

## **INDUSTRIAL POLICY – 1980**

The State of Orissa is rich in mineral, marine and forest resources. Its vast mineral deposits, extensive coastline, lush green forests and varieties of agricultural products provide an ideal base for rapid industrialisation of the State. During the last 30 years investment in industries and infrastructure has created an industrial base but a dynamic industrial culture is yet to emerge. The vast resources of the State have to be efficiently harnessed for creation of a sound industrial base.

2. The State is committed to an integrated economic development within a fixed time frame through efficient development of resources for optimum growth. A co-ordinated push will be given to promotion of major, medium and small industries so that each sector promotes and nourishes the other. Greater emphasis would be given to mineral based, engineering and agro-based industries. Effective steps would be taken to provide infrastructure in all areas for industrialization as per the availability of raw material and other locational ensured through dispersal of investment. While ensuring rapid industrialisation, special priority would be given to employment generating investment and to industries which seek to utilize mineral, chemical, marine and agricultural resources of the State.

3. The State Government would implement a policy of growth with social justice. A concerted drive will be launched to attract massive Central Sector / Public Sector Investment in the core sector industries. All facilities will be provided to attract private sector capital for large, medium and small industries. The State will provide adequate infrastructure facilities for industrial growth.

4. In the underdeveloped States like Orissa where labour is abundant but capital is scarce, concerted effort has to be made to develop small scale industries to solve the problem of unemployment. This is feasible only when big industries act as mother industries and provide supporting arm to small scale industries. Therefore, special emphasis shall be given on development of ancillary industries around large and medium industries.

5. There is a large number of artisans and craftsmen in different areas of the State. Their products have rightly won acclaim and popularity not only in our country but also abroad. The Silver Filigree workers of Cuttack, horn-workers of Parlakhemendi, Patt-painters of Puri and toy-makers of Baragarh are carrying on a century old tradition which reflect the culture and ethos of the State. It shall be the endeavour of the State to provide all assistance to such artisans and craftsmen in shape of raw materials, credit and marketing facility. The products of handloom weavers of Orisa are famous for their tie and dye design. Special efforts will be made to develop the handloom industry as it is part of the 20-Point Programme enunciated by our Prime Minister. The weavers and artisans will be brought into the co-operative fold and their requirement of credit, raw materials shall be met. Efforts should be made to upgrade their technology through training and supply of improved tools. Working of the various State Level Corporations and Co-operatives will be streamlined so that they provide effective marketing support.

6. For successful implementation of the Industrial Policy, the State Government attaches considerable importance to development of technical man-power. Through a number of Engineering Colleges, Schools and Technical Institutions, training would be imparted to local young men in various modern disciplines and a variety of

skills so that when different types of industries are to set up in the State, the entrepreneurs will not have to seek man-power from outside the State.

7 (i) From time to time the State Government have announced various fiscal and financial incentives; yet so far the growth of industries has been slow. The State Government, therefore, feel that along with the incentives, certain administrative measures have to be taken to streamline the existing organizational set up so that the pace of industrialization will be accelerated. At present an entrepreneur has to visit various functionaries for getting allotment of land, sanction of loan, supply of water and electricity, etc. This is time consuming. And time is an important element of cost of a project. The State Government have, therefore, decided to set up a Single Point Contact Forum which will known as Industrial Co-ordination Bureau. The Bureau shall function in the IPICOL House and would ensure that all applications for land, power, loan, etc., are disposed of within a period of 21 days. The District Industries Centres would be strengthened and vested with adequate powers so that for the small scale industries they would also function as a Single Point Contact Forum. Entrepreneurs in small scale unit will get all assistance from the District Industries Centres and will not have to run to various agencies located at the State headquarters. To remove the bottle-necks a High Level Nodal Committee headed by the Chief Secretary and consisting of Secretaries of different departments shall be constituted which would meet frequently and review the progress of industrialization.

(ii) Many Indians living abroad have shown a keen interest to invest in India. In order to give wide publicity to various incentives offered by the State Government and to encourage such persons to invest in Orissa a Foreign Investment Division will be set up in IPICOL.

(iii) The State Government has also decided to set up an Infrastructure Development Corporation which would develop sites, construct industrial sheds, provide water-supply even housing facility for industrial workers. Activities of IPICOL and OSIC relating to infrastructure development shall be taken over by this new corporation. The State Government has announced a number of fiscal and financial incentives. Government sincerely hope that all entrepreneurs would take full advantage of the concessions and set up industries in the State.

The State Government would like to assure the entrepreneurs that their problems would receive attention at the highest level and no effort will be spared to solve their difficulties at the earliest possible time. Industrialization is not an end in itself; it is an integral part of our overall strategy to achieve economic growth with social justice. As we enter the eighties a new decade of destiny begins.

1. Promotional Agencies of State Government would provide feasibility and project reports free of cost to village and cottage industries.

2. In case of Small Scale Industries the actual cost of preparation of feasibility report will be borne by the State Government subject to maximum of 1 per cent of the fixed assets. Where project / feasibility reports are prepared by promotional agencies of the State Government or through them through their approved consultants, the entrepreneurs will provide 25 per cent of the cost as security deposits, which will be refunded after the project is implemented in the State. Where the entrepreneur obtains a feasibility report from his own source, the actual cost of feasibility report up to a ceiling of 1 per cent of the fixed assets will be reimbursed after the project is implanted in the State.

3. The State Government would also reimburse the entire cost of preparation of project / feasibility report to the entrepreneur for setting up medium and large industries in the State subject to a maximum of 1 per cent of the fixed assets when that is less than a sum of Rs.1 crore or Rs. 1 lakh plus ½ per cent of the additional fixed assets beyond Rs.1 crore, subject to a maximum limit of Rs.3 lakhs. The entrepreneur shall deposit 25 per cent of the admissible cost of the preparation of project / feasibility report as security deposit if the reports are prepared by Promotional Agencies of State Government or through them through their approved consultants. This will be refunded to him after the project is implemented in the State. Where the entrepreneur obtains a feasibility / project report from his own source, the cost of preparation of the reports will be reimbursed after the project is implemented in the State.

Subsidy to the extent of 75 per cent of the lump sum know-how fees charged by National Research and Development Corporation, Regional Research Laboratories and Organisations recognized by Government / Government agencies imparting technical know-how shall be allowed to small scale industrial units subject to maximum of Rs.20,000.

New Industrial units and existing units going for expansion shall be eligible for 15 per cent subsidy on fixed capital investment subject to a limit of Rs.15 lakhs in all the districts of the State. In the districts where this facility is not available under the Central Investment Subsidy Scheme the subsidy will be provided by the State Government on the same terms and conditions as in case of the Central Investment Subsidy.

Educated unemployed entrepreneurs setting up small scale units and occupying build-up sheds shall be entitled to rent subsidy for 4 years at the rate of 100 per cent for the first two years, 50 percent for the third year and 25 per cent for the fourth year. Built-up sheds shall also be available for outright purchase by all entrepreneurs of small scale industrial units or on hire purchase basis on easy installments. 20 per cent of the cost of the shed shall be given as subsidy in case of outright purchase and 15 per cent as subsidy on hire purchase.

Machinery and spare parts of new industrial units and existing units going in for expansion shall be exempted from payment of Octroi. Raw materials used by industries shall also be exempted from payment of Octroi for a period of 5 years from the date the industry goes into production.

Industrial co-operative will get interest subsidy at the rate of 4 per cent for availing loan from financial institutions.

Industries will be exempted from payment of stamp duty and registration charges for Government land and building.

New Village, Cottage and Small Scale Industrial units certified by the State Government shall be exempted from sales tax for 5 years on purchase of machinery spare parts, raw materials and packing materials.

New SSI units shall also be eligible for interest-free sales tax loan equivalent to the sales tax paid within the State by the unit during first five years subject to maximum annual limit of 10 per cent of the capital invested, but not exceeding rupees one lakh annually. This loan shall be repaid after 5 years of each year's drawl.

Large and Medium industries whether new or intending to expand or diversity shall be eligible for interest-free sales tax loan equivalent to the sale tax paid within the State by the units during the first five years subject to an annual maximum limit of 10 per cent of the capital invested but not exceeding Rs.25 lakhs per year. The loan shall be repaid after 10 years of each year's drawl.

(i) For water drawn from natural sources like river or stream, no water charge or royalty shall be levied for the first 5 years and thereafter the levy will be half the prescribed irrigation rates.

(ii) No water charges or royalty shall be levied for the first two years of commercial production for water drawn from any irrigation source. Water charges / royalty shall be levied at the rate prescribed in irrigation rules after expiry of the period of two years.

(iii) Water supplied by the PHD or any other State agencies shall be charged at "no profit no loss basis".

(i) In order to eliminate procedural delay and facilitate speedy sanction of leases to the entrepreneurs premium and ground rent shall be charged from all categories of industries at the following concessional rates for Government land :

Area	Area rate	Mode of premium payment	Ground rent.
1. Bhubaneswar, Cuttack-Jagatpur, Choudear, Paradeep, Rourkela, Chatrapur, Berhampur – Gopalpur, Barbil-Joda and Talcher.	Rs.2,500 per acre inside the Municipal area and within a radius of 8 kms. Of Municipal / N.A.C. area.	Three equal annual instalments.	10 per cent of area rate.
2. All other Notified urban areas	Rs.1,250 per acre inside the said Notified area.	Two equal annual instalments.	10 per cent of area rate.
3. All other areas	Rs.625 per acre	One instalment	10 per cent of are rate.

(ii) Development cost in case of development sites on areas would be limited to the actuals calculated on no profit no loss basis and would be recoverable in 10 equal annual instalments.

(i) Industries coming under the OSEB's tariff rate schedule of "Small Industries", i.e. units whit connected load up to 20 KW shall be exempted from Electricity Duty for a period of 5 years from the date of supply of powers. No minimum charges would be levied in respect of these units for a period of 3 years from the date of supply. Minimum charge shall be calculated on yearly basis.

(ii) Industries coming under the OSEB's tariff rate schedule of "Large Industries", i.e. units with contract demand between 110 KVA shall be exempted from Electricity Duty for a period of 5 years from the date of supply of power.

(iii) Industries coming under the OSEB's tariff rate schedule of "Large Industries", i.e. units with contract demand between 110 KVA and 2500 KVA shall be eligible for interest-free loan equivalent to the Electricity Duty paid during each year up to 5 years from the date of supply of power. The loan will be repayable after 5 years of each year's drawl.

(iv) Industries coming under the OSEB's tariff rate schedule of "Large Industries", i.e. units with contract demand between 2500 KVA but not exceeding 5000

KVA shall be eligible for interest-free loan equivalent to 50 per cent of the Electricity Duty paid during each year up to 5 years from the date of supply of power. The loan will be repayable after 5 years of each year's drawl.

(i) The small scale industrial units registered with the Director of Industries shall be eligible to get a price preference up to 15 per cent for their products supplied to Government and semi-Government organizations.

(ii) The small scale industrial units having ISI certification for their products shall be eligible to get a further price preference of three per cent.

(iii) The small scale industrial units registered with the Directorate of Export Promotion and Marketing shall be exempted from paying earnest money while tendering to the Government and semi-Government organisations of the State Government. They shall also be exempted from payment of 50 per cent of security deposit for executing orders. The security deposit shall not exceed 1 per cent of the order value.

(iv) The Government and semi-Government organisations have been directed to purchase their requirement of products of SSI units without inviting tenders wherever rate contract agreement has been entered into by the concerned units with the Directorate of Export Promotion and Marketing.

90 per cent of payment to SSI units shall be made within 7 days by Government, semi-Government organisations and Public undertakings.

(i) Raw materials under the control of Government such as forest products, mineral and other sairats required by industries would have firm schedule of price and royalty for a period of five years.

(ii) Long-term arrangement for supply of raw materials by way of grant of lease or otherwise would be considered for forest and mineral based industries.

(iii) OSIC shall arrange to supply raw materials such as iron, steel and other scare items to SSI units.

Assistance would be provided to infrastructural development agencies to enable them to draw funds from institutional sources to take up housing schemes for industries-

(a) The incentives and facilities mentioned above are admissible to units starting production after the announcement of the policy.

(b) In case of expansion, the fixed capital investment should be not less than 25 per cent of the capital invested in the existing units on plant and machinery.

(c) The incentives and facilities mentioned above are not admissible to the following -

(i) Rice Mill, (ii) Flour Mill, (iii) Pulse Mill, (iv) Photographic studies, (v) Manufacture of Ice Candy and Ice Fruits, (vi) Laundry, (vii) Tailoring (other than manufacture of ready-made), (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 machined bakery) and any other industry which Government considers fit to be excluded from time to time.

(d) The incentives and facilities mentioned above are not normally admissible to undertakings wholly owned by Government or Government undertakings, whether State or Central and such cases will be separately decided on merits.

Administration of these concessions and incentives would be regulated as per procedures approved by the State Government.

This would come into force with effect from the 1<sup>st</sup> August, 1980.