

GOVERNMENT OF ODISHA
ELECTRONICS & INFORMATION TECHNOLOGY DEPARTMENT

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No. 2545 /E&IT
IT-V-63/2015

Bhubaneswar
Dated 04.09.2015

RESOLUTION

Sub: Special Incentive Package Scheme to attract investments in Electronics Systems Design and Manufacturing (ESDM) Sector to Odisha.

Globally, electronics industry is the largest and fastest growing manufacturing industry in the world, with a size of USD 1.75 Trillion. It is expected to reach USD 2.4 trillion by 2020. The demand in the Indian market was USD 70 Billion in 2013-14 and is expected to reach USD 400 Billion by 2020. Domestic demand is expected to be driven by the growth in income levels leading to higher off-take of electronics products, automation demands of corporate sector and Government's focus on e-Governance. However, with a low domestic manufacturing base and a low value addition, the demand-supply gap is likely to reach USD 300 Billion by 2020. To meet this alarming situation and to enhance domestic manufacturing and value-addition in electronics Systems Design and Manufacturing (ESDM), the Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology (MoC&IT), Government of India, notified the National Policy on Electronics in 2012. The NPE 2012 seeks to attract investments to the tune of USD 100 Billion and to create employment of 28 Million by 2020.

2- Electronics & Information Technology is a thrust area of the State Government and it is a Priority sector in order to harness tremendous opportunity for growth and employment in the State. State Government through its ICT Policy-2014 provide a Platform and attract investments under IT/ITES/ESDM Sector in the State. It was decided at the Government level to develop the second IT Park called InfoValley covering an area of approximately 665 acres of land through IDCO near Gauda Kashipur under Jatani Tahasil. 262.52 Acres notified as IT/ ITES SEZ by Govt. of India, 75 Acres proposed for Business Park, 215 Acres proposed for Electronic System Designing & Manufacturing Cluster (EMC) & 113 Acres of additional land (land under category of forest). Infovalley is a key economic driver of the IT Investment Region.

3- As per the National Electronics Policy guideline, a Green Field Electronics Manufacturing Cluster (EMC) inside the InfoValley in an area of 215 acres has been approved In-principle by the Govt of India. The project is positioned for financial assistance under the Electronic

Manufacturing Clusters Scheme of Department of Electronics and Information Technology (DeitY), Government of India. The State Govt is also planning to set up more ESDM parks in the State at different locations. This project is intended to help the state in developing the ecosystem for electronics manufacturing in the state. The Incentives to be given by the State Government to attract more investments under ESDM Sector in this EMC shall be over and above the incentives provisioned by Govt of India under Modified Special Incentive Package (M-SIP).

4- In order to keep pace with the growth in ESDM sector across the country, there is a need to provide Special incentives to attract Large & Mega ESDM industries for setting up of their units in the State. In order to attract large and mega IT Investment and/or large employment opportunities, a special set of up front negotiated package of incentives and concessions can be decided on a case to case basis under the provisions of para 6.21 of ICT Policy 2014. These benefits will be extended to both new as well as existing units that scale up.

5- Accordingly by extending the provisions of Para 6.21 of ICT Policy 2014 to Large & Mega ESDM Companies a package of Incentives and concessions over and above the Incentives and Concessions provisioned under ICT Policy 2014 and in addition to the incentives to be given by Govt Of India has been approved by the Government of Odisha as stated below to promote Odisha as an attractive investment destination for ESDM companies. These incentives shall be applicable to all such prospective investors through the Expression of Interest (EOI) and will also be applicable to m2i International, its cluster companies and all such Mega Projects/Investors who will be interested to invest under ESDM in Odisha. *A Large & Mega ESDM Project is required to have investment intents with minimum investment of Rs 200 crores and generate an employment of minimum 500 persons at the time of starting of production and create an employment opportunity of more than 2000 persons in a span of five years.*

5.1- Capital Investment Subsidy : 25% investment subsidy on fixed capital Investment for plant and machinery (except land & Building) will be given to new large & mega ESDM units subject to maximum limit of Rs 50 Crores for each cluster Company of the EMC at Infovalley or any other ESDM Park to be set up in the State. To avail this benefit each Large & Mega ESDM Project is required to have investment intents with minimum investment of Rs 200 crores and generate an employment of minimum 500 persons at the time of starting of production and create an employment opportunity of more than 2000 persons in a span of five years.

5.2- Entry Tax- Each large & mega ESDM Cluster Company of the EMC at Infovalley or any other ESDM Park to be set up in the State shall be exempted from

entry tax on acquisition of machinery and equipments for a period of three years from the date of registration of the firm under OVAT/OET Act and on purchase of raw-material for a period of 5 years from the date of start of Commercial Production subject to ceiling of 100% on Fixed Capital Investment or upto implementation of GST in the State whichever is earlier.

5.3- Human Capital Investment Subsidy:- Training Subsidy up to Rs.800 per person per month shall be reimbursed by Government to each large & mega ESDM Cluster Company of the EMC at Infovalley or any other ESDM Park, to be set up in the State for training of manufacturing work force who are domicile of Odisha for a period not exceeding three years from the date of start of commercial Production. In addition, each cluster company shall be entitled for reimbursement of the expenditure incurred towards contribution for Employees State Insurance (ESI) and Employees Provident Fund (EPF) subject to a maximum of Rs.2 Crore per year for two years from the date of start of commercial Production only to the employees who are domicile of Odisha.

5.4- Sales tax and VAT exemption / reimbursement:- Each large & mega ESDM Cluster Company of the EMC at Infovalley or at any other ESDM Park to be set up in the State shall be entitled for reimbursement of 100% VAT as per actual paid for a period of 5 years from the date of start of commercial production or till implementation of GST whichever is earlier limited to 100% of the fixed Capital investment provided that the VAT reimbursement will be applicable only to the Net Tax paid, after adjustment of input tax credit against output tax liability.

5.5- Power incentives:- Each large & mega ESDM Cluster Company of the EMC at Infovalley or at any other ESDM Park of the State shall be entitled for exemption of Electricity Duty and Inspection Fees as per Para-6.12 of ICT Policy 2014.

5.6- Water incentives:- Each large & mega ESDM Cluster Company of the EMC at Infovalley shall be entitled for exemption of Water Duty if any by IDCO. Since Water supply to InfoValley will be made through PPP Mode, IDCO may charge the same rate at which IDCO will procure the water from Private Water Supply Utility subject to its Board's approval.

5.7- Interest Subsidy Reimbursement:- Each large & mega ESDM Cluster Company of the EMC at Infovalley or at any other ESDM Park to be set up in the State shall be entitled for reimbursement of an interest subsidy @ 5% per annum from public Financial Institutions / Banks for a period of 5 years from the date of starting Commercial Production with a maximum moratorium period of 18 months.

5.8- Agency to administer Incentives:- The Electronics & Information Technology Department through IPICOL and OCAC shall act as the single agency to administer the incentives. They will continuously monitor the quantum of incentives provided to the entrepreneurs to ensure that the total incentive allowed in the foregoing paragraphs does not exceed the Capital investment made by the entrepreneur.

This Scheme will remain in force until **31st March 2020 or till substituted by another Scheme**. The State Government may at any time amend any provision of this Scheme.

(The Resolution is issued with the concurrence of Finance Deptt and approval of 16th meeting of the Cabinet held on 13.08.2015)

ORDER – Ordered that the Resolution be published in the Odisha Gazette and copies thereof be forwarded to all departments of Government, all Heads of Departments, all Public Sector Undertakings.

By Order of Governor


(Pradeep Jena) 419

Principal Secretary to Government

Dated 04.09.2015

Memo No. 2546 /E&IT

Copy forwarded to the Principal Secretary to Governor, Odisha / ACS to Chief Minister / Private Secretary to all Ministers / OSD to Chief Secretary / Private Secretary to Development Commission-cum-Additional Chief Secretary for favour of kind information of Governor / Chief Minister / All Ministers / Chief Secretary / Development Commissioner-cum-Additional Chief Secretary.


Principal Secretary to Government

Dated 04.09.2015

Memo No. 2547 /E&IT


Copy forwarded to all Departments of Government / All Heads of Departments /CMD, IDCO/ CMD, IPICOL/ All RDCs / All Collectors / Principal Resident Commissioner, Government of Odisha, New Delhi / Additional Secretary, DeitY, Govt of India, New Delhi, / All Public Sector Undertakings / Director, STPI, Bhubaneswar, DDG & SIO, NIC, Bhubaneswar / Accountant General (A&E), Odisha, Bhubaneswar for information and necessary action.


Principal Secretary to Government

Memo No. 2548 /E&IT

Dated 04.09.2015

Copy forwarded to the Director, Printing, Stationery and Publications, Odisha, Cuttack, for immediate publication in the extra ordinary issue of Odisha Gazette and supply 500 copies of the Resolution to this Department.


Principal Secretary to Government