENT OF MINING INDUSTRY:**

The following assistance will be provided for mining activity in the private sector: -

(a) State Government will actively develop access roads and electricity transmission lines to mining areas where a cluster of small mines in the private sector could be developed.

(b) On a request from the lease holders of small mines, the State Government will organize survey, exploration and assessment of mineral deposit and testing of ore samples through the Directorate of Mining and Geology provided that the lease holder will deposit 50% of the actual cost of the operation to be assessed on a 'No profit and No loss' basis. The relief in each case would be limited to Rupees one lakh.

**H. INFRASTRUCTURAL ASSISTANCE:**

**(A) LAND:**

**(I) Government Land.**

Government land will be made available for industrial projects at the following concessional rates: -

	Area rate	Ground rate
<b>ZONE – 1</b> Cuttack including Jagatpur, Rourkela including Kalunga, Talcher-Angul including NALCO Industrial area, Bhubaneswar including Chandaka Industrial area.	Rs.50,000/-	1% of the land value.
<b>ZONE – 2</b> Paradeep, Choudwar, Berhampur, Chatrapur, Gopalpur, Barbil, Joda, Sunabeda, Jeypore, Sambalpur, Jharsuguda, Brajaraj Nagar, Baripada, Puri, Balasore, Municipal area.	Rs.25,000/-	1% of the land value.
<b>ZONE – 3</b> All other notified urban areas.	Rs.10,000/-	1% of the land value.
<b>ZONE – 4</b> All other areas.	Rs. 5,000/-	1% of the land value.

In the case of developed sites, the cost of development charges will be on 'no profit no loss' basis.

**(ii) Premium for Private Land acquired:**

The premium in respect of private land acquired either for IIDCO/or for establishment of any specific industries will be fixed on the basis of compensation amount involved.

**(iii) Allotment of subsidized industrial sheds:**

Built up sheds constructed by IIDCO will be available for small scale industries on outright purchase at a subsidy of 20% of the original cost of construction. This subsidy will be 25% for Zone B and 30% for Zone A.

**(iv) Industrial Housing:**

Government will endeavour to provide low cost industrial housing through IIDCO and other agencies by taking help of institutional sources.

**(v) Stamp duty and registration:**

No stamp duty/registration fee will be required to be paid in respect of land allotted by the Government to IIDCO and other industries. Similarly, no stamp duty and registration fee will be required in respect of transfer of land/shed by IIDCO to industrial units. This will also be applicable in respect of private land acquired for IIDCO which is subsequently allotted to industrial units.

**(B) WATER:**

(i) No water charge of royalty shall be levied in respect of water to be drawn by new industrial units from natural sources like river stream for a period of first five years and thereafter the water charge will be at half the rates prescribed for drawal of such water for irrigation purposes.

(ii) In case the water is drawn from any Government controlled irrigation sources, no water charge will be paid by any industrial unit for the first two years from the date of its commercial production. In the case of supply of water by Public Health Engineering Organisation or any other state agency/Municipal body, the water rate would be charged on 'no profit no loss' basis.

**(C) POWER:**

**(i) Exemption of Electricity Duty:** (i) No minimum charge will be levied in respect of industrial units with a contract demand upto 500 KVA. In other words, the energy bill will be made on the basis of average monthly consumption of energy. New units will also be exempted from payment of electricity duty for a period of five years from the date of power connection.

(ii) Industrial units with a contract demand between 500 KVA and 5000 KVA will be exempted from payment of 75% of electricity duty for a period of five years from the date of power connection if they are located in Zone 'A'.

The above exemption will be 25% in respect of the industries located in Zone 'B'.

(iii) Industrial units with a contract demand between 5000 KVA and 10,000 KVA will be exempted from payment of 50% of electricity duty payable for a period of five years from the date of power connection if they are set up in Zone 'A'.

**(iv) Captive Power Plants:**

New Captive Power Plants with a total capacity upto 30 MVA set up by industrial units will be completely exempted from payment of electricity duty in respect of power generated by them for a period of ten years from the date of their commissioning.

This exemption will be 75% for new plants upto a capacity of 120 MVA and 50% for plants with a capacity beyond 120 MVA.

While computing the total capacity, all the new power plants set up by a company in the State will be taken into consideration.

New generating sets of the capacity of 10 KW and above to be acquired by industrial units, both new and existing, will be eligible for a subsidy of 15% of its costs subject to a maximum limit of Rs.2 lakhs. This incentive will not be available for generating sets for which the unit is eligible get Central/State capital investment subsidy.

**1. MARKETING SUPPORT.**

(a) (i) During the initial phase of industrialization, in order to protect the nascent SSI units from outside competition, rate contract arrangement was made by which Government Departments and state controlled agencies purchased their requirement of rate contract items without inviting tenders.

(ii) Now that the state has made substantial progress in industrialization, a time has come to reconsider the usefulness of the rate contract arrangement in the present shape which tends to become counter productive. Perpetuation of a secured and sheltered market would not provide the incentive to SSI units to improve the quality of their products, their overall competitiveness and explore outside markets. In the context of the national policy of liberalising the economy and enhancing competitiveness of Indian Industrial products in the international market, there is a need for revising the policy of rate contract and taking measures which would be more conducive to improvement of quality and competitiveness.

(b) The policy of the State Government is to ensure that Government Departments and State controlled agencies purchase their requirement from manufactures inside the State. Under this policy products of the small Scale Units set up inside the State enjoy a facility for preferential purchases with a price preference of 15%. Medium and large industries inside the State will enjoy a similar facility for preferential purchase without the price preference available to small scale units inside the State. Such of the items for which rate contract has been fixed by the Directorate of Export Promotion and Marketing

would be purchased by the Government Departments and State controlled agencies at the prescribed rate without inviting tenders.

(c) Rate contract for specific items manufactured by the local small scale industries would be finalized from time to time by the Directorate of Export Promotion and Marketing following the procedure adopted by the D.G.S. & D. Under this system, to fix rate contract, open tenders would be invited among SSI manufacturers inside the State so as to ensure competitiveness of the products and quality. Rate contract will be made on the basis of the lowest offers, the costing structure obtained from these tenderers and market inquiries taking care to see that the rate contract is not beyond 15% of the prevalent market price. Efforts will be made to encourage industrial units to produce at all India market price so that their products can find a market outside the State.

(d) As far as practicable, orders would be equitably distributed among the competing units manufacturing inside the State if they agree to supply at the same rate and quality.

However, factors such as location of the industrial units nearer to the project site where the produces would be used, should also be taken into consideration while placing orders.

(ii) The agencies under the control of the Government would mean the following: -

State Government/Statutory Corporations/Statutory Boards/State Owned Corporation/Government Companies/Universities/Municipalities/NACs./State/Regional Development Authorities/Apex Co-operative Societies /Government Agencies/State Aided Institutions.

(iii) Small Scale industrial units having ISI certification for their products will be eligible to get a further price preference of three percent.

(e) The small scale industrial units registered with the Directorate of Export Promotion and Marketing will be exempted from paying earnest money when tendering to Government Departments and other agencies under the control of the Governments. They will be required to pay 25% of the normal security deposit if the value of the order does not exceed Rs.1.00 lakh and 50% of the normal security deposit where the value of the order exceeds Rs.1.00 lakh. The security deposit, in any case, shall not exceed one percent of the order value.

(f) Government Departments and agencies under their control receiving goods from SSI units shall pay 90% of the value of the goods within 7 days from the date of receipt and the remaining 10% within 60 days. Directorate of EPM and Nodal Committees at the District and State level will closely monitor prompt payment to SSIs and defaulting agencies/officers will be strictly dealt with.

(g) The DICs before issuing a permanent registration certificate, would ensure that the unit produces a satisfactory test certificate about its products from any of the Testing Laboratories maintained by the Director of Export Promotion and Marketing.

(h) On the basis of this policy formulation, Director, EPM, will issue detailed guidelines indicating the items to be reserved for rate contract agreement and others kept for open tendering.

(i) Testing and quality control laboratories will be strengthened and set up at important industrial centres for the facility of entrepreneurs.

#### **(J) SUPPLY OF RAW MATERIAL.**

(a) Industrial raw materials which are under the control of Government like a forest produce, minerals etc. will be made available to consuming industries of the State on the basis of a firm schedule of price or royalty on a long term basis. Long term lease holders of forest areas will have to undertake plantation in their lease hold areas in accordance with the plantation policy of the State Government.

(b) The Orissa Small Industries Corporation will also assist small scale industrial units in getting their requirement of raw materials such as iron, steel, aluminium and other imported and scarce items through their depots in the State.

© Products/by-products and waste materials of State Government Departments, State Undertakings and other joint sector projects promoted by promotional agencies of the State which can be utilised as raw material for other industries such as waste cotton, industrial scraps, alcohol etc. will be made available to the industrial units on a preferential basis. Similar efforts will be made in respect of by-products and waste materials of Central Public Undertakings in respect of ancillary/ downstream units.

#### **K. REVIVAL OF SICK INDUSTRIAL UNITS:**

(a) Directorate of Industries in respect of small scale units and OSFC / IPICOL in respect of medium and large units would periodically monitor the progress of the existing industrial units.

(b) A state Level Inter-Institutional Committee has been constituted to consider the proposals of a Sub-Committee constituted under the Chairmanship of Director of Industries which recommends suitable rehabilitation measures in respect of sick but potentially viable small scale industrial units.

A similar Sub-Committee with Chairman, IPICOL as its head will be constituted which will consider the proposals for revival of sick but potentially viable medium and large scale industrial units.

Proposals of both the sub-Committees will be placed before the State Level Inter-Institutional Committee whose recommendations will be considered by the Government.

The decision of the Government shall be implemented by all Departments of Government and other promotional agencies.

**L. MISCELLANEOUS:**

**(A) FUNCTIONAL INDUSTRIAL ESTATES:**

Functional industrial areas/estates in the fields of electronics and computers, electrical and domestic appliances, ceramics, plastics and polymers, chemicals, leather, drugs and pharmaceuticals will be set up at suitable places in the State for development of these categories of industries and related ancillary and downstream items in clusters, Common facilities such as quality testing and research laboratories, processing houses and special infrastructural requirements would be set up in such centres so that there is harmonious growth in inter-related manufacturing activity with proper linkages.

**(B) PROMOTION OF ANCILLARY AND DOWNSTREAM INDUSTRIES:**

Steps will be taken to promote ancillary and down-stream industries for the major industrial projects in the State in the public, joint and private sectors.

Efforts would be made to ensure full participation of the Mother industry and the ancillaries in this endeavour.

**(C) PROJECT IDENTIFICATION:**

Consultant efforts would be made to identify new areas of industrialization and formulate project proposals for entrepreneurs. IPICOL, OSFC, State Electronics Development Corporation and Directorate of Industries will identify new thrust areas for industrialization in the State in the coming decades. A State Level Committee under the Chairmanship of Secretary, Industries Department, will be constituted to streamline and co-ordinate efforts in this directions.

**(D) AWARDS FOR PERFORMANCE:**

The performance of industries will be evaluated every year and on the basis of this evaluation suitable awards will be given by the State Government for outstanding achievements.

**(E) ADVANCED TRAINING CENTRES:**

The State Government in collaboration with industries, will endeavour to establish advanced craftsmen training centres and foremen training centres in different parts of the State to upgrade the skills of craftsmen and technicians employed in industries.

**(F) ARTISAN SECTOR:**

Efforts would be made to strengthen the cooperative net work in the artisan sector. The Block level Artisan Multipurpose Industrial Cooperative Society (AMICS) and the Gramodyoga Marketing Cooperative society (GMCS) at the district level would be strengthened so that they can play their role effectively for raw material supply to the primary cooperative societies and marketing of their products. At suitable places raw materials banks would be set up to facilitate supply of raw materials to the artisans. On the marketing side, efforts should be made by the State level agencies such as Orissa Handicrafts Cooperative Corporation and Orissa small Industries Corporation to export the products of artisan and handloom sector outside the State.

**(M) GENERAL POLICY APPROACH:**

- (a) With a view to catalyzing the maximum number of industries in the State with the funds available for equity participation in new projects at the disposal of promotional Government agencies, the emphasis would be more on private sector projects and joint venture projects and less on public sector and joint sector projects.
- (b) Keeping in view the emphasis on forest conservation, new wood-based industries would not ordinarily be encouraged unless the units make arrangement for raising plantations in accordance with the plantation policy of the State Government or for import of wood from outside the State of Orissa to meet their long term raw material needs.
- (c) Keeping in view the over-all power situation in the State, the thrust would be on establishment of industries requiring less power. Power intensive industries would not ordinarily be encouraged unless they are prepared to set up captive power generation to meet their own requirement. All possible assistance and support would be given for establishment of Captive Power Plants.