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INDUSTRIES DEPARTMENT

NOTIFICATION

The 17th February 2009

SUBJECT—Orissa MSME Development Policy, 2009.

No. 2349—I-SI-80/2007(Pt.-II)-I—In order to reinforcing and further expanding the robust framework for industrial promotion and investment, Government of Orissa has already notified IPR, 2007 and now has been pleased to declare a policy separately for MSME Sector known as the “Orissa MSME Development Policy, 2009”, considering its importance in the country’s economy in terms of the share in employment, output and export. This policy in conjunction with IPR, 2007, emphasizes the development of infrastructure to meet the basic requirements, facilitation of flow of credit, sourcing of raw material in efficient and cost effective manner, support measures for marketing, concerted effort for promotion of exports, assisting and, incentivising technology upgradation, rehabilitation and revival of viable sick units with enabling institutional arrangements for providing hand-holding support. This policy shall also be instrumental for entrepreneurship development, skill upgradation and providing fiscal incentives and to facilitate smooth investment through single window mechanism.

This has been approved by the State Cabinet in their 44th Meeting held on the 1st February 2009 as communicated by the Parliamentary Affairs Department in their memo No. 565, dated the 4th February 2009. A copy of the Orissa MSME Policy, 2009 as approved in the Cabinet is enclosed for wide publication.

ORDER—Ordered that the notification be published in the next issue of the Extraordinary Gazette of Orissa and copy thereof be forwarded to all Departments of Government/ all Heads of Departments/ Accountant General (A. & E.), Orissa, Bhubaneswar/all R.D.Cs./Collectors/all General Managers/Project Managers/D.I., Orissa, Cuttack for information.

By order of the Governor

SAURABH GARG

Commissioner-cum-Secretary to Government

SUBJECT : Orissa MSME Development Policy, 2009

The Orissa MSME Development Policy, 2009 aims at broad basing the growth of MSMEs. of the State in all potential sectors of economy thereby widening opportunities for employment generation, revenue augmentation, exports and realising the full potential of Micro, Small & Medium Enterprise Sector of the State. It is focussed at sustainable and inclusive industrial growth aiming at balanced regional development. In spite of inherent richness of the State in terms of natural resources, human resources and enterprising enabling polity, the MSMEs. of the State suffer from typical weaknesses and have specific needs and requirements. In order to address such needs and to enable the MSMEs. to face the emerging challenges and gain competitiveness in globalized and competitive market, the Government of Orissa has already enacted IPR, 2007 and now is declaring a policy christened as “Orissa MSME Development Policy, 2009” with a view to provide opportunities for the growth of MSMEs. in the State as a new wave of industrialization is being witnessed in Orissa today especially in the metal, power, cement, petrochemical, IT, Tourism sector and also in the services sector.

2. This policy is in conjunction with IPR, 2007. It lays thrust on development of infrastructure to meet the MSMEs. requirements, facilitation of flow of credit, sourcing of raw material in efficient and cost effective ways, support measures for marketing, concerted effort for promotion of exports, assisting and incentivising technology upgradation, rehabilitation and revival of viable sick units with enabling institutional arrangements for providing hand-holding support. This policy shall also be instrumental in entrepreneurship development, skill upgradation, providing fiscal incentives and facilitate smooth investment through single window mechanism to help translate investment objectives into actual practice. Besides, this policy will provide ample opportunity to local entrepreneurial talent and strengthen the institutional support in alignment with the present requirement of the MSME Sector.

3. The policy lays emphasis on addressing the infrastructural needs of MSMEs. on priority. There is provision for reservation of minimum 20% of land in all industrial estates, industrial parks, industrial corridors and land banks for MSMEs. 10% of land limiting to 200 acres, allotted to large and mega industries is earmarked for setting up of ancillary and downstream MSMEs. preferably in cluster mode. New exclusive industrial parks for MSMEs. at all major industrial hubs such as Kalinganagar, Barbil, Jharsuguda, Sambalpur, Dhenkanal, Angul, Paradeep, Rourkela, Bargarh, Balasore, Dhamara, Gopalpur, Chhatrapur, Rayagada, Kalahandi and Choudwar and near the SEZs. will be an additional effort to accelerate the growth of MSMEs. Dedicated industrial parks at suitable locations for women entrepreneurs shall be developed with a mission to reduce the socio-economic gap and ensure gender empowerment.

4. Adequate flow of credit is a major enabler for survival and growth of MSMEs. This policy has emphasized on constitution of a Credit Monitoring Group to monitor and facilitate the flow of institutional credit to MSMEs. Launching of “Orissa MSME Venture Capital Scheme” will stimulate promotion of new entrepreneurs, technologies and innovations. This policy also provides scope to encourage Banks and Financial Institutions for .setting up dedicated branches at industrial hubs for exclusive MSME finance. Such branches shall be provided infrastructure facilities including land on priority basis at concessional industrial rate. Subsidising the credit rating fees is a special feature of this policy.

5. To boost forward linkage, State Government will ensure procurement of goods and services by the Government Departments and Agencies from MSEs. located within the State via rate contract system, purchase from exclusive list and purchase by open tender with 10% price preference to local MSEs, K & VI units including Coir, Handloom and Handicrafts *vis-a-vis* local medium and large industries as well as outside industries. MSMEs. shall be encouraged for formation of Consortium and Sub-Contract Exchanges for participating in high value procurement and composite tenders and to derive the benefits of economies of scale.

6. The policy envisages adoption of cutting edge technology with introduction of a new scheme, "Orissa Technology Upgradation Scheme" for undertaking modernisation and technological upgradation. Subsidizing practice of Clean Development Mechanism and related technologies and purchase of Technical know how, etc. are some added features of the policy.

7. Cluster approach is the proven successful approach for sustainable growth of MSMEs. This policy gives a thrust on promotion of new clusters of ancillary and downstream industries at industrial hubs such as Kalinganagar, Paradeep, Dhamara, Gopalpur, Angul, Dhenkanal, Sambalpur, Jharsuguda and Keonjhar.

8. Some other important thrusts of this policy include rehabilitation and revival of viable sick units, review of performance of Banks and Financial Institutions by Empowered Committee on SMEs. constituted by RBI, strengthening of institutional framework, restructuring and upgrading the existing set up of different level of DICs., networking with Line Departments, operationalisation of single window mechanism, strengthening industry-institution linkages, setting up of incubation centres for new entrepreneurs at strategic locations preferably in association with CIPET, CTTC, XIMB, NSIC and KVIC, subsidising the cost of higher training to promoters of MSMEs., upgradation of ITIs. and promotion of new institutes for skill upgradation, etc.

9. However, it is felt necessary to provide fiscal incentives to attract investors and to accelerate the industrial growth. This policy has provided support measures such as capital investment subsidy @ 10% of FCI subject to an upper limit of 8 lakhs to new MSMEs. and 12% of FCI maximum up to 10 lakh to MSMEs. set up by SC, ST, PH, Women, Technical (Degree/ Diploma holding) entrepreneurs. Women entrepreneurs are to be entitled to additional 2 years fiscal incentive of IPR, 07 as regards to VAT. The SPVs. of MSME Clusters are to be given the status of new small scale industrial units for the purpose of availing fiscal and non-fiscal incentives under this policy.

10. Formulation of this policy has passed through an elaborate consultative process involving all stakeholders including Industries Associations, Financial Institutions, Experts and Government Departments concerned incorporating valuable and pertinent suggestions received from all corners.

SAURABH GARG

Commissioner-*cum*-Secretary to Government

INDEX

Sl. No.	Subject		PAGE No.
1	Introduction	..	5
2	Objectives	..	5-6
3	Strategy	..	6
4	Infrastructure	..	6-7
5	Credit	..	7-8
6	Raw Material	..	8-9
7	Marketing	..	9-11
8	Export Promotion	..	11
9	Technology Upgradation	..	11-12
10	Promotion of Clusters	..	12-13
11	Consortium and Sub-Contract Exchange	..	13
12	Rehabilitation and Revival of viable Sick Units	..	13
13	Institutional support	..	14
14	Single Window Mechanism	..	14
15	Entrepreneurship Development	..	15
16	Skill Development	..	15
17	Fiscal Incentives	..	16
18	Miscellaneous	..	16-17

ORISSA MSME DEVELOPMENT POLICY, 2009

1. INTRODUCTION :

- 1.1. The Micro, Small & Medium Enterprises (MSMEs.) contribute significantly to value addition, employment generation, exports and over all growth and development of the country's economy. Govt. of India has enacted the Micro, Small & Medium Enterprises Development Act, 2006 with a view to providing a comprehensive legal framework to address the needs of both the manufacturing and the service sector MSMEs., particularly to enable the MSMEs. of the country to face the emerging challenges in globalized and competitive market. The Government of India has announced an all India campaign under the National Manufacturing Competitiveness Programme (NMCP) for the Micro, Small & Medium Enterprises so as to withstand global and organized competition and to thrive through better technologies and skills. The Govt. of Orissa has also notified Industrial Policy Resolution, 2007 (IPR, 2007) which provides for specific fiscal as well as non-fiscal interventions to develop the Micro, Small & Medium Enterprises of the State.
- 1.2. Despite the initiative taken in the successive industrial policies, the growth of MSMEs. in Orissa is not at par with the national and international standards. The inherent richness of the State of Orissa in terms of abundant natural resources, human resources and an enterprise enabling polity need to be leveraged to realize the full potential of the Micro, Small & Medium Enterprise Sector of the State. The new wave of industrialization being witnessed in Orissa today, especially in the metal, power, cement, petrochemical, IT, tourism sector and the current growth in the services sector provide enormous opportunity for the growth of Micro, Small & Medium Enterprises in the State.
- 1.3. The Micro, Small & Medium Enterprises play a major role in broad basing the industrial growth and augmenting employment opportunities, revenue exports and economic growth. However, the MSMEs. of the country as well as the State suffer from typical weakness and problems and have specific needs and requirements. In order to address such problems, needs and requirements of the MSMEs. of the State in a focused manner and for their revival and development, Government of Orissa is declaring a policy christened as "Orissa MSME Development Policy, 2009".
- 1.4. Orissa MSME Development Policy, 2009 has been formulated through an elaborate consultative process involving all stake-holders including Industries Associations, Financial Institutions, Experts and Government Departments concerned.

2. OBJECTIVES :

- 2.1. To catalyse setting up of new MSMEs.
- 2.2. To maximize growth of existing MSMEs.
- 2.3. To arrest sickness of MSMEs.
- 2.4. To revive viable sick MSMEs.
- 2.5. To broad-base the growth of MSME in all potential sectors of economy.
- 2.6. To provide opportunities to local entrepreneurial talent.
- 2.7. To maximize avenues for employment generation.

- 2.8. To make focused effort for sustainable and inclusive industrial growth aiming at balanced regional development.
- 2.9. To promote entrepreneurial spirit amongst the educated youth.
- 2.10. To enhance the contribution of MSMEs. in manufacturing and services sector of the State's economy.

3. STRATEGY :

- 3.1. Enhance competitiveness of MSMEs. through clusterisation
- 3.2. Facilitate setting up of ancillary & downstream units of existing and upcoming Large & Mega Industries.
- 3.3. Setting up of specialized / focused industrial area / park for MSMEs.
- 3.4. Facilitate enhanced flow of credit to MSMEs.
- 3.5. Broaden marketing avenues
- 3.6. Facilitate technological upgradation of existing MSMEs. and encourage the use of advanced cutting edge technology amongst new MSMEs.
- 3.7. Establish Industry-Institution linkages
- 3.8. Convergence of schemes and resources
- 3.9. Enhance managerial, technical and financial capacity of local entrepreneurs
- 3.10. Exposure of local MSMEs. to best national and international practices
- 3.11. Setting up consortium and Sub-Contract Exchanges of MSMEs.
- 3.12. Promote infrastructural linkages preferably in PPP mode
- 3.13. Strengthening of the institutional support mechanism for MSMEs
- 3.14. Facilitate backward and forward linkages.

4. INFRASTRUCTURE :

- 4.1. The infrastructural needs of MSMEs. shall be addressed on priority and minimum 20% of the area in all industrial estates, industrial parks, industrial corridors and land banks shall be reserved for MSMEs., unless otherwise decided by Government.
- 4.2. IDCO shall promote new exclusive industrial parks for MSMEs. at all major industrial hubs in the State such as Kalinganagar, Barbil, Jharsuguda, Sambalpur; Dhenkanal, Angul, Paradeep, Rourkela, Bargarh, Balasore, Dhamra, Gopalpur, Chhatrapur, Rayagada, Kalahandi and Choudwar and near the SEZs. being set up in the State.
- 4.3. Wherever land is provided for setting up of large & Mega Industries, 10% of such land subject to an upper limit of 200 Ac. shall be earmarked for setting up of MSMEs. to facilitate setting up ancillary and downstream MSMEs. preferable in cluster mode.
- 4.4. Sector specific Ancillary & Downstream industrial parks shall be set up by IDCO preferably in association with mother plants.
- 4.5. IDCO shall upgrade and maintain the infrastructure facilities in existing industrial estates, parks, IID centres, growth centres, etc. preferably by associating user industries through appropriate management model.

- 4.6. The infrastructural requirements of MSMEs. relating to water, power, waste management, environment management, testing laboratories, R. & D. institutions and civic amenities shall be addressed on priority.
- 4.7. Common Facility Centres (CFCs) set up by Special Purpose Vehicles (SPVs) of MSME clusters shall be entitled for allotment of land on free of cost basis at locations earmarked for the purpose by IDCO. This shall be treated as the State Government's share.
- 4.8. Large and Mega Industries who have signed MoUs / those who shall sign MoUs with State Govt., shall have to undertake in the MoU to develop 10% of the land subject to an upper limit of 200 Ac. to facilitate setting up of Ancillary and Downstream MSMEs. preferably in cluster mode.
- 4.9. IDCO shall set up permanent exhibition centres for MSMEs. at suitable locations in consultation with the Director of Industries.
- 4.10. Dedicated Industrial Parks for Women Entrepreneurs shall be developed by IDCO at suitable locations.
- 4.11. The MSMEs. shall be accorded priority in allotment of land in existing as well as new industrial estates / parks developed by IDCO.
- 4.12. The District Level Single Window Clearance Authority shall be the competent authority for assessing the requirement of land of MSMEs. and for recommendation of the same to IDCO / Revenue Department/General Administration Department / Urban Local Bodies and Urban Development Authorities such as BDA, CDA, etc.

5. CREDIT :

- 5.1. Adequate institutional credit is a major enabler for survival and growth of MSMEs. Concerted efforts shall be made for ensuring adequate flow of institutional credit to Micro, Small & Medium Enterprises.
- 5.2. A suitable mechanism shall be devised in the Government for monitoring the flow of credit to the MSME Sector. Further, the existing institutional set up of District Co-ordination Committee (DCC), State Level Bankers' Committee (SLBC) and Empowered Committee of RBI shall be utilized effectively for the purpose.
- 5.3. A Credit Monitoring Group shall be constituted to monitor and facilitate the flow of institutional credit to MSMEs. The group shall consist of —
 1. Secretary, Industries .. Chairman
 2. Director, Institutional Finance, Govt.of Orissa. .. Member
 3. Regional Director, RBI .. Member
 4. Chief General Manager, SBI .. Member
 5. Convenor, SLBC .. Member
 6. Zonal Manager, Bank of India .. Member
 7. General Manager, SIDBI .. Member
 8. Managing Director, OSFC .. Member
 9. Director, MSME, DI, Cuttack .. Member
 10. Representative of an Apex Industries Association on annual rotation basis. .. Member
 11. Director of Industries, Orissa .. Member-Convenor

- 5.4. Commercial Banks and Financial Institutions shall be encouraged to set up dedicated branches for MSMEs. in the industrial hubs of the State. Infrastructure facilities including land for such branches shall be provided on priority basis at concessional industrial rate.
- 5.5. The schemes and programmes launched by Govt. of India / Govt. of Orissa for enhancing flow of credit to MSMEs. such as Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE), Credit Linked Capital Subsidy Scheme (CLCSS), Technology Upgradation Fund (TUF) and National Equity Fund (NEF) and Interest Subsidy Scheme of IPR, 2007 shall be effectively implemented with active assistance of Banks and Financial Institutions.
- 5.6. The Orissa State Financial Corporation shall revive its operations and resume lending to MSMEs. so as to substantially improve the flow of credit to MSME Sector.
- 5.7. The MSMEs. shall be encouraged to increasingly adopt credit rating by reputed agencies such as SMERA. A specific scheme to reimburse/subsidize the rating fees shall be launched by the Government in due course.
- 5.8. Orissa MSME Venture Capital Scheme :

With a view to promoting new entrepreneurs, technologies and innovations “Orissa MSME Venture Capital Scheme” shall be launched. The basic purpose of the scheme shall be to provide financial assistance and monitoring services to new and innovative MSMEs. The scheme shall adopt a flexible approach for supporting the investee Companies and provide financial assistance in the form of equity and quasi-equity. The detailed scheme in this regard shall be launched in due course by the Orissa State Financial Corporation with budgetary support from State Govt. and suitably involving other stakeholders such as Commercial Banks, Financial Institutions and industries and also by taking recourse to public finance.

6. RAW MATERIAL :

- 6.1. The State of Orissa has rich resources of varied raw materials required by cross-section of MSMEs. It shall be the endeavour of the Government that the MSMEs. are enabled to source their required raw materials in an efficient and cost effective manner.
- 6.2. Appropriate steps shall be taken to establish linkages amongst MSMEs. and Central / State Public Sector Undertakings (PSUs) for sourcing of crucial raw materials. The G.M. / P.M., DICs. shall be the competent authority to assess the requirement of raw materials of MSMEs. located within their jurisdiction and for recommending the same to competent authorities of the relevant Central / State PSUs. and Govt. Departments through the Director of Industries, Orissa. It shall be incumbent upon the Orissa based PSUs. to accord priority in allotment of raw materials to the MSMEs. located within the State of Orissa at the lowest rate as extended to any other buyer of the same material inside or outside the State.
- 6.3. The Orissa Small Industries Corporation Ltd. (OSIC) / National Small Industries Corporation Ltd. (NSIC) may act as the Nodal Agency for sourcing and supplying of raw materials required by the MSMEs., OSIC / NSIC shall set up Raw Material Banks to provide such support. The PSUs. shall accord priority in supplying raw materials to OSIC / NSIC acting as the Nodal Agency for MSMEs. and shall do so at the lowest rate as extended to any other buyer of the same material inside or outside the State.

- 6.4. Common procurement of raw material by SPVs. of MSME Clusters shall be encouraged. The Govt. shall assist such SPVs. in formulating appropriate raw material linkages.

7. MARKETING :

- 7.1. The Govt. shall endeavour to promote marketing of goods and services produced by the MSMEs. both in domestic and overseas markets by providing necessary policy, institutional and fiscal support wherever necessary.

7.2. Marketing Support to Micro & Small Enterprises (MSEs) in Government Procurement—

- (a) The State Govt. will ensure that requirement of goods and services by Government Departments and Agencies under its control are procured from MSEs. located within the State through the following procedure.

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

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

Explanation-III—The procurement norms in this Para. 7.2. shall not apply for purchases under D G S & D Rate contract system and in cases where there are separate procurement guidelines prescribed by international/national funding agencies.]

(b) Rate Contract :

- (i) List of goods and services to be reserved for procurement from MSEs. via Rate Contract System shall be prepared by the Director, Export Promotion & Marketing (DEP&M) taking into account the quantity and quality of goods being manufactured and services being provided by the local MSEs. and their requirement by Govt. Departments and Agencies under their control.
- (ii) Any goods or services for which subsisting rate contract exists shall be mandatorily procured following the rate contract system and shall not be procured by any other means.

(c) Purchase from Exclusive List

- (i) List of goods and services reserved for exclusive purchase from MSEs. located within the State of Orissa will be prepared from time to time keeping in view the production capacity of the local MSEs. and requirements of State Govt. Departments and Agencies under its control. This list shall consist of items for which sufficient production capacity exists within the State of Orissa so as to meet the entire demand of the Govt. Sector. Such list shall be prepared and notified by the Director, EP&M.

- (ii) The State Govt. Departments and Agencies under their control will have to procure their requirement of these items exclusively from local MSEs. with ISO / ISI / EPM certification for the items by inviting limited competitive quotations from such local MSEs. only. Efforts will be made to distribute the purchase order equitably among the participating enterprises prepared to accept lowest negotiated rate keeping in view their production capacity.
- (d) Purchase by Open Tender:
- (i) Goods and services other than those in the rate contract list or exclusive purchase list may be purchased by the State Govt. Departments and Agencies under the control of State Govt. through open tender. Local Micro & Small Enterprises and Khadi & Village Industrial Units including Coir, Handloom and Handicrafts, competing in the open tender shall be entitled to price preference of 10% *vis-a-vis* local medium and large industries as well as outside industries. Local Micro & Small Enterprises having ISO or ISI certification for their product shall get an additional price preference of 3% as per provisions of IPR, 2007.
 - (ii) Notice inviting tenders shall stipulate the condition that the participants to the tender must be registered under Orissa VAT or CST Act. While preparing comparative price statement for evaluation of tender papers, the VAT payable in Orissa shall be excluded and price comparison shall be made only on the basic price. However, any tax payable outside Orissa shall be added to the basic price for such price comparison.
- (e) The local MSEs. registered with respective DICs, Khadi, Village, Cottage & Handicraft Industries, OSIC and NSIC shall be exempted from payment of earnest money and shall pay 25% of the prescribed security deposit while participating in tenders of Govt. Departments and Agencies under its control.
- (f) Directorate of Export Promotion & Marketing will be the nodal agency for issue of detailed guidelines for implementation of the above facilities extended to local industries. Director, Export Promotion & Marketing or his nominee will be a member of the Purchase Committee constituted at levels above the District level in State Government Departments and Agencies under the control of State Government. General Manager / Project Manager, DIC or his representative will be a member of Purchase Committee constituted at District level or below.
- (g) In order to ensure that the policy on marketing support is meticulously followed, the Director, EP&M or his representative shall be allowed access to tender papers, purchase documents, books of accounts, etc. to ascertain whether there has been any contravention in the implementation of the policy.
- (h) Director, EP&M will have the power to draw samples and test the quality of products of local industries from time to time and shall have powers to blacklist and de-register industries supplying products not conforming to prescribed quality and specifications. He shall have the power to blacklist local industries for trading in the store items instead of manufacturing.

7.3. Marketing Syndication and MSME Consortium :

(a) OSIC will act as nodal procurement agency of the State Govt. Departments and Agencies under their control. Bulk orders for procurement of goods and services shall be routed through OSIC. For such procurement, advance payments shall be placed with OSIC by the Govt. Departments and Agencies under their control.

(b) While acting as a consortium leader of local MSMEs., OSIC shall be entitled to service charges not exceeding 1% of the order value from the concerned units.

7.4. Payment—State Govt. Departments and Agencies under their control will make prompt payment of dues of local MSEs. and OSIC. The Directorate of EP&M shall closely monitor the status of timely payment of dues of MSEs.

7.5. The Micro, Small Enterprise Facilitation Council (MSEFC) constituted under the provisions of MSMED Act, 2006 shall regularly take up cases related to delayed payments to MSEs.

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

7.7. A new scheme in the nature of Factoring Assistance Scheme and Bill Discounting Scheme shall be devised and launched in order to assist the local MSEs. in their marketing effort.

7.8. The Directorate of EP&M and OSIC shall organize annual Buyer & Seller Meet and Vendor Development Programmes amongst the large and mega industries and the Micro, Small & Medium Enterprises in association with IPICOL, Director of Industries, MSME, DI, NSIC and Apex Industry Associations.

8. EXPORT PROMOTION :

8.1. In order to realize the export potential of the MSMEs. of the State, concerted efforts shall be made for creation of awareness about overseas markets and the identification of products of local MSMEs. having export potential.

8.2. The Directorate of EP&M shall prepare a product country matrix for the MSMEs. of Orissa identifying the products which have potential export market in specific overseas markets.

8.3. The Directorate of EP&M shall conduct regular sensitization programmes for the MSMEs. about the export documentation procedure and logistic in association with FIEO, ECGC and other Export Promotion Councils of India.

8.4. The Directorate of EP&M shall publish an annual catalogue of products of MSMEs. of Orissa having export potential.

9. TECHNOLOGY UPGRADATION :

9.1. The Micro, Small & Medium Enterprises must be encouraged to adopt modern cutting-edge technology in order to achieve competitiveness through cost reduction and quality upgradation. MSMEs. shall be suitably incentivised to adopt modern technology.

9.2. An MSME Technology Upgradation Scheme shall be launched to support the MSMEs. for technological upgradation. The scheme shall be utilized for providing subsidised credit support to MSMEs. for undertaking modernisation and technological upgradation. OSFC shall be the nodal agency for this scheme. Detailed scheme shall be notified by Govt. in due course.

9.3. Assistance for Technical Know how :

New Micro & Small Enterprises shall be eligible for reimbursement of 50% of cost of purchase of technical know how up to Rs 1 lakh in case of indigenous technology and up to Rs. 5 lakh in case of imported technology, as per IPR, 2007.

9.4. The State Govt. shall endeavour to promote adoption of Clean Development Mechanism (CDM) and related technologies by the MSMEs. The Govt. shall subsidise consultancy services for adoption of CDM by the MSME to the extent of 50% of the charges or Rs. 25,000 whichever is less. The detailed scheme along with guidelines in this regard shall be notified by the Govt. in due course.

9.5. Concerted efforts shall be made to increase awareness about the programmes and schemes of Government of India meant for incentivising the adoption of higher technology by MSMEs. such as CLCSS, QMS (Quality Management Standards), QTT (Quality Technology Tools). The progress of credit delivery under such schemes shall be closely monitored and corrective steps initiated wherever necessary.

10. PROMOTION OF CLUSTERS :

10.1. Cluster approach is the proven successful approach for sustainable growth of MSMEs. in an increasingly globalizing competitive industrial economy. It is observed that wherever MSMEs. have come up in clusters and have evolved sufficient social capital amongst themselves in such clusters, they have been successful. The State Government therefore shall adopt the Cluster Development Approach for promoting Micro, Small & Medium Enterprises.

10.2. A Cluster Development Cell headed by an officer not below the rank of Joint Director of Industries shall be set up in the Directorate of Industries to intensify cluster development. This cell shall undertake studies of all the existing MSME clusters in the State and shall develop suitable cluster development action plans for making focused efforts to develop the enterprises in such clusters in a sustainable manner.

10.3. The Cluster Development Cell may also constitute itself into a Society Registered under the Societies Registration Act, 1951 and evolve into a professional body by adopting suitable means. The schemes and programmes of cluster development launched by the Government of India, State Govt. and Development / Consultancy Agencies shall be implemented in Orissa through this cell. This cell shall develop partnership with other like minded agencies and institutions working in the field of industrial cluster development. It shall also converge resources and dovetail available funds, schemes and Programme so as to evolve a unified strategy for cluster development in the State of Orissa.

- 10.4. Apart from identifying and promoting existing clusters of MSMEs. new clusters of ancillary & downstream units shall be promoted at major industrial hubs such as Kalinganagar, Paradeep, Dhamra, Gopalpur, Angul, Dhenkanal, Sambalpur, Jharsuguda and Keonjhar, etc.
- 10.5. To promote the development of Micro, Small & Medium Enterprises in cluster mode, the respective Associations/Groups of units in clusters shall be encouraged to form Special Purpose Vehicles (SPVs) for undertaking cluster development work in partnership with Govt. and other development agencies. To promote SPVs. in MSME clusters, the SPVs. shall be given the status of new small scale industrial units for the purpose of availing fiscal and non-fiscal incentives under this policy as well as under IPR, 2007.

11. CONSORTIUM AND SUB-CONTRACT EXCHANGE :

- 11.1. To derive the benefits of economies of scale, consortium of MSMEs. shall be promoted by availing the schemes of Ministry of MSME, Govt. of India, NSIC and OSIC. To enable the MSMEs. to participate in high value procurement and composite tenders, Sub-Contract Exchanges shall be promoted based on the product / service line and capacity of member units.
- 11.2. MSME Associations and SPVs. of MSME Clusters shall be encouraged to set up Sub-Contract Exchange and Consortium. Such Consortium and Sub-Contract Exchange recognized by the Directorate of Industries shall be allowed the same benefits as allowed to MSMEs. as mentioned in the Chapter-7 of this policy.

12. REHABILITATION AND REVIVAL OF VIABLE SICK UNITS :

- 12.1. The recent intensification of industrial activities in the State provides significant growth opportunities for the existing industries, especially in the MSME Sector, including those, which have become sick for various reasons. The State Government shall undertake a comprehensive districtwise drive through Directorate of Industries for identification of potentially viable sick units. Such industries shall be placed on a fast track mode for consideration of rehabilitation assistance by Government and all agencies concerned. The existing institutional mechanism of District Level Committee (DLC), Sub-Committee of State Level Inter Institutional Committee (Sub-SLIIC) and the State Level Inter Institutional Committee (SLIIC) shall be suitably reinforced for this purpose.
- 12.2. The SLIIC shall be empowered to extend need based incentives as available under the extent IPR for this purpose. The industries so assisted will be treated at par with new industrial units for determining the maximum level of incentives that could be sanctioned by SLIIC.
- 12.3. The Empowered Committee on SMEs. constituted by the Reserve Bank of India, Bhubaneswar shall review the performance of Banks and financial institutions in implementing the decisions of SLIIC / Sub-SLIIC / DLC and shall provide suitable direction to Banks wherever necessary to ensure compliance on such decisions.
- 12.4. The State Govt. shall liaise with the Govt. of India to set up a State level body on the lines of BIFR for revival and rehabilitation of sick MSMEs.

13. INSTITUTIONAL SUPPORT :

- 13.1. The Micro, Small & Medium Enterprises have certain inherent weaknesses and require strong institutional support to enable them to perform as per their potential. Over a period of time, the State Govt. has already established an institutional framework in the Industries Department consisting of District Industries Centres at the grass root level and various Directorates, Corporations and Agencies at the Apex level. The working of this institutional framework shall be streamlined and aligned with the requirements of a strong and vibrant MSME Sector.
- 13.2. Efforts shall be made to create a professional working environment in the District Industries Centres who are the fulcrum of all promotional efforts aimed at MSMEs. The resources available at DICs. including human resources shall be further augmented towards this end. The knowledge and professional skill of the officers and staff working in the DICs. shall be further upgraded by providing them suitable training in modern management tools and practices, project formulation and appraisal methodology and other emerging trends of industrial development.
- 13.3. Five DICs. shall be upgraded to Regional DICs. at locations where industrial concentration and potential exist. The Regional DIC shall provide comprehensive and intensive business development services to the existing and prospective investors and also provide necessary support services to the DICs. falling within their respective jurisdiction. The Regional DIC shall be headed by an officer not below the rank of Joint Director of Industries and shall be adequately staffed with professional and qualified personnel.
- 13.4. The existing set up of different level of DICs. shall be given a fresh relook and necessary restructuring shall be done in order to incorporate the changes which have taken place in the industrial scenario of the State. Efforts shall be made to upgrade the DICs. at locations where industrialization has picked up and potential for growth of MSMEs. exist.
- 13.5. The Directorate of Industries shall be further strengthened in terms of resources so as to augment its efforts for accelerated and focused growth of the MSME Sector in the changed industrial scenario of the State. A functional network shall be established between the Directorate of Industries and other agencies such as Directorate of Export Promotion & Marketing, Directorate of Technical Education & Training, Directorate of Handicrafts & Cottage Industries, IPICOL, IDCO , Orissa Khadi & Village Industries Board, KVIC, NSIC, MSME, DI, OSFC and OSIC.

14. SINGLE WINDOW MECHANISM :

- 14.1. Single Window Mechanism that has been established in pursuance with the Orissa Industries (Facilitation) Act shall be made fully operational and extended throughout the State. The District Level Single Window Clearance Authority (DLSWCA) shall be gradually activated in all the districts and the District Industries Centres shall be empowered to enable them to effectively discharge the function of DLNA.
- 14.2. The Project Monitoring and Information System (PMIS) shall be made effective and operational in all the DICs. so as to monitor the progress of implementation of the Single Window Services at the district level.

15. ENTREPRENEURSHIP DEVELOPMENT :

- 15.1. The current industrialization being witnessed in the State provides tremendous opportunities for the growth of entrepreneurship. Focused efforts shall be made to promote the spirit of entrepreneurship amongst the youth of the State so as to harness the inherent talent amongst them.
- 15.2. The Institute of Entrepreneurship Development, Orissa, shall be further strengthened and helped to evolve into a centre of excellence in the field of entrepreneurship development. The institute shall be accorded priority while undertaking entrepreneurship development programmes and training programmes for Govt. schemes as well as entrepreneurship development programmes of the private sector.
- 15.3. Institutions of National and International Repute shall be encouraged to set up their branches in Orissa by providing necessary infrastructure and other support to augment the entrepreneurship development efforts of the State Govt.
- 15.4. Science & Technology Entrepreneurship Park (STEP) shall be established at various locations in the State by involving technical institutions, preferably in a PPP mode. The State Government shall partner with the upcoming Indian Institute of Technology, Bhubaneswar and the National Institute of Science, Education & Research (NISER), Bhubaneswar to set up science and technology entrepreneurship park and also endeavour to avail Govt. of India assistance for the same.
- 15.5. Incubation centres for new entrepreneurs shall be set up at strategic locations in the State preferably in association with existing reputed institutions such as CIPET, CTTC, XIMB, NSIC, KVIC, etc. The Business Incubator Scheme launched under National Manufacturing Competitiveness Programme of the Govt. of India for support to entrepreneurial and managerial development of MSMEs. shall be effectively utilized for the purpose.

16. SKILL DEVELOPMENT :

- 16.1. The recent growth of industries in Orissa has necessitated accelerated growth in availability of trained quality manpower. The State Govt. shall take steps to augment the capacity of the technical training institutes. This shall be done by encouraging setting up of new institutes wherever necessary and by upgrading the capacity of existing technical institutes.
- 16.2. The infrastructure of Government ITIs, shall be upgraded by providing them modern technical equipment and educational aids. The scheme of World Bank, Govt. of India and State Government assistance shall be dovetailed for ensuring maximum coverage. Private industries shall also be encouraged to assist in upgradation of ITIs.
- 16.3. It shall be the endeavour of the State Govt. to maximize Industry Institution linkage by encouraging industries to adopt existing technical institutions and also to set up new institutions wherever feasible.
- 16.4. To promote setting up of new Institutes for skill upgradation, the State Government shall endeavour to lease out suitable Government land as per NCVT norms to entrepreneurs so as to motivate them to come forward to set up quality ITCs.

- 16.5. Entrepreneurs heading MSMEs. who wish to participate in higher training programme shall be helped by subsidising the cost of training. A detailed scheme shall follow in due course.

17. FISCAL INCENTIVES :

- 17.1. The IPR, 07 provides for wide ranging fiscal support measures for MSMEs. Efforts shall be made to increase awareness about these support measures amongst the entrepreneurs and the institutional framework necessary to translate such support measures into actual practice shall be streamlined. Adequate budgetary provision shall be made so as to enable the MSMEs. to fully utilize the fiscal incentives available in the IPR, 07.
- 17.2. Apart from the fiscal incentives provided in IPR, 07, the following incentives shall also be provided to eligible new units :
- (i) Capital Investment Subsidy—New Industrial Units belonging to Micro & Small Enterprise Sector shall be entitled to capital investment subsidy of 10% of fixed capital investment subject to an upper limit of Rs. 8 lakhs only. SC, ST, PH, Women and Technical (Degree / Diploma holding) entrepreneurs shall be entitled to capital investment subsidy of 12% of fixed capital investment subject to an upper limit of Rs.10 lakhs.
 - (ii) The capital investment subsidy shall be governed as per rules and guidelines to be notified in due course. The terms and conditions and eligibility for availing subsidy under the scheme shall be devised so as to ensure proper targeting of genuine enterprises who shall be recommended by a State Level Apex Committee , to be constituted for the purpose.
- 17.3. Women entrepreneurs setting up new MSE shall be entitled to additional two (2) years fiscal incentive relating to VAT under IPR, 07 subject to being otherwise eligible for the said incentive and also subject to the overall absolute limits prescribed for the said incentive under IPR, 07.

18. MISCELLANEOUS :

- (a) This policy shall be read in conjunction with IPR, 07.
- (b) For the purpose of this policy all terms, definitions and interpretations shall be as per IPR, 07.
- (c) Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy shall have to be referred to the Industries Department, Government of Orissa for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.
- (d) The units as enshrined in Annexure-II, Schedule-Point (3) of IPR, 2007 shall not be eligible for fiscal incentives under this policy, but shall be eligible for investment facilitation, allotment of land under normal rules and recommendations to the financial institutions for term loan and working capital and for recommendation, if necessary, to the Power Distribution Corporation.

- (e) The Grievance/Complaints of investors shall be redressed in Shilpa Adalat/District Level Shilpa Adalat as constituted by the Government in Industries Department from time to time.
- (f) No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. will be subject to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.
- (g) This policy shall remain in force from the date of its notification until substituted by another policy.
- (h) The State Government may at any time amend any provision of this policy.