



**Government of India
Ministry of MSME**

**REPORT ON THE
PERFORMANCE OF INDUSTRIAL ESTATES
AND GROWTH CENTRE IN ODISHA
August, 2018**



**Prepared by
Micro, Small and Medium Enterprises Development Institute
Government of India
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FOREWORD

The Micro, Small & Medium Enterprises Development Institute, Cuttack under the Ministry of Micro, Small & Medium Enterprises, Government of India has prepared a report on the performance of Industrial Estates and Growth Centers in the state of Odisha. The report is prepared by collecting the available information from IDCO, Bhubaneswar, Economic Survey published by the Directorate of Economics and Statistics etc in order to have a basic idea about the status, provisions, procedure for getting land, working of Industrial Estates and their contribution towards Economic development, general problems raised by the Industries Association and thereby suggesting the remedial measures for improvement.

The report provides useful information and a detailed idea of the industrial Estates of the State of Odisha. I hope this Report would be an effective tool to the existing and prospective entrepreneurs, financial institutions and promotional agencies while planning for development of MSME sector in the State.

I like to place on record my appreciation for **Shri N. C. Samal, AD(EI)** of this Institute for his concerted efforts to prepare this report under the guidance of Dr. Pragyanmita Sahoo, Deputy Director (EI) for the benefit of entrepreneurs and professionals in the state.

Cuttack,
Dated: 27th August, 2018

(Dr. S. K. Sahoo)
Dy. Director Incharge

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Chapter-I

Introduction

Ideally located on the eastern coast of India, Odisha is richly endowed with natural beauty and resources which easily make it the most promising state for economic investment. The state has chromite, nickel, manganese, iron ore, bauxite ore and coal deposits to the extent of 98%, 93%, 40%, 28%, 59%, and 24% respectively of the total reserves in the country which makes Odisha a favorite destination for investment in MSME sector. The presence of few large industries has created scope for ancillary and downstream industries in MSME sector.

Odisha's diverse agro-climatic condition which includes 10 agro-climatic zones and 8 major soil types is favourable for production of different types of crops, vegetables, fruits and spices. In the marine segment, the State is bestowed with coastline over 480 kms and is the 9th largest producer of fish in India. Although Odisha is country's leading producer of rice, pulses, vegetables, oilseeds, cotton and fruits, the agro and food processing industry is in a nascent stage. The agro-horticultural produce is marred by colossal waste and very low level processing. There is a huge potential for investment in the food processing sector under MSME, with abundant availability of raw materials like maize, pulses, oilseeds, okra, tamatto, citrus fruits, coconut, banana, mango and milk.

At present Odisha is having a major industry of Steel, Power, Aluminium, Cement, Mining, IT and Education. The State is having very good connectivity like Air port at Bhubaneswar and Jharsuguda, Ports at Paradeep, Dhamara and

Gopalpur along with more than 15 National Highways connecting Odisha with the rest of the country.

The last five decades have seen an unprecedented growth of the Micro, Small and Medium Enterprises (MSME) sector in this country. The new found dynamism is an important indicator of the possibilities that this sector presents and is an inspiration to many aspiring entrepreneurs. While on one hand the MSME sector has been churning out impressive employment opportunities for the youth of this country. It is also playing a key role in improving industrialization of the rural and backward areas. This in turn is helping in reducing the regional imbalances and in more equitable distribution of the National income and wealth. The contribution of the MSME sector in the Indian context is not only economic growth but also social development.

The past few years reveal that the contribution of MSMEs to the overall industrial production and GDP of the country has been consistent. While the total industrial production marks a 39% contribution, the GDP records it to nearly 6%.

The contribution of MSME to industrial production and GDP can be clearly envisaged if we look to the following measures taken by the government from time to time.

In energy sector Odisha is the first State in the country to take up power sector reforms to ensure stable and quality power at a reasonable cost.

The Odisha MSME Development Policy,2009 aims at broad basing the growth of MSMEs of the State in all potential sectors of the economy and thereby

widening opportunities for employment generation, revenue augmentation, exports and realizing the full potential of Micro, Small and Medium Enterprise sector of the state.

The Industrial Policy Resolution (IPR),2015 has been formulated after going through an elaborate interactive 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.

The MSME Department of Government of Odisha has brought out a new dedicated policy for food processing Industries called as Odisha Food Processing Policy,2013 which aims at value addition and waste reduction of the farm produce and thereby increasing the income of farmers, maximizing direct and indirect employment generation opportunities and increasing the flow of investment across the supply chain from farm to market.

The government has also initiated actions to evolve Odisha Export Policy for boosting up export turnover of the state. The policy aims at enhancing skills of exporters and helps them to compete in global market and facilitate adoption of cutting-edge technology.

The Odisha Procurement Preference Policy for Micro and Small Enterprises emphasizes on the mandatory procurement preference so as to broaden the marketing avenues for Micro and Small Enterprises of the State.

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. This is 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. IPICOL has been functioning as the State Level Nodal Agency (SLNA) and Technical Secretariat for SLSWCA. District Level Single Window Clearance Authority (DLSWA) is activated in all the districts. The Regional Industries Centres (RIC) and District Industries Centres (DIG) are effectively taking on the function of District Level Nodal Agency (DLNA).

For the Industrial development of the State, Industrial Estates have played a pivotal role by attracting more numbers of industrial ventures generating sustainable employment opportunities and thereby increasing income and living standards of the unemployed youths of the State.

Chapter-II

Scenario of Industrial Estates in Odisha:

Background:

Industrial development plays an important role in the development of a country in terms of creating maximum employment opportunity for both self employment and wage employment next to Agriculture in India. It ensures scaling manufacturing capabilities, curtail regional disparities, balance the distribution of wealth and thereby contributing to the GDP of the country most significantly. It has been recognized as the potential to drive inclusive and sustainable growth and ensure decent work for all for sustainable development. Micro, Small & Medium Enterprises is considered as the pillar of economic growth both in developed and developing countries of the world. So besides agriculture, Industrial development has become the main focus of each and every country.

Facilitating industrial investments through providing ready-to-use infrastructure is the core business of Odisha Industrial Infrastructure Development Corporation (IDCO). To this pursuit, a large number of industrial estates, industrial areas, IT parks, Theme parks have been established in different strategic locations of Odisha. Infrastructure facilities like roads, drains, power supply, water supply and other amenities have been provided. Developed plots and built-up sheds are allotted to entrepreneurs intending to set up their industrial ventures at attractive rates. The highlights of Industrial Infrastructure development in Odisha are:

- 108 Industrial Estates/Areas in strategic locations of the State.
- 04 Industrial Growth Centres at Kalinganagar, Jharsuguda, Chhatrapur and Kesinga.
- IID Centres at Khurda & Rayagada
- Ekamra Haat, Bhubaneswar
- Infocity, Bhubaneswar

The Single Window Mechanism at District and State Levels established under the Odisha Industries (Facilitation) Act, 2004 provides speedy clearance to the investment proposals of the entrepreneurs proposing to establish industries in the State. IDCO is a part of the Single window both at State and in District level.

- High Level Clearance Authority (HLCA) headed by the Chief Minister for projects above Rs.1000 crores.
- State Level Single Window Clearance Authority (SLSWCA) headed by Chief Secretary for projects between Rs.50 crores and Rs.1000 crores.
- District Single Window Clearance Authority (DSWCA) headed by the Collector for projects upto Rs.50 crores.
- Special Clearance Committees for IT & ITES, BT & Tourism Projects.
- Provision for Deemed Approval & self- certification.

Odisha is constantly striving to develop quality infrastructure facilities for industrial and economic growth of Odisha. Varied nature of required infrastructure support is met through development of industrial complexes, IT Parks, Theme Parks, SEZs etc.

Objective of Industrial Estates:

The main objectives of setting up of Industrial Estates are as follows:

1. To provide infrastructure and accommodation facilities to the entrepreneur.
2. To encourage the development of small scale industries in the country.
3. To decentralize industries to the rural and backward areas.
4. To encourage ancillarisation in surroundings of major industrial units and
5. To develop entrepreneurship by creating a congenial climate to run the industries in these estates/areas/township etc.

Definition:

An Industrial Estate is a group of factories constructed on an economic scale in suitable sites with facilities of water, transport, electricity, steam bank, post office, canteen, watch and ward, first aid and provided with special arrangements for technical guidance and common service facilities. In other words an Industrial Estate is a track of land which is subdivided and developed according to a comprehensive plan for the use of a community of industrial enterprises. Moreover an Industrial Estate is a planned clustering of enterprises, offering standard factory buildings erected in advance of demand and verity of services and facilities to the occupants. It is a place where the required facilities and factory accommodation are provided by the government to the entrepreneurs to establish their Industries there.

In India, Industrial Estates have been utilized as an effective tool for promotion and growth of Small Scale Industries. They have also been used as an

effective tool to decentralize industrial activity to rural and backward areas. Industrial Estates are also known by different names e.g. Industrial Region, Industrial Park, Industrial Area, and Industrial Zone etc.

According to P.C. Alexander,” An industrial estate is a group of factories, constructed on an economic scale in suitable sites with facilities of water, transport, electricity, steam, bank, post office, canteen, watch and ward and first aid, and provide with special arrangements for technical guidance and common service facilities.

In the opinion of Bredo,” An industrial estate is a track of land which is subdivided and developed according to a comprehensive plan for use of a community of industrial enterprises”.

The United Nations (1963) has defined an industrial estate as” a planned clustering of enterprises, offering standard factory buildings erected in advance of demand and variety of services and facilities to the occupants”.

An Industrial Estate can be defined as a place where all the required facilities and factory accommodations are provided by the Government to the entrepreneurs to establish their industries.

Types of Industrial Estate:

Industrial Estates are classified in various bases.

1. On the basis of functions

2. On the basis of organizational set up.
3. On the basis of the other Variants.

1. **On the basis of functions:**

On the basis of functions, Industrial Estates are broadly classified into two types.

- a) General types
- b) Special type Industrial Estates

General types of Industrial Estates are also called conventional or composite Industrial Estate. These Industrial Estates provide accommodation to a wide variety and range of Industrial concerns.

Special types of Industrial Estates are constructed for a specific industrial units where are vertically or horizontally independent.

2. **On the basis of organizational set up:**

On the basis of organizational set up, industrial estates are divided into four types.

- a) Government Industrial Estate
- b) Private Industrial Estate
- c) Corporate Industrial Estate
- d) Municipal Industrial Estate

3. **On the basis of other variants:**

On the basis of other variants Industrial Estates are classified into three types.

- a) Ancillary Industrial Estates
- b) Functional industrial Estates
- c) The Workshop-bay

a) **Ancillary Industrial Estates:**

In such Industrial Estates only those small scale units are housed which are ancillary to a particular large industry.

b) **Functional industrial Estates:**

Industrial units manufacturing the same product are usually housed in those Industrial Estates. These Industrial Estates are also served as a base for expansion of small units into large units.

c) **The Workshop-bay:**

Such types of Industrial Estates are constructed mainly for very small firms engaged in repair work.

Scope of the Study:

The scopes of the report are as follows:

1. To access the current status of Industrial Estates of Odisha
2. To ascertain the significance of Industrial Estate and Growth Centres in the overall industrial development of the State.
3. To find out the profile of number of MSME unit in the Industrial Estates.
4. To explore the possibility of developing new industrial ventures.
5. To examine the constraints faced by the industrial units, reasons of their existence and thereby.
6. Providing suitable suggestions, remedial measures for retention.

Methodology:

1. Secondary data to be collected from IDCO & OSIC.
2. Reference made from Odisha Industrial Policy, Odisha Economic Survey.
3. Inputs collected from Odisha Industries Association regarding problems faced and thereby suggesting remedial measures for improvement.

Growth Centres:

The nuclei or central settlements within a region which provided essential services and opportunities for growth around their respective areas in a successive manner are growth centers. Each Growth Centre is equipped with its own special infrastructure. This is related to key service instructions providing amenities and services like health, education, administration, community life, transport,

communication and marketing. Amenities including water and electricity, irrigation, agricultural implements and seeds, manure and labour also became part of resources available at growth centres. Growth Centres to a sufficient extent provide a bridge between a small village and a large town or even a metropolis.

In India people of all status and of all areas are not equally benefitted by special opportunities as economic opportunities along with distribution of resources are generally restricted to large cities and towns. Moreover although India is a country of villages but paradoxically villages have been most neglected as far as facilities for life are concerned and rural areas are devoid of opportunity for development. So there is a need for ameliorating the condition of neglected areas, downtrodden people of the country from a considerable size of population of villages and even small towns. These settlements have poor accessibility with the areas where opportunities may be available and do not possess linkages either with towns or large villages where the required services may be utilized within their means based on cost-benefit principle.

These circumstances need spatial distribution of centres and the nature and degree of amenities and services available there. There is also a need for their re-alignment and linking them to the areas where need is imminent.

So such Growth Centre is equipped with its own special infrastructure. This is related to key service institutions providing amenities and services like health, education, administration, community life, transport, communication and marketing facilities.

Five Growth Centers, three at Bolangir district, and one each at Jharsuguda and Kalahandi district have been declared by the government of Odisha.

Other Industrial Infrastructure of Odisha:

Auto Park at Mania:

IDCO is developing one Auto Park (Auto Plaster) at Mania village near Choudwar for promotion of auto- related industries. M/s. RSB being the anchor Industry. Ac. 700 of land is under acquisition/allenation for the project. Project development activities have been started. Provision of power to the project has already been made.

PCPIR, Paradeep:

An SPV namely Paradeep Investment Region Development Limited has been formed for development petroleum & petrochemical industries at Paradeep region. Indian Oil Corporation Ltd. And Paradeep Port Trust have been requested to join the SPV. M/s. IL & FS have been entrusted with preparation to project documentation. Government of India has been requested for approval of the project. Leveraged upon 15 MTPA refinery of IOCL, PCPIR would have dedicated zones for ancillary and downstream industries in petroleum and petrochemical sectors. Land acquisition process started.

Industrial Park:

An Export Promotion Industrial Park at Bhubaneswar is being set up with the assistance from Central Government under the EPIP Scheme of Ministry of Commerce with a view to promote export oriented industrial units. The project is in the advance stage of completion. 7 nos. of units including M/s. Infosys Tech. Ltd., Bangalore have been allotted land. The park has been renamed as “INFOCITY” and earmarked for establishment of IT industries only.

Aluminium Park:

An exclusive state-of-the-art industrial park for ancillary and downstream industries for alumina and aluminium is coming up at Angul by NALCO. 223 acres of exclusive ecosystem for downstream and ancillary set up through a joint venture. USD 29 million investment in infrastructure. Amidst a existing vibrant industrial eco system adjacent to NALCO facility. Fir-of-its-kind in the sub-continent with a facility for directly obtaining molten aluminium from the smelter.

Special Economic Zone (SEZ)

As per the decision of the Government of India, the Special Economic Zones (SEZ) are to be set up in different places of the country in order to facilitate promotion of Export Oriented Units. Paradeep, Gopalpur and Chandaka have been selected for the status of Special Economic Zone.

Software Complex, Bhubaneswar

Bhubaneswar has been a unique destination for investors from within and abroad for electronic project. IDCO has taken steps to provide built up space with modern amenities for development of software technology in the state to accommodate different software companies at Bhubaneswar.

Convention Centre

Government of Odisha has decided to establish a Convention Centre at Bhubaneswar, so that National and International Seminars, Conferences and cultural events can take place in Odisha.

Common Facility Centre

There is a proposal of IDCO for establishment of a common Facility Centre at Bhubaneswar which will help testing of different materials used in industries such as paints and varnishes, electrical hardware, transformers and transmission line and materials etc. This project will be fully funded by the Central Government.

Food Processing Park, Khurda

A food processing park has been established in Khurda under the scheme of Govt. of India in the ministry of Food processing Industry. The park has been developed over 100 acres of land. National Level units like Britannia, Maggi and Denzong Breweries have been undertaking manufacturing in the Park.

Food Processing Park, Rayagada

Another food processing park is being implemented in Rayagada under the scheme of Government of India in the Ministry of Food Processing Industry. The park has been developed over 50 acres of land and with an investment of Rs. 80 crore. This is a big step to give a boost to food processing as well as to Entrepreneurship in the backward area like Rayagada district of the State.

Growth Centres

IDCO has already taken steps to establish four growth centres at Duburi (Kalinga Nagar), Chhatrapur, Jharsuguda & Kesinga. Preliminary activities like land acquisition, planning and designing etc. have been started. For each centres, about 1000 acres of land will be developed.

IID Centres

In pursuance of the Industry Policy measures for promoting and strengthening small and tiny village enterprises announced on 6th August, 1991, the Integrated Infrastructural Development (IID) Scheme has launched in 1994. The scheme covers districts which are not covered under the Growth Centres scheme. The aim of the IID scheme is to provide developed sites with infrastructural facilities like power distribution network, water, telecommunication, drainage and pollution control facilities, roads, banks, raw materials, storage and marketing outlets, common service facilities and technological back up services etc. The scheme covers rural as well as urban areas with a provision of 50% reservation for rural areas and 50% industrial plots to be reserved for tiny sector. The scheme also

provides for upgradation/strengthening of the infrastructural facilities in the existing old industrial estates. IID scheme has been subsumed in the MSE-CDP scheme of O/o. DC(MSME), Ministry of MSME, Govt. of India, with all its existing features. However, pending finalization of guidelines, the proposals for IID centres are being dealt under the existing scheme.

Under the scheme, the State/Union Territory Government concerned or a body under it with good track record and sound financial position or a good NGO having a sound financial position is required to select suitable sites, firm up the project proposals and get the project appraised from SIDBI. The high powered committee under the scheme in the Ministry of MSME, Government of India considers the proposals only after recommendation of SIDBI becomes available.

Urban Hat Project

The objective of the project is to provide adequate direct marketing facilities at a prime urban location for the craft persons/weavers who can sell their products directly to the customers eliminating the middlemen in the business. The urban hat has been set up over an area of 5 acres of land. Urban hat at Konark has been completed and commissioned.

Development of Ports

The Integrated major port at Dhamara has been developed and in Phase-I, DPCL has constructed two fully mechanized berths of 350 meters each along with back up facilities for handling ports of cooking coal, steam/thermal coal, limestone and export of iron ore, Phase-I also includes a 62 kilometers rail link from Dhamra

to Bhadrak/Ranital Link Cabin. The master plan of the Port envisages 15 berths, capable of handling more than 100 million MT per annum of dry bulk, liquid bulk, break bulk, containerized and general cargo. The existing port at Gopalpur will be developed into an all weather port through private participation.

Chapter-III

Present Status of Industrial Estates in Odisha:

Facilitating industrial investments through providing ready-to-use infrastructure is the core business of Odisha Industrial Infrastructure Development Corporation (IDCO). To this pursuit, a large number of industrial estates, industrial areas, IT Parks, Theme Parks have been established in different strategic locations of Odisha. Infrastructure facilities like roads, drains, power supply, water supply and other amenities have been provided. Developed plots and built-up sheds are allotted to entrepreneurs intending to set-up their industrial ventures at attractive rates. The highlights of Industrial Infrastructure development in Odisha are:

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- Infocity, Bhubaneswar

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Ongoing Projects

- Infocity IT SEZ, Bhubaneswar
- Knowledge Park SEZ & Integrated Township
- ITES/BPO SEZ in Mancheswar Industrial Estate (Bhubaneswar) with GENPACT as Anchor Tenent & Co Developer
- Apparel Park, Khurda
- Multi-product SEZ at Paradip
- Sector specific SEZ at Kalinganagar
- Industrial Water Supply for Gopalpur
- Industrial estates for ancillary & downstream industries.

Upcoming Projects

- Special Tourism Area, Puri
- Corporate & IT Tower, Bhubaneswar
- IT Towers at Rourkela and Berhampur

- Urban Haats at Konark and Puri
- Petrochemical and Chemical Investment Region (PCPIR) at Paradip
- International Convention Centre, Bhubaneswar
- Handicraft & Handloom Cluster
- TSDF
- Industrial Estate for Auto and Auto component
- Bio-IT park etc.

Out of the 30 districts of Odisha, three districts namely Deogarh, Malkangiri and Nawarangpur have no Industrial Area, Industrial Estates, Growth Centres. A total number of 108 Industrial Area/Industrial Estate/Growth Centres are spread over the remaining 27 districts of Odisha. Khurda district is having the largest number of Industrial Estates/ Industrial Area/Growth Centres i.e 20 followed by Balasore and Cuttack, 7 each, Bolangir 7, Sundargarh 6, Ganjam, Keonjhar and Dhenkanal 5 each, Mayurbhanj, Kalahandi and, Jagatsinghpur 4 each, Angul, Jajpur, Nuapada, Sambalpur and Koraput 3 each, Jharsuguda, Kendrapara, Nayagarh, Puri, Rayagada, Bargarh and Bhadrak 2 each and Subarnapur, Kandhamal, Boudh and Gajapati districts are having only one Industrial Estates each. The other districts of Odisha do not have any Industrial Estates in Odisha.

The year of set up of Industrial Estates, per acre cost of land, total area, area allotable, area already allotted, total sheds in each Industrial Estates, sheds allotted and the number of units are given in tabular form below.

STATUS OF INDUSTRIAL ESTATES IN ODISHA

Sl. No	Name of the district	Name of the GC/IE/IID/IA	Year of set up	Rate per acre	Utilisation details					
					Total area	Allottable	Allotted	Total Sheds	Sheds allotted/ used otherwise	Number of units
1	2	3	4	5	6	7	8	9	10	11
1	Balasore	IID, Somnathpur	2009		458.610	458.610	454.490	0	0	40
2		IE, Baliapal	2009	4000000	25.000	25.000	0.44	14	2	2
3		IA, Srikona	2009	5000000	39.960	39.960	7.292	0	0	21
4		IE, Angergadic/ Balasore	2009	3000000	31.290	31.290	20.100	64	63	84
5		IA, Ganeswarapur	2009	3000000	64.300	64.300	48.030	0	0	53
6		IA, Panpana	2009	4000000	8.000	8.000	0.012	0	0	10
7		IA, Bampada	2009		44.740	44.740	27.816	0	0	3
8		IA, Balgopalpur	2009	1000000	155.880	155.880	137.413	0	0	15
9	Bolangir	IE, Titlagarh	2009	1000000	17.460	17.460	9.093	15	11	17
10		IE, Kantabanji	2009	1000000	9.470	9.470	8.523	6	6	2
11		IA, Patnagarh	2009	1000000	10.290	10.290	0.000	0	0	0
12		GC, Bolangir (Zone-A)	2011	7000000	13.460	13.460	8.513	17	17	30
13		GC, Bolangir (PH-I) Madhiapali	2011	6000000	159.130	159.130	73.386	0	0	52
14		, Bolangir (Zone-B)	2009	6000000	89.580	89.580	60.534	0	0	43
15		GC, Bolangir (PH-II) NIDI	2017	6000000	430.570	395.890	156.620	1	0	6
16	Boudh	Manamunda.	2012		381.730	381.730	154.87	4	2	1
17	Bhadrak	IE, Bhadrak	2009	2000000	20.700	20.700	12.600	10	10	21
18		Ampro	2012		5.000	5.000	1.720	0	0	5
19	Cuttack	IA, Athagarh (Ankula)	2009	1000000	8.630	8.630	0.600	0	0	6
20		IA, Nuasasan	2009	1000000	45.000	45.000	17.818	0	0	11
21		Athagarh (Rdpur)	2009	1000000	10.000	10.000	9.000	10	10	15
22		IE, Choudwar	2009	3000000	411.990	411.990	189.238	5	3	107
23		IE, Cuttack	2009	7500000	45.460	45.460	23.517	143	141	153
24		IE, Jagatpur (New)	2009	7500000	343.190	343.190	219.668	172	170	481
25		IE, Jagatpur (old)	2009	6000000	26.650	26.650	12.703	14	12	48
26		Nidhipur	2009		25.000	25.000	25.000	0	0	1
27	Dhenkanal	IA, Gundichapada	2009	1650000	459.100	459.100	373.880	0	0	15
28		IE, Bhuban	2009	1000000	20.000	20.000	15.716	65	65	7
29		IE, Kamakhyanagar	2009	1000000	5.000	5.000	0.000	0	0	0
30		IE, Korian	2009	15,50000	4.590	4.590	4.131	7	7	6
31		IE, Mahisapat	2009		37,290	37,290	8.427	23	22	31
32	Gajapati	IE, Paralakhemundi	2009	3.70.000	20.520	20.520	12.147	4	4	14
33	Jajpur	IE, Jarka	2009	2000000	20.000	20.000	14.700	10	8	37
34		Duburi IA	2014		0.000	0.000	0.000	0	0	0
35		Ambasar/Chhtraypur	2012		8.420	8.420	0.000	0	0	0
36	Jharsuguda	GC, Jharsuguda	2011	3000000	493.290	493.290	280.469	0	0	48
37		IE, Jharsuguda	2009	3000000	25.590	25.590	16.589	36	30	40
38	Kalahandi	GC, Kesinga (Kurlapada)	2009	10,00000	116.720	116.720	12.260	0	0	0
39		IA, Dakabahali, Bhawanipatna	2009	10,00000	5.500	5.500	3.280	0	0	4
40		IE, Bor da	2012	0 (NA)	5.000	5.000	0.000	0	0	0

41		IE, Kesinga	2009	1000000	18.500	18.500	10.419	6	5	31
42	Kandhamal	IE, Phulbani	2009	1000000	10.000	10.000	5.506	5	3	21
43	Khoradha	IA, Chandaka/SEZ	2009		985.320	985.320	720.794	0	0	471
44		IE, Bhagabanpur			94.260	94.260	72.216	0	0	90
45		IE, Bhubaneswar	2009	1,2500000	19.610	19.610	16.376	82	82	84
46		IE, Mancheswar	2009	1,2500000	425.393	425.393	341.200	254	254	623
47		Bio- Tec Park, Andharua			64.613	0	0.000	0	0	0
48		IA, Anlaptna(BBSR)	2012	3000000	72.905	72.905	56.209	0	0	5
49		IA, Chhatabar	2009	3000000	100.000	100.000	74.574	0	0	0
50		IA, Food Processing Park (Khurda)	2009	43,22000	161.800	161.800	132.986	0	0	93
51		IA, Gothapatna, BBSR	2012	3000000	94.740	94.740	89.710	0	0	5
52		IA, IID Centre, Khurda	2009	43,22000	139.610	139.610	100.753	0	0	89
53		IA, Info Valley, Janla	2012	6000000	500.210	500.210	57.919	0	0	1
54		IA, Janla, BBSR Tahasil	2009	3000000	13.000	13.000	9.080	0	0	21
55		IA, Jamadei	2012	4322000	43.940	43.940	29.182	0	0	13
56		IA, Kahaneipur, Banpur Tahasil	2009	1000000	10.000	10.000	2.000	0	0	0
57		IA, Kholdwara	-	4322000	50.470	50.470	44.523	0	0	13
58		IA, Ramachandrapur, Jatni Tahasil	2012	3000000	34.783	34.783	34.783	0	0	2
59		IA, Sarua, Khurda	2009	3000000	181.375	181.375	119.250	0	0	39
60		IE, Khurda	2009	43,22000	105.295	93.295	82.628	10	10	57
61		Seafood Park, IE, DERAS, BBSR	-	6000000	199.660	90.000	7.280	0	0	2
62	Angul	ID, Kengula	2009	1500000	5.000	5.000	1.032	0	0	3
63		IE, Angul	2009	8000000	14.750	14.750	10.991	27	27	25
64		IE, Talcher	2009	1000000	71.200	71.200	35.766	20	20	20
65	Kendrapada	IE, Balabhadrapur	2012	6,07,000	7.420	7.420	3.096	0	0	9
66		IE, Kendrapada	2009	20,00000	7.660	7.660	3.920	12	12	12
67	Ganjam	IA, Auto Nagar, Ph:I	2009	3000000	28.052	28.052	16.559	0	0	57
68		IA, Auto Nagar , Ph.II	2009	3000000	46.125	46.125	7.816	0	0	72
69		IE, Berhampur	2009	3000000	13.140	13.140	8.590	54	53	80
70		IE, Bhanjanagar	2012	1000000	17.993	17.993	0.000	8	0	0
71		IE, Chatrapur	2009	2000000	34.535	34.535	22.341	4	4	14
72	Jagatsinghpur	IA, Bodhei, Tirtol	2012	810000	10.520	10.520	2.755	0	0	8
73		IA, IID, Paradeep, Bhitargarh	2009	3000000	118.700	118.700	0.000	0	0	0
74		Udayabhal, Paradeep	2009	3000000	16.400	16.400	11.240	0	0	1
75		IE, Paradeep	2009	3000000	37.010	37.010	20.607	17	16	42
76	Keonjhar	IA, Bileipada, Barbil	2012	1000000	52.700	52.700	0.000	0	0	0
77		IA, Matkembada, Keonjhar	2009	2000000	171.765	171.765	129.210	0	0	12
78		IE, Barbil	2009	2000000	4.308	4.308	2.618	15	11	15
79		IE, Keonjhar	2009	2000000	9.950	9.950	3.918	5	5	6
80		IE, Sainkul	2012	12,14000	100.980	100.980	1.172	0	0	5
81	Mayurbhanj	ID, Hemchandrapur	2009	1000000	10.000	10.000	3.000	0	0	1
82		IA, Rairangpur	2009	1000000	312.000	312.000	53.302	12	12	19
83		IE, Chhancha	2009	1000000	24.330	24.330	5.300	25	14	56
84		IE, Takatpur	2009	1000000	12.965	12.965	0.300	24	24	37
85	Nayagarh	IA, Bada Bhuin	2012	1000000	5.000	5.000	0.688	0	0	1
86		IE, Nayagarh	2009	1000000	5.990	5.990	5.293	8	8	15
87	Puri	IA, Kurki	2012	2000000	105.000	105.000	85.315	0	0	4
88		IA, Palashree, Badaninigaon	2012	2000000	5.000	5.000	0.000	0	0	0
89	Rayagada	IID, Rayagada	2011	1000000	102.400	102.400	15.826	0	0	15
90		IA, Muniguda, Bisam Katak	2009	1000000	23.190	23.190	0.000	0	0	0
91	Sambalpur	IA, Basantpur	2012	8.10000	100.000	100.000	1.720	0	0	5
92		IA, Rengali	2009	1000000	21.170	21.170	0.480	4	3	1
93		IE, Sambalpur	2009	3000000	19.683	19.683	11.610	37	36	40

94	Subarnapur	IE, Badupali	2012	1000000	5.410	5.410	0.688	0	0	2
95	Sundargarh	Comm. Estate, Rourkela	2009	7500000	4.710	4.710	0.747	20	20	21
96		IA, Mandiakudar, Rajgangpur	2009	2000000	45.380	45.380	31.605	0	0	18
97		IE, Kalunga	2009	6000000	577.590	577.590	344.823	175	175	488
98		IE, Rajgangpur	2009	2000000	60.000	60.000	23.496	12	0	6
99		IE, Rourkela	2009	7500000	35.430	35.430	24.347	66	66	80
100		IE, Sundargah	2009	1500000	121.880	121.880	8.332	10	9	5
101	Koraput	IA, Kaki, Sunabeda	2009	1000000	20.270	20.270	1.434	0	0	4
102		IE, Chikapur, Sunabeda	2009	1000000	7.000	7.000	2.644	3	3	6
103		IE, Jeypore	2009	1000000	9.800	9.800	4.123	4	4	10
104	Nuapada	IA, Khariar Road	2009	1000000	3.800	3.800	2.660	0	0	7
105		IE, Khoksa, Nuapada	2012	600000	2.140	2.140	0.688	0	0	2
106		Khariar	2012		2.000	2.000	0.000	0	0	0
107	Bargarh	Bargarh	2009		6.000	6.000	4.800	6	6	16
108		Behera	2012		5.000	5.000	0.688	0	0	2
	Total				47,107.65	46,887.697	5351.523	1554	1475	4342

Source: IDCO, Bhubaneswar

The above table depicts that a total area of 47,107.65 acers of land was earmarked for the Industrial Estates/ Area of the state of Odisha out of which 46,887.697 Acers i.e 99.53% were allotable.

From the allotable land of 46,887.697 acers 5351.523 acers i.e 11.41% of land was allotted to different Entrepreneurs for setting of Units.

It clearly envisages that the required number of units have not come forward to set up Industrial ventures in the State till date which is a matter of concern.

The above table clearly shows that a total number of 4342 numbers of units had started their Units in different Industrial Estates/ areas.

As envisages from the above table that out of the total 1554 numbers of available sheds 1475 numbers of sheds have been allotted i.e (95 %). However effort may be made to attract new MSME units for occupation of sheds and thereby starting their units for full coverage.

As 3 districts of Odisha like Deogarh, Nawarangpur and Malkangiri have no Industrial Estates/Industrial Area, the Government of Odisha should made all efforts to establish/develop industrial Estates/Industrial Area with good infrastructural facilities, so that the entrepreneurs of those district can be greatly benefitted by starting their industrial units.

The reasons for closer of the unit or vacant are due to defaulted in payment of statutory dues, and non utilization.

It may be noticed that almost all the units functioned in Industrial Estates are MSME units except very few located in Jharsuguda, Khorda and Balasore district. 99% of the units established in different Industrial Estates are MSME units.

The Government of Odisha has taken all possible steps to establish Industrial Estates in the districts of Deogarh, Nawarangpur and Malkangiri as those districts have no Industrial Estates. The Industry Department, Government of Odisha has recently notified for setting up of Industrial Estates at Mouza Ambapua in the district of Ganjam, two more Industrial Estates in Mouza Champajhara and Kapileswarapur in Khordha district and in Mouza Bamani under Kodinga Tahasil in Nabarangapur district.

Implementation:

Steps to be taken for allotment of land in Industrial Estates:

1. Allotment of land/shed/shop in Industrial Estate to MSME Units:

All applications for allotment of land/shed/shops/buildings etc. shall be routed through the concerned District Level Single Window Clearance Authority (DLSWCA). IT/ITES related proposals shall be routed through OCAC. Similarly Tourism related projects shall be routed through the Directorate of Tourism. The following officers have been nominated as Nodal Agencies for the purpose of recommendation of land to IDCO.

- a) DTET – for Engineering/Technical Institution
- b) DMET- For Medical Colleges/Para Medical Institutions.
- c) Director of Higher Education – for +2 colleges, +3 colleges and Management discipline.
- d) Director, Secondary Education – For Schools.
- e) I&PR Department – For Printing and News papers
- f) Director, Industries – For Cold Storage and Wire.

Filing application for allotment of land/shed:

The project proponent will file the Preliminary Assessment form along with the connected documents with the District Level Nodal Agency (DIC) for project approval by the District Level Single Window Clearance Authority (DLSWCA). The District Level Facilitation Cell headed by General Manager, DIC shall assess the land and utility requirement for each of the project based on the information furnished by the proponent. In case of application of Green category of Industries/projects to be established in IDCO Industrial Estates. The Facilitation Cell will process and dispose the applications which will be rectified in the next meeting of the DLSWCA.

Appraisal Format for assessment:

An appraisal format has been developed by the High Level Committee incorporating certain broad principles based on which fresh allotment of land shall be considered by the DLSWCA.

Allotment of land/shed at Division level of IDCO:

After approval of DLSWCA, the proposals having requirement of land more than 1 (one) acres shall be recommended to IDCO Head Office for approval by the State Level Land Allotment Committee. The project proposals having land requirement of less than one acres shall be recommended by DLFC to concern Division of IDCO for allotment of land.

Internal timeline for allotment:

The Internal timeliness for dispersal of proposals has been decided as mentioned here under.

Activity	Timeline
Placement of proposals for allotment of land/shed in Industrial Estate/areas before LAC	To be placed in the next meeting of LAC after receipt of proposal from DLFC (After DLSWCA approval)/ Nodal Agencies after assessment of land
Date of holding LAC Meeting	15 th of every month
Issue of proceedings of LAC Meeting	Within 5 days of holding of LAC

Issue of allotment letter	Within 3 days of issue of LAC proceedings
Deposit of land cost	Within one month from the date of issue of allotment order
Execution of agreement to lease.	Within 15 days of receipt of land cost
Handling over possession	Within 15 days of execution of agreement

In case of land allotment is recommended by the DLFC after the approval of DLSWCA. The allotment letter shall be issued by the division head within 15 days. Thereafter the other timeliness, as mentioned above shall apply.

Broad category of MSMEs:

For broad category of MSME units such as Agro & Food based, Engineering and Metal based, Chemical based, Forest and wood based, Paper and paper based, livestock and leather based, plastic and rubber based, textile based, electrical and electronics based, glass and ceramic based, miscellaneous manufacturing, miscellaneous servicing and repair and service instead of specific product or services in line with registration certificate issued by IC. Land use for industries in Industrial Estates/areas shall be permitted.

Issue of allotment letter:

IDCO will issue allotment letter as per approval of DLSWCA/LAC to the MSME units in the prescribed format. The unit is required to pay processing fees of Rs. 5,000/-, land cost and stationery dues like IMC, Ground Rent and Cess at one go within 30days of issue of allotment letters.

Agreement:

IDCO shall allot land to the entrepreneurs/Industrial Units in the Industrial Estates/Area on lease/license for 90 years or the residual lease period whichever is less from the date of handing over possession as per term and conditions decided by the corporation. Subsequent allotment, as agreement shall be executed by the corporation with the allottee for land utilization for the project within the moratorium period i.e. 3 years from the date of handing over possession of land. The corporation shall allow the allottee/lessee for construction and utilization of the project within the moratorium period and shall consider to execute the lease deed with the lessee only after utilization of land for the project. After utilization of land, lease deed shall be executed between the corporation and the allottee for a period of 90 years or the residual lease period whichever is less from the date of handing over possession.

Rate of IMC:

The lessee is required to pay Annual Infrastructure Maintenance charges as depicted below:

Sl. No.	Category of Industrial Estates/Areas	Rate of IMC per acre per annum (as on 1.4.2012) (Rs.)
1	AA	10000
2	A	8000
3	B	6000
4	C	5000

Further, it has been decided that the above rate of IMC will be hiked @ 5% cumulatively per annum till its further revision.

Category of Industrial Estates in terms of infrastructure facilities:

Industrial Estates have been categorized depending upon infrastructure facilities envisaged which is stated below:

Sl. No.	Category	Infrastructure facilities envisaged
1	AA	2 lane pares road, water supply, power infrastructure including sodium vapor street light, arboriculture and pucca dias
2	A	Black topped road, water supply and power infrastructure including street light, drain could be provided in same area depending upon necessary bad economy of the concerned areas.
3	B	Road, either water supply or power infrastructure (without street light)
4	C	Only approach road and some internal roads
5	D	Raw land with no development

Interest and penal interest in case of delayed payments:

All dues of IDCO including land cost, HP dues, GR cess, FMC, water dues etc. will carry simple interest @ 12% per annum. In case of default in payment of any types of dues, penal interest @ 2% per annum shall be charged on. The defaulted amount for the defaulting period. Payment received will be first adjusted

towards arrear penal interest, ten towards arrear interest and balance if any towards the outstanding principal.

Long term agreement with reputed companies:

The entrepreneurs are permitted to enter into long term lease/ agreement with reputed companies in respect of social infrastructure projects. All such copies will be examined in head office for disposal.

Moratorium period for land utilization:

The allottee shall start civil construction within 6 months of allotment and utilize the land within a period of buyers from the date of possession. The corporation may allow extension of moratorium period in spells of one year each with realization of penalty. The corporation may decide the period of extension taking into account the extent of land to be utilized. In case the land has not been utilized in time and has been delayed for the reasons not attributable to the promoter. There will be no charge of penalty. However if such delay in land utilization is attributed to the promoter, penalty @ 1% of providing land cost for each year of delay shall be charged for the said extension. Beyond such extended period the allotment of land shall stand cancelled and the land will be resumed without any refund of land cost.

Resumption of land/shed:

IDCO shall have the right to resume the land, if the lease hold land/shed is not used for the purpose for which it was leased out beyond the moratorium period.

Divisional heads are empowered to issue show cause notices/cancellation orders on the grounds of violation of lease conditions without referring to Head Office.

Modalities for calculation of ground rent and cess of different units in Industrial Estates/Areas:

The following modalities for calculation of ground rent and cess of different units in Industrial Estates/Areas as approved by the Board of Directors of IDCO are as follows:-

1. The ground rent and cess in Industrial Estates/Areas should be charged by IDCO as per the instructions of Govt. in Industries Department issued at the rate of 1% of the land value excluding the development cost pro rate.
2. In case of existing allottees, the ground rent and cess should be revised only on revision of the same by government.
3. In case of new allotment, the ground rent and cess should be charged at the prevailing land value as envisaged in the Govt. Circular No. 26186 dtd.19.06.1996.
4. The practice of charging enhanced ground rent and cess by IDCO from the lease in Industrial Estates/Areas at the time of post allotment request like change of name, change of activities which does not entail, any enhancement in land rate should be stopped forthwith.
5. In case of change of activity and change of constitution where enhanced land rate is being charged from the leasee for such changes as per the decision of the Board of Directors, in that case ground rent and cess should be charged as per the need. Enhanced land value as envisaged in the government circular cited above.

Chapter-IV

Availability of infrastructure in Industrial Estates

For the successful implementations of the goals of establishing Industrial Estates in different districts for all-round industrial development, the following provisions of infrastructural facilities should be provided by the State Government.

- i) Road connectivity: Provision of all weather roads inside and outside the Industrial Estate/Growth Centres.
- ii) Electricity: Continuous electric Power supply to all the units inside the Industrial Estates.
- iii) Street Light: Provision of Street Lights for Safety and easy movement.
- iv) Sewerage System- Adequate Sewerage System inside the Industrial Estates for better health and hygiene.
- v) Public Convenience: The provision of public convenience like public toilet, urinal etc inside the Industrial Estates.
 - Park: For better eco-system and clean environment provision of Public Park within the Industrial Estates.
- vi) Water supply: Regular water supply to all the units of Industrial Estates.
- vii) Recreation Hall/Community Hall for employees and workers of different units located in the Industrial Estates.
- viii) First-Aid-Centers for providing medical facilities.
- ix) Fire Station for facing any unforeseen contingencies and safety.
- x) Provision for measuring Air pollution.
- xi) A forestation: Roadside and outside plantation.

- xii) Provision for parking of vehicles.
- xiii) Public canteen
- xiv) Transport System
- xv) Bus Stop
- xvi) Common Affluent treatment
- xvii) Provision of watch and ward (Security provision)
- xviii) Post Office etc.

Chapter-V
Provisions in Industrial Policies
State Government

Provision for Industrial Estates in the Industrial Policy Resolution, 2015
declared by Government of Odisha

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 focuses 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.

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.

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-2005 aims at reinforcing and further accelerating this process.

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.

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.

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.

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.

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 Governments Departments/Agencies concerned have been consulted and their suggestions have been duly considered.

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 focused attention to employment intensive sectors.

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:

- To transform Odisha into a vibrant industrialized State.
- To promote sustainable and inclusive economic growth by attracting investments in a systematic manner.
- To specifically promote sectors in the priority category such as Information Technology (IT)/ Information Technology Enabled Services (ITES), Electronic System Design & Manufacturing (ESDM), Bio-technology, agro, Marine & Food Processing, Tourism, Textiles & Apparel and automotive industries, which offer strong linkages to employment generation and exports.
- To promote direct employment intensive sectors.
- To maximize employment generation and enhanced employability through industry oriented skill development.
- To encourage linkage between MSME and Large industries and make focused efforts for development of ancillary and downstream industries.
- To encourage establishment of environment friendly and less polluting industries.
- To create a conducive business climate and effective institutional structure to facilitate and encourage private sector investments.
- To create quality external and internal infrastructure by establishing industrial parks through public and private initiatives.

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:

- Create an enabling environment for development of industrial and related social infrastructure of international standards.
- 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.
- Promote entrepreneurship development for broad based industrial development.
- Promote ancillary and downstream industries/industrial parks.
- Provide special incentive packages for promotion of priority sectors and MSMEs.
- Make provision of world-class infrastructural facilities for industries with active participation of private sector/industry/user industry.
- 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.
- Put in place an effective grievance redressal mechanism for speedy project implementation and also for addressing post implementation issues.

General Policy Framework:

The IPR-2015 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 incentivize investment in priority sectors with a view to maximize 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.

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.

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 Centre (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 specific time.

IPICOL shall develop and implement a web based system to facilitate time bound clearances to investment proposals, including facility for e-filling of Combined Application Form (CAF), e-payment of processing fees ad virtual single window interface

- e) 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.

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.

Infrastructure Development Plan:

Quality Infrastructure Support:

- a) Quality Infrastructure Support for both MSME and Large Sector shall be provided by promoting new industrial parks/clusters/estates. As far as possible external infrastructure to any industrial cluster/park will be funded on priority from ongoing schemes of concerned departments. In order to meet the budgetary gap of any department to undertake an infrastructure work, the lack of which may cause a bottle neck in the smooth provision of external infrastructure to any industrial park/cluster or estate promoted by IDCO or private sector, the Government shall set up an exclusive Industrial Infrastructure Development Fund (IIDF) with an initial corpus of Rs.100 (one hundred) crore. The fund shall be

utilized to develop quality/infrastructure like roads, power, water, waste management, etc. An inter-departmental Committee headed by Chief Secretary shall be constituted to approve the proposals.

b) Provision of Sub-station for Industrial Parks:

For an industrial park with energy requirement in excess of 20 MVA, GRIDCO/OPTCL, shall provide a sub-station (220 KV SS/110 KV SS depending on the power requirement) at its cost with the approval of OERC. The land for the sub-station may be provided by the IDCO/SPV/developer free of cost.

Industrial Estates:

- a) IDCO will aggregate Government land and create Land Banks in areas with potential for industrial development. These land banks shall be converted into Industrial Estates, Industrial Areas and Industrial Parks by provision of enabling infrastructure.
- b) IDCO shall undertake a comprehensive Land Zoning Plan in respect of existing and new Industrial Estates and Parks. It shall also bring out a comprehensive land management regulation for industrial estates, parks, growth centres, etc. with the approval of Government in Industries Department, Orissa Industrial Infrastructure Development Corporation (OIDCC) Act would be broadly aligned with the changing needs in view of the emerging industrial scenario in the State.
- c) A time bound action plan shall be drawn up and implemented for upgradation and maintenance of infrastructure facilities in existing

Industrial Estates, parks, IID Centres, and Growth Centres etc. of IDCO, suitable financial and management models shall be developed for this purpose.

SEZs (Special Economic Zones):

- a) The State Government recognizes the potential of Special Economic Zones (SEZ) in driving industrial/economic growth and facilitating exports. As part of its strategy for employment generation and export promotion, the State Government shall create an enabling environment for establishment of the SEZs at different locations. Special thrust shall be given to promoting IT & ITES, biotechnology, engineering, food processing and textile & apparel industries and other priority sectors.
- b) The State shall continue to support the implementation of the SEZs in a time bound manner.
- c) The State Government have issued a separate policy for SEZs to provide fiscal and non-fiscal incentives

NIMZ (National Investment & Manufacturing Zones):

The Government of India came out with the National Manufacturing Policy (NMP) in October,2011. One of the key features of NMP is the establishment of National Investment & Manufacturing Zones (NIMZ). The State has identified Kalinga Nagar Industrial Complex, Dhamra and Gopalpur as the proposed locations for NIMZ. The NIMZ shall be developed as a Greenfield/brownfield industrial cluster having State-of-he-art infrastructure and offering business-friendly policies. The infrastructure would range from logistics, power, skill

development, public utilities, environment protection, which are the essential requirements of a competitive manufacturing base.

PCPIR (Petroleum, Chemicals and Petrochemicals Investment Region):

- a) The Government of Odisha has initiated steps to create mega integrated Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) on 284 sq.kms. in Jagatsinghpur and kendrapara districts. This will be the fourth PCPIR in the country and IOCL is an anchor tenant in this PCPIR. It is setting up 15 MMTPA grass root refinery-cum-petrochemical complex. A Special Purpose Vehicle (SPV) “Paradeep Investment Region Development Limited” has also been formed for the implementation of infrastructure in the Region. Setting up of PCPIR would help units to get the benefits of networking and greater efficiency through the use of common infrastructure and support services.
- b) The SPV shall identify and acquire land for the purpose and identify potential tenant industries based on the feed stock available from anchor industries. State Government Agencies concerned and Central Institute of Plastic & Engineering Technology (CIPET) shall also be involved in this project.

Ports:

- a) Apart from Dhamra, Gopalpur and Kirtania Ports, which are being developed on PPP mode, the State Government shall promote more ports and fishing harbours at suitable locations for giving a thrust to economic activities in those regions. Special efforts shall also be made to develop

industrial areas in the hinterland of ports for enhancing their viability and intensifying economic activities.

- b) Government will, in due course, shall announce a Port Policy to incentivize investment in ports in the State.

Social and urban infrastructure:

- a) Social and urban infrastructure is important to sustain industrial development. The State Government intends to encourage investment in social and urban infrastructure sectors in the investment regions, Hubs and Industrial Parks. There will be linkages between industrial infrastructure and social & urban infrastructure to improve quality of life of the inhabitants.
- b) Special thrust shall be laid on promotion of high quality social infrastructure in the form of schools, colleges, technical and professional institutions, hotels, multiplexes, townships, commercial complexes, health-care facilities, leisure and entertainment facilities, resorts, golf courses, tourism areas, etc.
- c) IDCO may issue separate notifications for the rates for allotment of land to select category of social infrastructure like educational and medical institutions.

Public Private Partnership in Infrastructure:

- a) In order to sustain the current investment level and attract future investments, high quality supporting industrial and social infrastructure is

- a key requirement. A large part of this investment is expected to come from the private sector in the PPP mode as one of the preferred routes.
- b) The Odisha Public Private Partnership Policy was introduced in 2007 to supplement limited public resources, create a more competitive environment, help improve efficiencies and reduce costs.
 - c) The PPP policy of the State has created the necessary institutional mechanism to encourage private investments in infrastructure development on PPP mode. Planning and Coordination Department has been designated as the nodal department and the IDCO as the technical secretariat for promoting PPP projects.
 - d) The HLCA established under the chairmanship of Chief Minister approves all infrastructure projects of over Rs.500 crore being undertaken in PPP mode.
 - e) The State has also constituted an Empowered Committee on Infrastructure (ECI) consisting of a group of Secretaries under the chairmanship of the Chief Secretary, for facilitating infrastructure development in the State under PPP.
 - f) The key infrastructure sectors identified under the policy include Roads, Bridges, Airports, Industrial Parks, Bio-technology parks, SEZs, Solid Waste Management and Tourism.

Central Government

**THE MICRO, SMALL AND MEDIUM ENTERPRISES
DEVELOPMENT ACT, 2006 ACT NO. 27 OF 2006 [16th June, 2006.]**

An Act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto.

WHEREAS a declaration as to expediency of control of certain industries by the Union was made under section 2 of the Industries (Development and Regulation) Act, 1951;

AND WHEREAS it is expedient to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto;

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(1) This Act may be called the Micro, Small and Medium Enterprises Development Act, 2006.

(2) It shall come into force on such date¹ as the Central Government may, by notification, appoint; and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

1. 2nd October, 2006, *vide* notification No. S.O. 1154(E) dated 18th July, 2006, *see* Gazette of India, Extraordinary Part II sec.3(ii).

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) “Advisory Committee” means the committee constituted by the Central Government under sub-section (2) of section 7;

(b) “appointed day” means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Explanation.—For the purposes of this clause,-

(i) “the day of acceptance” means,-

(ii)

(a) the day of the actual delivery of goods or the rendering of services; or

(b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

(ii) “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

(c) “Board” means the National Board for Micro, Small and Medium Enterprises established under section 3;

(d) “buyer” means whoever buys any goods or receives any services from a supplier for consideration; 4

(e) “enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services;

- (f) “goods” means every kind of movable property other than actionable claims and money;
- (g) “medium enterprise” means an enterprise classified as such under sub-clause (iii) of clause (a) or sub-clause (iii) of clause (b) of sub-section (1) of section 7;
- (h) “micro enterprise” means an enterprise classified as such under sub-clause (i) of clause (a) or sub-clause (i) of clause (b) of sub-section (1) of section 7;
- (i) “National Bank” means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (51 of 1981);
- (j) “notification” means a notification published in the Official Gazette;
- (k) “prescribed” means prescribed by rules made under this Act;
- (l) “Reserve Bank” means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);
- (m) “small enterprise” means an enterprise classified as such under sub-clause (ii) of clause (a) or sub-clause (ii) of clause (b) of sub-section (1) of section 7;
- (n) “supplier” means a micro or small enterprise, which has filed a memorandum with the authority referred to in sub-section (1) of section 8, and includes,—
- (i) the National Small Industries Corporation, being a company, registered under the Companies Act, 1956 (1 of 1956);
- (ii) the Small Industries Development Corporation of a State or a Union territory, by whatever name called, being a company registered under the Companies Act, 1956 (1 of 1956);
- (iii) any company, co-operative society, trust or a body, by whatever name called, registered or constituted under any law for the time being in force and engaged in selling goods produced by micro or small enterprises and rendering services which are provided by such enterprises;

(o) “Small Industries Bank” means the Small Industries Development Bank of India established under sub-section (1) of section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989);

(p) “State Government”, in relation to a Union territory, means the Administrator thereof appointed under article 239 of the Constitution.

CHAPTER II

NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES

3. Establishment of Board.—(1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, a Board to be known as the National Board for Micro, Small and Medium Enterprises.

(2) The head office of the Board shall be at Delhi.

(3) The Board shall consist of the following members, namely:—

(a) the Minister in charge of the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises who shall be the *ex officio* Chairperson of the Board;

(b) the Minister of State or a Deputy Minister, if any, in the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises who shall be *ex officio* Vice-Chairperson of the Board, and where there is no such Minister of State or Deputy Minister, such person as may be appointed by the Central Government to be the Vice-Chairperson of the Board;

(c) six Ministers of the State Governments having administrative control of the departments of small scale industries or, as the case may be, micro, small and medium enterprises, to be appointed by the Central Government to represent such regions of the country as may be notified by the Central Government in this behalf, *ex officio*;

- (d) three Members of Parliament of whom two shall be elected by the House of the People and one by the Council of States;
- (e) the Administrator of a Union territory to be appointed by the Central Government, *ex officio*;
- (f) the Secretary to the Government of India in charge of the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises, *ex officio*;
- (g) four Secretaries to the Government of India, to represent the Ministries of the Central Government dealing with commerce and industry, finance, food processing industries, labour and planning to be appointed by the Central Government, *ex officio*;
- (h) the Chairman of the Board of Directors of the National Bank, *ex officio*;
- (i) the chairman and managing director of the Board of Directors of the Small Industries Bank, *ex officio*;
- (j) the chairman, Indian Banks Association, *ex officio*;
- (k) one officer of the Reserve Bank, not below the rank of an Executive Director, to be appointed by the Central Government to represent the Reserve Bank;
- (l) twenty persons to represent the associations of micro, small and midium enterprises, including not less than three persons representing associations of women's enterprises and not less than three persons representing associations of micro enterprises, to be appointed by the Central Government;
- (m) three persons of eminence, one each from the fields of economics, industry and science and technology, not less than one of whom shall be a woman, to be appointed by the Central Government;
- (n) two representatives of Central Trade Union Organisations, to be appointed by the Central Government; and

(o) one officer not below the rank of Joint Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises to be appointed by the Central Government, who shall be the Member-Secretary of the Board, *ex officio*.

(4) The term of office of the members of the Board, other than *ex officio* members of the Board, the manner of filling vacancies, and the procedure to be followed in the discharge of their functions by the members of the Board, shall be such as may be prescribed:

Provided that the term of office of an *ex officio* member of the Board shall continue so long as he holds the office by virtue of which he is such a member.

(5) No act or proceedings of the Board shall be invalid merely by reason of—

(a) any vacancy in, or any defect in the constitution of, the Board; or

(b) any defect in the appointment of a person acting as a member of the Board; or

(c) any irregularity in the procedure of the Board not affecting the merits of the case.

(6) The Board shall meet at least once in every three months in a year.

(7) The Board may associate with itself, in such manner and for such purposes as it may deem necessary, any person or persons whose assistance or advice it may desire in complying with any of the 6 provisions of this Act and a person so associated shall have the right to take part in the discussions of the Board relevant to the purposes for which he has been associated but shall not have the right to vote.

(8) Without prejudice to sub-section (7) the Chairperson of the Board shall, for not less than two of the meetings of the Board in a year, invite such Ministers of the State Governments having administrative control of the departments of small scale industries or, as the case may be, the micro, small and medium enterprises, or the Administrators of Union territories and representatives of such other associations

of micro, small and medium enterprises, as he may deem necessary for carrying out the purposes of this Act.

(9) It is hereby declared that the office of member of the Board shall not disqualify its holder for being chosen as, or for being, a member of either House of Parliament.

4. Removal of member from Board.—(1) The Central Government may remove a member of the Board from it, if he—

(a) is, or at any time has been, adjudged as insolvent; or

(b) is, or becomes, of unsound mind and stands so declared by a competent court; or

(c) refuses to act or becomes incapable of acting as a member of the Board; or

(d) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(e) has so abused, in the opinion of the Central Government, his position as a member of the Board as to render his continuance in the Board detrimental to the interests of the general public.

(2) Notwithstanding anything contained in sub-section (1), no member shall be removed from his office on the grounds specified in clauses (c) to (e) of that sub-section unless he has been given a reasonable opportunity of being heard in the matter.

5. Functions of Board.—The Board shall, subject to the general directions of the Central Government, perform all or any of the following functions, namely:—

(a) examine the factors affecting the promotion and development of micro, small and medium enterprises and review the policies and programmes of the Central Government in regard to facilitating the promotion and development and enhancing the competitiveness of such enterprises and the impact thereof on such enterprises;

(b) make recommendations on matters referred to in clause (a) or on any other matter referred to it by the Central Government which, in the opinion of that Government, is necessary or expedient for facilitating the promotion and development and enhancing the competitiveness of the micro, small and medium enterprises; and

(c) advise the Central Government on the use of the Fund or Funds constituted under section 12.

6. Powers and functions of Member-Secretary of Board.—Subject to other provisions of this Act, the Member-Secretary of the Board shall exercise such powers and perform such functions as may be prescribed.

CHAPTER III

CLASSIFICATION OF ENTERPRISES, ADVISORY COMMITTEE AND MEMORANDUM OF MICRO, SMALL AND MEDIUM ENTERPRISES

7. Classification of enterprises.—(1) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government may, for the purposes of this Act, by notification and having regard to the provisions of sub-sections (4) and (5), classify any class or classes of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called,—

(a) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), as— 7 (i) a micro enterprise, where the investment in plant and machinery does not exceed twenty-five lakh rupees;

(ii) a small enterprise, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or

(iii) a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

(b) in the case of the enterprises engaged in providing or rendering of services, as—

(i) a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;

(ii) a small enterprise, where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or

(iii) a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

Explanation 1.—For the removal of doubts, it is hereby clarified that in calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.

Explanation 2.—It is clarified that the provisions of section 29B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), shall be applicable to the enterprises specified in sub-clauses (i) and (ii) of clause (a) of sub-section (1) of this section.

(2) The Central Government shall, by notification, constitute an Advisory Committee consisting of the following members, namely:—

(a) the Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the small and medium enterprises who shall be the Chairperson, *ex officio*;

(b) not more than five officers of the Central Government possessing necessary expertise in matters relating to micro, small and medium enterprises, members, *ex officio*;

(c) not more than three representatives of the State Governments, members, *ex officio*; and

(d) one representative each of the associations of micro, small and medium enterprises, members, *ex officio*.

(3) The Member-Secretary of the Board shall also be the *ex officio* Member-Secretary of the Advisory Committee.

(4) The Central Government shall, prior to classifying any class or classes of enterprises under sub-section (1), obtain the recommendations of the Advisory Committee.

(5) The Advisory Committee shall examine the matters referred to it by the Board in connection with any subject referred to in section 5 and furnish its recommendations to the Board.

(6) The Central Government may seek the advice of the Advisory Committee on any of the matters specified in section 9, 10, 11, 12 or 14 of Chapter IV.

(7) The State Government may seek advice of the Advisory Committee on any of the matters specified in the rules made under section 30.

(8) The Advisory Committee shall, after considering the following matters, communicate its recommendations or advice to the Central Government or, as the case may be, State Government or the Board, namely:—

(a) the level of employment in a class or classes of enterprises;

(b) the level of investments in plant and machinery or equipment in a class or classes of enterprises; 8

(c) the need of higher investment in plant and machinery or equipment for technological upgradation, employment generation and enhanced competitiveness of the class or classes of enterprises;

(d) the possibility of promoting and diffusing entrepreneurship in micro, small or medium enterprises; and

(e) the international standards for classification of small and medium enterprises.

(9) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951) and clause (h) of section 2 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956), the Central Government may, while classifying any class or classes of enterprises under sub-section (1), vary, from time to time, the criterion of investment and also consider criteria or standards in respect of employment or turnover of the enterprises and include in such classification the micro or tiny enterprises or the village enterprises, as part of small enterprises.

8. Memorandum of micro, small and medium enterprises.—(1) Any person who intends to establish,—

(a) a micro or small enterprise, may, at his discretion; or

(b) a medium enterprise engaged in providing or rendering of services may, at his discretion; or

(c) a medium enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951),

shall file the memorandum of micro, small or, as the case may be, of medium enterprise with such authority as may be specified by the State Government under sub-section (4) or the Central Government under sub-section (3):

Provided that any person who, before the commencement of this Act, established—

(a) a small scale industry and obtained a registration certificate, may, at his discretion; and

(b) an industry engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), having investment in plant and machinery of more than one crore rupees but not exceeding ten crore rupees and, in pursuance of the notification of the Government of India in the erstwhile Ministry of Industry (Department of Industrial Development) number S.O. 477(E), dated the 25th July, 1991 filed an Industrial Entrepreneur's Memorandum, shall within one hundred and eighty days from the commencement of this Act, file the memorandum, in accordance with the provisions of this Act.

(2) The form of the memorandum, the procedure of its filing and other matters incidental thereto shall be such as may be notified by the Central Government after obtaining the recommendations of the Advisory Committee in this behalf.

(3) The authority with which the memorandum shall be filed by a medium enterprise shall be such as may be specified, by notification, by the Central Government.

(4) The State Government shall, by notification, specify the authority with which a micro or small enterprise may file the memorandum.

(5) The authorities specified under sub-sections (3) and (4) shall follow, for the purposes of this section, the procedure notified by the Central Government under sub-section (2). 9

CHAPTER IV

MEASURES FOR PROMOTION, DEVELOPMENT AND ENHANCEMENT OF COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES

9. Measures for promotion and development.—The Central Government may, from time to time, for the purposes of facilitating the promotion and development

and enhancing the competitiveness of micro, small and medium enterprises, particularly of the micro and small enterprises, by way of development of skill in the employees, management and entrepreneurs, provisioning for technological upgradation, marketing assistance or infrastructure facilities and cluster development of such enterprises with a view to strengthening backward and forward linkages, specify, by notification, such programmes, guidelines or instructions, as it may deem fit.

10. Credit facilities.—The policies and practices in respect of credit to the micro, small and medium enterprises shall be progressive and such as may be specified in the guidelines or instructions issued by the Reserve Bank, from time to time, to ensure timely and smooth flow of credit to such enterprises, minimise the incidence of sickness among and enhance the competitiveness of such enterprises.

11. Procurement preference policy.—For facilitating promotion and development of micro and small enterprises, the Central Government or the State Government may, by order notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or departments, as the case may be, or its aided institutions and public sector enterprises.

12. Funds.—There shall be constituted, by notification, one or more Funds to be called by such name as may be specified in the notification and there shall be credited thereto any grants made by the Central Government under section 13.

13. Grants by Central Government.—The Central Government may, after due appropriation made by Parliament by law in this behalf, credit to the Fund or Funds by way of grants for the purposes of this Act, such sums of money as that Government may consider necessary to provide.

14. Administration and utilisation of Fund or Funds.—(1) The Central Government shall have the power to administer the Fund or Funds in such manner as may be prescribed.

(2) The Fund or Funds shall be utilised exclusively for the measures specified in sub-section (1) of section 9.

(3) The Central Government shall be responsible for the coordination and ensuring timely utilisation and release of sums in accordance with such criteria as may be prescribed.

CHAPTER V

DELAYED PAYMENTS TO MICRO AND SMALL ENTERPRISES

15. Liability of buyer to make payment.—Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefore on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

16. Date from which and rate at which interest is payable.—Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

17. Recovery of amount due.—For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16. 10

18. Reference to Micro and Small Enterprises Facilitation Council.—(1) Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.

(2) On receipt of a reference under sub-section (1), the Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply to such a dispute as if the conciliation was initiated under Part III of that Act.

(3) Where the conciliation initiated under sub-section (2) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.

(4) Notwithstanding anything contained in any other law for the time being in force, the Micro and Small Enterprises Facilitation Council or the centre providing alternate dispute resolution services shall have jurisdiction to act as an Arbitrator or Conciliator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

(5) Every reference made under this section shall be decided within a period of ninety days from the date of making such a reference.

19. Application for setting aside decree, award or order.—No application for setting aside any decree, award or other order made either by the Council itself or by any institution or centre providing alternate dispute resolution services to which a reference is made by the Council, shall be entertained by any court unless the appellant (not being a supplier) has deposited with it seventy-five per cent. of the amount in terms of the decree, award or, as the case may be, the other order in the manner directed by such court:

Provided that pending disposal of the application to set aside the decree, award or order, the court shall order that such percentage of the amount deposited shall be paid to the supplier, as it considers reasonable under the circumstances of the case, subject to such conditions as it deems necessary to impose.

20. Establishment of Micro and Small Enterprises Facilitation Council.—The State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification.

21. Composition of Micro and Small Enterprises Facilitation Council.—(1) The Micro and Small Enterprise Facilitation Council shall consist of not less than three but not more than five members to be appointed from amongst the following categories, namely:—

(i) Director of Industries, by whatever name called, or any other officer not below the rank of such Director, in the Department of the State Government having administrative control of the small scale industries or, as the case may be, micro, small and medium enterprises; and

(ii) one or more office-bearers or representatives of associations of micro or small industry or enterprises in the State; and

(iii) one or more representatives of banks and financial institutions lending to micro or small enterprises; or

(iv) one or more persons having special knowledge in the field of industry, finance, law, trade or commerce.

(2) The person appointed under clause (i) of sub-section (1) shall be the Chairperson of the Micro and Small Enterprises Facilitation Council. 11 (3) The composition of the Micro and Small Enterprises Facilitation Council, the manner of filling vacancies of its members and the procedure to be followed in the discharge of their functions by the members shall be such as may be prescribed by the State Government.

22. Requirement to specify unpaid amount with interest in the annual statement of accounts.—Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely:—

(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;

(ii) the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;

(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;

(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and

(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid

to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

23. Interest not to be allowed as deduction from income.—Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961), the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

24. Overriding effect.—The provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

25. Scheme for closure of business of micro, small and medium enterprises.—Notwithstanding anything contained in any law for the time being in force, the Central Government may, with a view to facilitating closure of business by a micro, small or medium enterprise, not being a company registered under the Companies Act, 1956 (1 of 1956), notify a Scheme within one year from the date of commencement of this Act.

CHAPTER VI

MISCELLANEOUS

26. Appointment of officers and other employees.—(1) The Central Government or the State Government may appoint such officers with such designations and such other employees as it thinks fit for the purposes of this Act and may entrust to them such of the powers and functions under this Act as it may deem fit.

(2) The Officers appointed under sub-section (1) may, for the purposes of this Act, by order require any person to furnish such information, in such form, as may be prescribed.

27. Penalty for contravention of section 8 or section 22 or section 26.—(1) Whoever intentionally contravenes or attempts to contravene or abets the

contravention of any of the provisions contained in sub-section (1) of section 8 or sub-section (2) of section 26 shall be punishable—

(a) in the case of the first conviction, with fine which may extend to rupees one thousand; and

(b) in the case of second or subsequent conviction, with fine which shall not be less than rupees one thousand but may extend to rupees ten thousand.

(2) Where a buyer contravenes the provisions of section 22, he shall be punishable with fine which shall not be less than rupees ten thousand. 12 **28. Jurisdiction of courts.**—No court inferior to that of a Metropolitan Magistrate or a Magistrate of the first class shall try any offence punishable under this Act.

29. Power to make rules.—(1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the term of office of the members of the Board, the manner of filling vacancies, and the procedure to be followed in the discharge of functions by the members of the Board under sub-section (4) of section 3;

(b) the powers and functions of the Member-Secretary under section 6;

(c) the manner in which the Fund may be administered under sub-section (1) of section 14;

(d) the criteria based on which sums may be released under sub-section (3) of section 14;

(e) the information to be furnished and the form in which it is to be furnished under sub-section (2) of section 26; and

(f) any other matter which is to be or may be prescribed under this Act.

(3) Every notification issued under section 9 and every rule made by the Central Government under this section shall be laid, as soon as may be after it is made,

before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification or rule or both Houses agree that the notification or rule should not be made, the notification or rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification or rule.

30. Power to make rules by State Government.—(1) The State Government may, by notification, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the composition of the Micro and Small Enterprises Facilitation Council, the manner of filling vacancies of the members and the procedure to be followed in the discharge of their functions by the members of the Micro and Small Enterprises Facilitation Council under sub-section (3) of section 21;

(b) any other matter which is to be, or may be, prescribed under this Act.

(3) The rule made under this section shall, as soon as may be after it is made, be laid before each House of the State Legislature where there are two Houses, and where there is one House of the State Legislature, before that House.

31. Power to remove difficulties.—(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament. 13

32. Repeal of Act 32 of 1993.—(1) The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Act so repealed under sub-section (1), shall be deemed to have been done or taken under the corresponding provisions of this Act.

THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT,
2006 ACT NO. 27 OF 2006

[16th June, 2006.]

An Act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto.

WHEREAS a declaration as to expediency of control of certain industries by the Union was made under section 2 of the Industries (Development and Regulation) Act, 1951;

AND WHEREAS it is expedient to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto;

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(1) This Act may be called the Micro, Small and Medium Enterprises Development Act, 2006.

(2) It shall come into force on such date¹ as the Central Government may, by notification, appoint; and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

1. 2nd October, 2006, *vide* notification No. S.O. 1154(E) dated 18th July, 2006, *see* Gazette of India, Extraordinary Part II sec.3(ii).

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) “Advisory Committee” means the committee constituted by the Central Government under sub-section (2) of section 7;

(b) “appointed day” means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Explanation.—For the purposes of this clause,—

(i) “the day of acceptance” means,—

(a) the day of the actual delivery of goods or the rendering of services; or

(b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

(ii) “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

(c) “Board” means the National Board for Micro, Small and Medium Enterprises established under section 3;

(d) “buyer” means whoever buys any goods or receives any services from a supplier for consideration; 4

(e) “enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services;

(f) “goods” means every kind of movable property other than actionable claims and money;

(g) “medium enterprise” means an enterprise classified as such under sub-clause (iii) of clause (a) or sub-clause (iii) of clause (b) of sub-section (1) of section 7;

(h) “micro enterprise” means an enterprise classified as such under sub-clause (i) of clause (a) or sub-clause (i) of clause (b) of sub-section (1) of section 7;

(i) “National Bank” means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (51 of 1981);

(j) “notification” means a notification published in the Official Gazette;

(k) “prescribed” means prescribed by rules made under this Act;

(l) “Reserve Bank” means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);

(m) “small enterprise” means an enterprise classified as such under sub-clause (ii) of clause (a) or sub-clause (ii) of clause (b) of sub-section (1) of section 7;

(n) “supplier” means a micro or small enterprise, which has filed a memorandum with the authority referred to in sub-section (1) of section 8, and includes,—

(i) the National Small Industries Corporation, being a company, registered under the Companies Act, 1956 (1 of 1956);

(ii) the Small Industries Development Corporation of a State or a Union territory, by whatever name called, being a company registered under the Companies Act, 1956 (1 of 1956);

(iii) any company, co-operative society, trust or a body, by whatever name called, registered or constituted under any law for the time being in force and engaged in selling goods produced by micro or small enterprises and rendering services which are provided by such enterprises;

(o) “Small Industries Bank” means the Small Industries Development Bank of India established under sub-section (1) of section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989);

(p) “State Government”, in relation to a Union territory, means the Administrator thereof appointed under article 239 of the Constitution.

CHAPTER II

NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES

3. Establishment of Board.—(1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, a Board to be known as the National Board for Micro, Small and Medium Enterprises.

(2) The head office of the Board shall be at Delhi.

(3) The Board shall consist of the following members, namely:—

(a) the Minister in charge of the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises who shall be the *ex officio* Chairperson of the Board;

(b) the Minister of State or a Deputy Minister, if any, in the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises who shall be *ex officio* Vice-Chairperson of the Board, and where there is no such Minister of State or Deputy

Minister, such person as may be appointed by the Central Government to be the Vice-Chairperson of the Board;

- (c) six Ministers of the State Governments having administrative control of the departments of small scale industries or, as the case may be, micro, small and medium enterprises, to be appointed by the Central Government to represent such regions of the country as may be notified by the Central Government in this behalf, *ex officio*;
- (d) three Members of Parliament of whom two shall be elected by the House of the People and one by the Council of States;
- (e) the Administrator of a Union territory to be appointed by the Central Government, *ex officio*;
- (f) the Secretary to the Government of India in charge of the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises, *ex officio*;
- (g) four Secretaries to the Government of India, to represent the Ministries of the Central Government dealing with commerce and industry, finance, food processing industries, labour and planning to be appointed by the Central Government, *ex officio*;
- (h) the Chairman of the Board of Directors of the National Bank, *ex officio*;
- (i) the chairman and managing director of the Board of Directors of the Small Industries Bank, *ex officio*;
- (j) the chairman, Indian Banks Association, *ex officio*;
- (k) one officer of the Reserve Bank, not below the rank of an Executive Director, to be appointed by the Central Government to represent the Reserve Bank;
- (l) twenty persons to represent the associations of micro, small and midium enterprises, including not less than three persons representing associations of women's enterprises and not less than three persons representing associations of micro enterprises, to be appointed by the Central Government;

(m) three persons of eminence, one each from the fields of economics, industry and science and technology, not less than one of whom shall be a woman, to be appointed by the Central Government;

(n) two representatives of Central Trade Union Organisations, to be appointed by the Central Government; and

(o) one officer not below the rank of Joint Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises to be appointed by the Central Government, who shall be the Member-Secretary of the Board, *ex officio*.

(4) The term of office of the members of the Board, other than *ex officio* members of the Board, the manner of filling vacancies, and the procedure to be followed in the discharge of their functions by the members of the Board, shall be such as may be prescribed:

Provided that the term of office of an *ex officio* member of the Board shall continue so long as he holds the office by virtue of which he is such a member.

(5) No act or proceedings of the Board shall be invalid merely by reason of—

(a) any vacancy in, or any defect in the constitution of, the Board; or

(b) any defect in the appointment of a person acting as a member of the Board; or

(c) any irregularity in the procedure of the Board not affecting the merits of the case.

(6) The Board shall meet at least once in every three months in a year.

(7) The Board may associate with itself, in such manner and for such purposes as it may deem necessary, any person or persons whose assistance or advice it may desire in complying with any of the 6

provisions of this Act and a person so associated shall have the right to take part in the discussions of the Board relevant to the purposes for which he has been associated but shall not have the right to vote.

(8) Without prejudice to sub-section (7) the Chairperson of the Board shall, for not less than two of the meetings of the Board in a year, invite such Ministers of the State Governments having administrative control of the departments of small scale industries or, as the case may be, the micro, small and medium enterprises, or the Administrators of Union territories and representatives of such other associations of micro, small and medium enterprises, as he may deem necessary for carrying out the purposes of this Act.

(9) It is hereby declared that the office of member of the Board shall not disqualify its holder for being chosen as, or for being, a member of either House of Parliament.

4. Removal of member from Board.—(1) The Central Government may remove a member of the Board from it, if he—

(a) is, or at any time has been, adjudged as insolvent; or

(b) is, or becomes, of unsound mind and stands so declared by a competent court; or

(c) refuses to act or becomes incapable of acting as a member of the Board; or

(d) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(e) has so abused, in the opinion of the Central Government, his position as a member of the Board as to render his continuance in the Board detrimental to the interests of the general public.

(2) Notwithstanding anything contained in sub-section (1), no member shall be removed from his office on the grounds specified in clauses (c) to (e) of that sub-section unless he has been given a reasonable opportunity of being heard in the matter.

5. Functions of Board.—The Board shall, subject to the general directions of the Central Government, perform all or any of the following functions, namely:—

(a) examine the factors affecting the promotion and development of micro, small and medium enterprises and review the policies and programmes of the Central Government in regard to facilitating the promotion and development and enhancing the competitiveness of such enterprises and the impact thereof on such enterprises;

(b) make recommendations on matters referred to in clause (a) or on any other matter referred to it by the Central Government which, in the opinion of that Government, is necessary or expedient for facilitating the promotion and development and enhancing the competitiveness of the micro, small and medium enterprises; and

(c) advise the Central Government on the use of the Fund or Funds constituted under section 12.

6. Powers and functions of Member-Secretary of Board.—Subject to other provisions of this Act, the Member-Secretary of the Board shall exercise such powers and perform such functions as may be prescribed.

CHAPTER III

CLASSIFICATION OF ENTERPRISES, ADVISORY COMMITTEE AND MEMORANDUM OF MICRO, SMALL AND MEDIUM ENTERPRISES

7. Classification of enterprises.—(1) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government may, for the purposes of this Act, by notification and having regard to the provisions of sub-sections (4) and (5), classify any class or classes of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called,—

(a) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), as— 7

(i) a micro enterprise, where the investment in plant and machinery does not exceed twenty-five lakh rupees;

(ii) a small enterprise, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or

(iii) a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

(b) in the case of the enterprises engaged in providing or rendering of services, as—

(i) a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;

(ii) a small enterprise, where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or

(iii) a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

Explanation 1.—For the removal of doubts, it is hereby clarified that in calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.

Explanation 2.—It is clarified that the provisions of section 29B of the Industries (Development and Regulation) Act, 1951 (65 of 1951), shall be applicable to the enterprises specified in sub-clauses (i) and (ii) of clause (a) of sub-section (1) of this section.

(2) The Central Government shall, by notification, constitute an Advisory Committee consisting of the following members, namely:—

(a) the Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the small and medium enterprises who shall be the Chairperson, *ex officio*;

(b) not more than five officers of the Central Government possessing necessary expertise in matters relating to micro, small and medium enterprises, members, *ex officio*;

(c) not more than three representatives of the State Governments, members, *ex officio*; and

(d) one representative each of the associations of micro, small and medium enterprises, members, *ex officio*.

(3) The Member-Secretary of the Board shall also be the *ex officio* Member-Secretary of the Advisory Committee.

(4) The Central Government shall, prior to classifying any class or classes of enterprises under sub-section (1), obtain the recommendations of the Advisory Committee.

(5) The Advisory Committee shall examine the matters referred to it by the Board in connection with any subject referred to in section 5 and furnish its recommendations to the Board.

(6) The Central Government may seek the advice of the Advisory Committee on any of the matters specified in section 9, 10, 11, 12 or 14 of Chapter IV.

(7) The State Government may seek advice of the Advisory Committee on any of the matters specified in the rules made under section 30.

(8) The Advisory Committee shall, after considering the following matters, communicate its recommendations or advice to the Central Government or, as the case may be, State Government or the Board, namely:—

- (a) the level of employment in a class or classes of enterprises;
 - (b) the level of investments in plant and machinery or equipment in a class or classes of enterprises; 8
 - (c) the need of higher investment in plant and machinery or equipment for technological upgradation, employment generation and enhanced competitiveness of the class or classes of enterprises;
 - (d) the possibility of promoting and diffusing entrepreneurship in micro, small or medium enterprises; and
 - (e) the international standards for classification of small and medium enterprises.
- (9) Notwithstanding anything contained in section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951) and clause (h) of section 2 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956), the Central Government may, while classifying any class or classes of enterprises under sub-section (1), vary, from time to time, the criterion of investment and also consider criteria or standards in respect of employment or turnover of the enterprises and include in such classification the micro or tiny enterprises or the village enterprises, as part of small enterprises.

8. Memorandum of micro, small and medium enterprises.—(1) Any person who intends to establish,—

- (a) a micro or small enterprise, may, at his discretion; or
- (b) a medium enterprise engaged in providing or rendering of services may, at his discretion; or
- (c) a medium enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951),

shall file the memorandum of micro, small or, as the case may be, of medium enterprise with such authority as may be specified by the State Government under sub-section (4) or the Central Government under sub-section (3):

Provided that any person who, before the commencement of this Act, established—

(a) a small scale industry and obtained a registration certificate, may, at his discretion; and

(b) an industry engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951), having investment in plant and machinery of more than one crore rupees but not exceeding ten crore rupees and, in pursuance of the notification of the Government of India in the erstwhile Ministry of Industry (Department of Industrial Development) number S.O. 477(E), dated the 25th July, 1991 filed an Industrial Entrepreneur's Memorandum, shall within one hundred and eighty days from the commencement of this Act, file the memorandum, in accordance with the provisions of this Act.

(2) The form of the memorandum, the procedure of its filing and other matters incidental thereto shall be such as may be notified by the Central Government after obtaining the recommendations of the Advisory Committee in this behalf.

(3) The authority with which the memorandum shall be filed by a medium enterprise shall be such as may be specified, by notification, by the Central Government.

(4) The State Government shall, by notification, specify the authority with which a micro or small enterprise may file the memorandum.

(5) The authorities specified under sub-sections (3) and (4) shall follow, for the purposes of this section, the procedure notified by the Central Government under sub-section (2).

CHAPTER IV

MEASURES FOR PROMOTION, DEVELOPMENT AND ENHANCEMENT OF
COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES

9. Measures for promotion and development.—The Central Government may, from time to time, for the purposes of facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises, particularly of the micro and small enterprises, by way of development of skill in the employees, management and entrepreneurs, provisioning for technological upgradation, marketing assistance or infrastructure facilities and cluster development of such enterprises with a view to strengthening backward and forward linkages, specify, by notification, such programmes, guidelines or instructions, as it may deem fit.

10. Credit facilities.—The policies and practices in respect of credit to the micro, small and medium enterprises shall be progressive and such as may be specified in the guidelines or instructions issued by the Reserve Bank, from time to time, to ensure timely and smooth flow of credit to such enterprises, minimise the incidence of sickness among and enhance the competitiveness of such enterprises.

11. Procurement preference policy.—For facilitating promotion and development of micro and small enterprises, the Central Government or the State Government may, by order notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or departments, as the case may be, or its aided institutions and public sector enterprises.

12. Funds.—There shall be constituted, by notification, one or more Funds to be called by such name as may be specified in the notification and there shall be credited thereto any grants made by the Central Government under section 13.

13. Grants by Central Government.—The Central Government may, after due appropriation made by Parliament by law in this behalf, credit to the Fund or Funds by way of grants for the purposes of this Act, such sums of money as that Government may consider necessary to provide.

14. Administration and utilisation of Fund or Funds.—(1) The Central Government shall have the power to administer the Fund or Funds in such manner as may be prescribed.

(2) The Fund or Funds shall be utilised exclusively for the measures specified in sub-section (1) of section 9.

(3) The Central Government shall be responsible for the coordination and ensuring timely utilisation and release of sums in accordance with such criteria as may be prescribed.

CHAPTER V

DELAYED PAYMENTS TO MICRO AND SMALL ENTERPRISES

15. Liability of buyer to make payment.—Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

16. Date from which and rate at which interest is payable.—Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the

appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

17. Recovery of amount due.—For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16. 10

18. Reference to Micro and Small Enterprises Facilitation Council.—(1) Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.

(2) On receipt of a reference under sub-section (1), the Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply to such a dispute as if the conciliation was initiated under Part III of that Act.

(3) Where the conciliation initiated under sub-section (2) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.

(4) Notwithstanding anything contained in any other law for the time being in force, the Micro and Small Enterprises Facilitation Council or the centre providing alternate dispute resolution services shall have jurisdiction to act as an Arbitrator or Conciliator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

(5) Every reference made under this section shall be decided within a period of ninety days from the date of making such a reference.

19. Application for setting aside decree, award or order.—No application for setting aside any decree, award or other order made either by the Council itself or by any institution or centre providing alternate dispute resolution services to which a reference is made by the Council, shall be entertained by any court unless the appellant (not being a supplier) has deposited with it seventy-five per cent. of the amount in terms of the decree, award or, as the case may be, the other order in the manner directed by such court:

Provided that pending disposal of the application to set aside the decree, award or order, the court shall order that such percentage of the amount deposited shall be paid to the supplier, as it considers reasonable under the circumstances of the case, subject to such conditions as it deems necessary to impose.

20. Establishment of Micro and Small Enterprises Facilitation Council.—The State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification.

21. Composition of Micro and Small Enterprises Facilitation Council.—(1) The Micro and Small Enterprise Facilitation Council shall consist of not less than three but not more than five members to be appointed from amongst the following categories, namely:—

(i) Director of Industries, by whatever name called, or any other officer not below the rank of such Director, in the Department of the State Government having administrative control of the small scale industries or, as the case may be, micro, small and medium enterprises; and

(ii) one or more office-bearers or representatives of associations of micro or small industry or enterprises in the State; and

(iii) one or more representatives of banks and financial institutions lending to micro or small enterprises; or

(iv) one or more persons having special knowledge in the field of industry, finance, law, trade or commerce.

(2) The person appointed under clause (i) of sub-section (1) shall be the Chairperson of the Micro and Small Enterprises Facilitation Council. 11 (3) The composition of the Micro and Small Enterprises Facilitation Council, the manner of filling vacancies of its members and the procedure to be followed in the discharge of their functions by the members shall be such as may be prescribed by the State Government.

22. Requirement to specify unpaid amount with interest in the annual statement of accounts.—Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely:—

(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;

(ii) the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;

(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;

(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and

(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid

to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

23. Interest not to be allowed as deduction from income.—Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961), the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

24. Overriding effect.—The provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

25. Scheme for closure of business of micro, small and medium enterprises.—Notwithstanding anything contained in any law for the time being in force, the Central Government may, with a view to facilitating closure of business by a micro, small or medium enterprise, not being a company registered under the Companies Act, 1956 (1 of 1956), notify a Scheme within one year from the date of commencement of this Act.

CHAPTER VI

MISCELLANEOUS

26. Appointment of officers and other employees.—(1) The Central Government or the State Government may appoint such officers with such designations and such other employees as it thinks fit for the purposes of this Act and may entrust to them such of the powers and functions under this Act as it may deem fit.

(2) The Officers appointed under sub-section (1) may, for the purposes of this Act, by order require any person to furnish such information, in such form, as may be prescribed.

27. Penalty for contravention of section 8 or section 22 or section 26.—(1) Whoever intentionally contravenes or attempts to contravene or abets the

contravention of any of the provisions contained in sub-section (1) of section 8 or sub-section (2) of section 26 shall be punishable—

(a) in the case of the first conviction, with fine which may extend to rupees one thousand; and

(b) in the case of second or subsequent conviction, with fine which shall not be less than rupees one thousand but may extend to rupees ten thousand.

(2) Where a buyer contravenes the provisions of section 22, he shall be punishable with fine which shall not be less than rupees ten thousand. 12

28. Jurisdiction of courts.—No court inferior to that of a Metropolitan Magistrate or a Magistrate of the first class shall try any offence punishable under this Act.

29. Power to make rules.—(1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the term of office of the members of the Board, the manner of filling vacancies, and the procedure to be followed in the discharge of functions by the members of the Board under sub-section (4) of section 3;

(b) the powers and functions of the Member-Secretary under section 6;

(c) the manner in which the Fund may be administered under sub-section (1) of section 14;

(d) the criteria based on which sums may be released under sub-section (3) of section 14;

(e) the information to be furnished and the form in which it is to be furnished under sub-section (2) of section 26; and

(f) any other matter which is to be or may be prescribed under this Act.

(3) Every notification issued under section 9 and every rule made by the Central Government under this section shall be laid, as soon as may be after it is made,

before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification or rule or both Houses agree that the notification or rule should not be made, the notification or rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification or rule.

30. Power to make rules by State Government.—(1) The State Government may, by notification, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the composition of the Micro and Small Enterprises Facilitation Council, the manner of filling vacancies of the members and the procedure to be followed in the discharge of their functions by the members of the Micro and Small Enterprises Facilitation Council under sub-section (3) of section 21;

(b) any other matter which is to be, or may be, prescribed under this Act.

(3) The rule made under this section shall, as soon as may be after it is made, be laid before each House of the State Legislature where there are two Houses, and where there is one House of the State Legislature, before that House.

31. Power to remove difficulties.—(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament. 13

32. Repeal of Act 32 of 1993.—(1) The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Act so repealed under sub-section (1), shall be deemed to have been done or taken under the corresponding provisions of this Act.

Chapter-VI
Suggestions and Remedial Measures

Problems (As suggested by various Industry Associations)

1. Single Window System is not effective.
2. Even though there is enough scope for ancillarisation. Mother plants of the State are not interested for local product.
3. Lack of interest among bankers to support rehabilitation of potential Micro and Small Units.
4. No effective ancillary/purchase policy.
5. Lack of awareness of new entrepreneurs about different govt. schemes being implemented in the State.
6. Non availability of developed land and industrial shed.
7. Non availability of skilled personnel.
8. Lack of availability of timely adequate finance to modernize the units.
9. Lack of proper channel of marketing, transport and communication problem.
10. Frequent power disruption, causes low productivity.
11. Lack of adequate mother plants to take supply of MSME products.
12. Inordinate delay in getting payments against supply of goods.
13. Lack of modern technical know how hinders development.
14. Limited market provision and stiff competition.
15. Lack of adequate industrial and social infrastructure.
16. Cost of land available in IE/IA is very expensive.
17. Lack of proper monitoring and supervision by govt. officials. Some entrepreneurs acquired land and utilized as per profit purposes.

18. MSME Development Policy,2009 is not suitable to all .
19. Difficulty in obtaining approval of plans from CDA.
20. Lack of Industrial Estates/IA in some of the districts of the State of Odisha.
21. Lack of support services.
22. Cumbersome procedure required for changing the Trade of Business due to loss concept.
23. Poor maintenance of infrastructures inside industrial estates.

Suggestions for improvement (As suggested by various Industry Associations)

1. For better performance all the districts of Odisha should have Industrial Estates/Areas.
2. The Single Window System should be made more effective by the govt.
3. Encouragement may be made for more number of mother plants for absorbing the products produced by MSME units and the timely payments of supply of goods may be adhered.
4. Adequate awareness may be created for popularization of various developmental schemes of govt. like ZED, CGTMSE, CLCSS, Lean Manufacturing etc. among the MSME units.
5. Adequate and timely availability of finance may be adhered by the Bankers for starting up, modernization etc. of the MSME units and banks should be cooperative in this regard.
6. The Purchase Policy should be more effective.
7. Adequate Skill Development Trainings may be organized for skill development so that skilled personnel can be made available for better output.

8. The govt. should ensure proper channel of marketing transport and communication for disposed of finished products produced by MSME units.
9. Effort may be made to provide continuous power supply to the units for increased production.
10. Adequate and timely monitoring and supervision be made from govt. side for better performance of Industrial Estates/IA.
11. Adequate infrastructure be provided in Industrial Estates/IA like availability of continuous power supply, good roads, drainage facility, water supply, watch and Ward etc. for better performance.
12. The procedure of getting land/shed/shops should be simplified and the cost of land may be minimized for attracting more MSME units to start units.
13. As most of the MSME units are not eligible of availing benefit under MSME Development Policy, 2009 due to two years of claiming period from initial investment which is not possible at present due to procedural delays in getting required statutory clearances, it is suggested to enhance the period from 2 years to 5 years.
14. The present procedure of plan approval by CDA which causes delay may be modified and IDCO may be assigned the power for plan approval.
15. Adequate training provision may be made for the entrepreneurs so as to make them acquainted with modern technical know how which is ensure higher productivity with lower cost.
16. The present procedure for changing the trade of business may be simplified so that the entrepreneurs incurring less can change the trade of business for better profitability.
17. Adequate financial provisions should be made for proper maintenance of infrastructures like road, drainage system, street light provision, etc. for better performance of Industrial Estates.

Chapter-VII

Conclusion and Way Forward

Odisha is an industrially backward state. This *backwardness* is mainly due to inadequate infrastructural facilities, limited supply of capital, technology upgradation etc. Odisha is having ample resources to set up more number of medium and large scale units. Promotion and development of medium and large industries need more capital as these industries are capital intensive in nature. Odisha being a poor state is not in a position to mobilize additional capital substantially for setting up more medium and large industries.

Odisha is endowed with vast natural and human resources which can be used for further industrial development. Mineral deposits like Iron ore, Chromite, Bauxite, Graphite etc and agricultural products like Rice, Oil seeds, Vegetables, Spices offers vast scope for establishing new industries in Odisha. The state is endowed with attractive tourism potential as it has got world famous tourist spots and rich culture, heritage and antiquity. It has been observed that lack of entrepreneurship among technically sound and skilled persons, infrastructural bottlenecks and overall lack of an industrially changed atmosphere with active support of promotional agencies and financial institutions are the main reason for industrial backwardness. Therefore despite of vast natural and human resources, Odisha continues to be one of the industrially backward states of the country.

Industrial development is one of the major components of economic development of the State. To promote industrialization, the State Government have adopted strategic initiatives based on policy intervention, creation of infrastructure, investment promotion and business rule simplification. To make Odisha an attractive investment destination and diversify industrial growth with identified

focus sectors, the Department has notified a new Industrial Policy 2015 to facilitate the development of more Special Economic Zones (SEZ). Besides, to ensure investment in the focus sectors, the Department is assisting with the formulation of policies such as Pharmaceutical Policy, Start-up Policy, and Apparel Policy. The Department has brought out the Odisha Industrial Development Plan (OIDP) with an objective to transform Odisha over 10 years into a major industrial State in the country by harnessing its strategic advantages in the area of infrastructure, location, natural resources and skilled manpower. The plan aims at creation of additional twenty lakh jobs with an investment of about 2.5 lakh crore in the five focus sectors by the year 2025.

Micro, Small & Medium Enterprises is called as the Engine of Growth of the economy. It is considered as the pillar of economic growth in both developed and developing countries of the world. MSME plays a prominent role in creation of self employment and wage employment opportunity outside the agriculture sector, scaling manufacturing capability, curtailing regional disparities, balancing the distribution of wealth and contributing to GDP of the country. It has been recognized as having the potential to drive inclusive and sustainable growth and insure decent work for all for sustainable development. However, their growth potential in areas of innovation and productivity is often impeded by lack of access to finance and insufficient training and capacity.

Therefore, to facilitate the promotion and development of Micro, Small and Medium enterprises (MSMEs) and to enhance their competitiveness, both the State and Central Government has announced several policies and schemes to enhance the performance of MSME Sector and to accelerate their productivity and thereby multiplying the growth cycle momentum of economy.

Odisha is amongst the top ten states accounting for the highest number of MSME enterprises. The state offers a wide range of fiscal and policy incentives for businesses under the Industrial Policy Resolution, 2015. Additionally, the state has sector-specific policies for IT and micro, small and medium enterprises. The state government has constituted "Team Odisha" to help with investment promotion.

- The Odisha Cabinet has approved the Odisha start-up policy, aimed at setting up at least 1,000 start-ups over the next five years and bringing the state amongst the top three start-up hubs by 2020.
- A mega food park is being established near Bhubaneswar over 282 acres through the PPP mode. Odisha Industrial Infrastructure Development Corporation (IDCO) is the nodal agency for the establishment of this park.
- The vision of industrial development in the state of Odisha is to develop industrial parks with quality infrastructure, to encourage micro-enterprises as ancillaries and to pave the way for cost & technology orientation by encouraging competition.

The Government of Odisha has also established Industrial Estates in different districts for promotion of MSME sector in the State. Concentration of various MSMEs in one place and provision of required infrastructural facilities like road, electricity, water, sheds etc. can very well attract entrepreneurs to set up their industrial ventures within the Industrial Estates. Besides, setting up of different MSEs in one place can very well get better scope to grow, fetch good market to sell their finished products, easy access to other infrastructural provisions, easy to arrange finance by which the productivity of the MSMEs can be increased. So establishment of Industrial Estates in more nos. should be taken care of by the respective State Governments for all round development of the State. For

facilitating the prospective entrepreneurs, Industrial Estates should be established in every district with all provisions of required infrastructures. At the same time, due effort at Government level should be made for establishment of Industrial Estates in all districts of Odisha and provisions for insuring better industrial facilities in the existing Industrial Estates.