

The capital subsidy shall be disbursed only after fulfilment of the above conditions and successful running of the industry for 3 consecutive years.

7.1.2 Reimbursement of Power Tariff

Reimbursement of Power Tariff for a period of 5 years from the date of commercial production shall be provided as per the details in the table given in paragraph 7.1.3. In addition, the A&D manufacturing units shall also be provided the following:

- ▶ Committed 24*7 power
- ▶ Dedicated industrial feeders

These incentives will be subject to the guidelines of OERC, as laid down from time to time.

7.1.3 Training Subsidy

For every person trained and newly recruited in the unit, the State government shall reimburse the training cost as mentioned below for a period of 3 years. The training subsidy under this policy shall be reimbursed only once for each trainee either for training of newly recruited trainee or for skill upgradation. This support shall not be available to those trainees who are availing State government support for similar training programs.

The incentives on power and training subsidy are listed below:

Sl. No.	Rating	Investment (Rs. Cr.)	Employment (No.)	Reimbursement of Power Tariff (Rs./Unit)	Training Subsidy (Rs./Person)	
1	A 1- a	>100	100-150	0.25	2500	1750
	A 1- b		151-300	0.35	2750	1900
	A 1- c		301-500	0.45	3000	2100
	A 1- d		>500	0.50	3300	2400
2	A 2 - a	>200	200-250	0.40	3000	2000
	A 2 - b		251-500	0.50	3250	2250
	A 2 - c		501-1000	0.60	3500	2500
	A 2 - d		>1000	0.75	3750	2750
3	A 3 - a	>500	400-500	0.55	3300	2300
	A 3 - b		501-1000	0.65	3600	2600
	A 3 - c		1001-1500	0.80	3800	2800
	A 3 - d		>1500	1.00	4000	3000
1	B 1- a	>50	75-100	0.30	2600	1750
	B 1- b		101-200	0.40	2750	2000
	B 1- c		201-300	0.50	3000	2250
	B 1- d		>300	0.60	3300	2500
2	B 2- a	>100	100-150	0.45	3000	2000
	B 2- b		151-300	0.60	3250	2250
	B 2- c		301-500	0.75	3500	2500
	B 2- d		>500	1.00	3750	2750
3	B 3- a	>250	200-250	0.65	3500	2300
	B 3- b		201-500	0.80	3600	2650
	B 3- c		501-750	1.10	3800	2800
	B 3- d		>750	1.25	4000	3000

7.1.4 Land for Worker's Hostel

In order to encourage retention and ensure security and safety of the workforce, the government shall incentivize the units by providing land at 50% of the prevailing market rates of IDCO. The land shall only be utilized for setting up a workers hostel or dormitory and shall not be utilized for any other purpose. The land area eligible for this incentive if provided in the following table:

Sl. No.	Classification	No. of Acres
Category A		
1	A1	1
2	A2	2
3	A3	3
Category B		
1	B1	1
2	B2	2
3	B3	3

7.1.5 SGST

- a) New Aerospace & Defence manufacturing units shall be eligible for reimbursement of 100% of net SGST for a period of seven (7) years from the date of commencement of production, limited to 200% of cost of plant & machinery, in a tapered manner.
- b) Existing A&D manufacturing units taking up expansion/modernisation/diversification (E/M/D) shall be eligible for 100% reimbursement of net SGST for a period of seven (7) years from the date of commencement of production subject to the condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 200% of additional cost of plant and machinery acquired for taking up Expansion/Modernization/ Diversification, in a tapered manner.
- c) New Pioneer Units shall be eligible for reimbursement of 100% of net SGST for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery, in a tapered manner.
- d) Anchor Tenant in each Aerospace & Defence park shall be eligible for reimbursement of 100% of net SGST for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery, in a tapered manner.

7.1.6 Aerospace and Defence Manufacturing Park

The State Government will give impetus to set up an Aerospace and Defence Manufacturing Park at a suitable location in the State. The park shall have the following facilities:

- ▶ Manufacturing area (components, sub-components, sub-assemblies, aerospace parts)
- ▶ Testing center
- ▶ Hardware/Embedded Technology Center

- › Technology Innovation Center
 - › Housing
 - › Common Facility Center
- a) For the first defence park set up in the State developed with private participation, the State Government shall provide subsidy of upto 50% of the cost of land, building, plant and machinery to the SPV subject to a maximum of:
- Rs. 50 crore for the common facility center established within the park
 - Rs. 30 crore for technology innovation center
 - Rs. 25 crore for testing center
- b) Government will support quality infrastructure in the form of a capital grant to all other Aerospace and Defence parks / clusters, not covered under clause 7.1.6 (a) above, promoted by private sector or industry association or user units in a cluster format, with a grant of 50% of the infrastructure cost with a ceiling of Rs.10 crore per park or cluster. In the case of upgradation of the existing parks / clusters the government will provide a similar support of 50% of total cost with a ceiling of Rs.5 crore provided the park / estate / cluster is user- managed.

7.1.7 Research and Development

The Government of Odisha realizes the importance of promoting R&D for the development of the sector. To nurture excellence in scientific innovation, the State Government shall partner with the industry to set up necessary infrastructure required for various manufacturing procedures, maintenance activities and control systems such as avionics labs, assembly shops, sheet metal shops, composite shops relevant to assemblies, sub-assemblies etc. in the technical/research institutions in the State.

All R&D investments in Aerospace and Defence manufacturing sector would be eligible for 50% assistance on investments subject to maximum of Rs. 10 crore to the academia, R&D institutions as well as technical and scientific organizations of repute, subject to approval by the Government.

The Government of Odisha would also facilitate and provide assistance in setting up of Centers of Excellence in Aerospace and Defence research in collaboration with major institutions and industries in the field of:

- Aerospace Structures
- Avionics
- Smart Manufacturing
- Naval Structures and Systems

The Corpus of the Startup Capital Infrastructure fund and seed fund of the Startup policy, 2016 shall be extended to Aerospace and Defence manufacturing units to promote research and innovation through start-ups in the state.

The State shall also endeavor to set up an Aeronautical University to encourage Aerospace and Defence technical education ecosystem. The universities and skill development centers being set up shall be linked to the industrial units operating in the State to develop / upgrade the required skill for the sector.

7.1.8 Interest Subsidy

- a) New A&D manufacturing units shall be entitled to interest subsidy for timely payment @ 5% per annum on term loan availed from Public Financial Institutions / Banks for a period of 5 years from the date of commencement of production subject to a total maximum limit of:
- Rs. 10 Lakhs for Micro Enterprises;
 - Rs. 20 Lakhs for Small Enterprises;
 - Rs. 40 Lakhs for Medium Enterprises;
 - Rs. 1 Crore for Non-MSME Units

For the first 3 OEMs, setting up manufacturing units in the State, the following conditions will apply.

Investment on Plant & Machinery	Interest Subsidy Limit
More than Rs. 500 crore	Rs. 10 crore per annum
More than Rs. 100 crore upto Rs. 500 crore	Rs. 5 crore per annum

Units which are classified as Non-Performing Asset (NPA) at the time of making the application will not be eligible to avail such incentive. For units in Industrially Backward districts, the reimbursement period will be 7 years from the date of commencement of production subject to the aforesaid limit.

- b) In addition to the interest subsidy, the guarantee fee charged under Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE) scheme to Micro & Small Enterprises (MSEs) will be reimbursed to the enterprises in order to improve the CGTMSE coverage for collateral free loans in the State.

7.1.9 Stamp Duty

- a) No stamp duty will be required to be paid in respect of land allotted by the Government to IDCO or Government/ IDCO to Private A&D Park Developers.
- b) In respect of transfer of land / shed by Government, IDCO and Private A&D Park developers to new A&D manufacturing units and existing A&D manufacturing units acquiring fresh land for expansion, modernization and diversification, 100% of the applicable Stamp duty shall be exempted.
- c) Stamp duty will be exempted in cases where reconstruction and amalgamation of Companies is sanctioned by the Court under Section 394 of the Companies Act, provided,
- (i) it falls within the following norms, viz., where:
 1. at least 90% of the issued share capital of the transferee company is in the beneficial ownership of the transferor company; or
 2. the transfer takes place between a parent Company and a subsidiary Company one of which is the beneficial owner of not less than 90% of the issued share capital of the other; or
 3. the transfer takes place between two subsidiary Companies of each of which not less than 90% of the share capital is in the beneficial ownership of a common parent Company; and
 - (ii) a certified copy of the relevant records of the Companies kept in the Office of

the Registrar of Companies is produced by the parties to the instrument to prove that the conditions prescribed above are fulfilled.

- d) Loan agreements, credit deeds, mortgages and hypothecation deeds executed by the Industrial Units in favour of Banks or Financial Institutions shall be allowed 100% exemption from stamp duty.

7.1.10 Energy

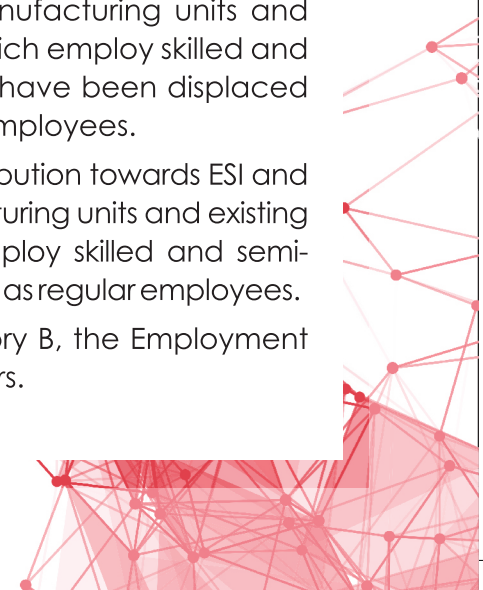
- a) New A&D manufacturing units shall be exempted from payment of electricity duty for a period of 10 years from the date of availing power supply for production.
- b) To encourage energy efficiency of industries, a one-time reimbursement of cost of Energy Audits by A&D manufacturing units shall be provided up to a maximum of
 - › Rs. 1 Lakh for Micro Enterprises;
 - › Rs. 2 Lakhs for Small Enterprises;
 - › Rs. 3 Lakhs for Medium Enterprises;

per unit subject to achieving energy efficiency. Independent and credible third party agency must certify energy efficiency of Industries.

7.1.11 Employment Cost Subsidy

To encourage domestic employment in the upcoming A&D units, the government will support the units through following incentives.

- a) 75% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D in Micro and Small sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.
- b) 50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D in Medium sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.
- c) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D which employ skilled and semi-skilled workers who are domicile of the State and have been displaced due to the establishment of the said A&D unit as regular employees.
- d) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D which employ skilled and semi-skilled persons with Disabilities who are domicile of the State as regular employees.
- e) For Industrially Backward districts defined under category B, the Employment Cost Subsidy will be allowed for additional period of 2 years.



7.1.12 Patent Registration

New A&D manufacturing units and existing A&D manufacturing units taking up Expansion/ Modernization/ Diversification will be encouraged to file patents for the products of their research and development. State government will provide assistance to entrepreneurs for Patent and Intellectual Property Right registration @ 100% of the registration cost up to maximum of Rs.10 Lakhs.

7.1.13 Environmental Protection Infrastructure Subsidy

Individual A&D manufacturing units of MSME Sector adopting Zero Effluent or Waste Water Discharge (ZLD) shall be eligible for an Environment Protection Infrastructure Subsidy of Rs.20 Lakhs or 20% of capital cost of setting - up such Effluent Treatment Plant (ETP) whichever is less. The units shall produce a certificate from State Pollution Control Board (SPCB), Odisha to this effect.

7.1.14 Anchor Tenant Subsidy

In order to attract lead investment by a reputed investor which would promote and facilitate further investment in the designated Aerospace and Defence Park / Estate, following incentives shall be provided to the first tenant industry.

- a) 25% subsidy on cost of land
- b) Net SGST Reimbursement for additional 2 years subject to the overall limit.

7.1.15 Land conversion fee Exemption

New A&D manufacturing units and existing A&D manufacturing units taking up expansion/ modernisation/ diversification will be granted exemption under the provisions of clause - C of Section-73 of Orissa Land Reforms (OLR) Act, 1960 from payment of premium, leviable under provisions of clause - C of Section 8 (A) of the OLR Act.1960 on production of eligibility certificate from the Director of Industries, Odisha for Large Industries and Medium Enterprises and G.M , RIC/DIC for Micro and Small Enterprises to the tune of 100% up to 100 Acres and 50% for balance area.

7.2 Non-fiscal Incentives:

7.2.1 Land

Government shall provide priority in allocation of land for new Aerospace and Defence Manufacturing units at concessional industrial land rates subject to availability.

The Aerospace and Defence Manufacturing sector units shall also be allowed to sub-lease the land to their vendor units. Government shall identify large patches of suitable land to provide for enough scope for ancillary, downstream and supplier units to set up their manufacturing facility in the vicinity of the OEM units.

7.2.2 Testing Facility

The State Government shall coordinate with Union Government so as to facilitate the use of Abdul Kalam Island at Balasore to enable the companies to test the defence equipment/missiles manufactured in the State at the test range.

The State Government shall also provide support for testing of defence products to the units setting up their facility in the State by prioritizing land allocation for setting up testing facilities and test ranges.

7.2.3 Declaration as Public Utility

The A&D industry will be declared as a 'Public Utility' under the Industrial Disputes Act, 1947.

8. Ease of Doing Business

The Government of Odisha has introduced the online Single Window Portal, GO SWIFT i.e. Government of Odisha – Single Window for Investor Facilitation & Tracking, to promote a conducive business environment through transparency and time-bound clearances. The approval process for various services from concerned State government departments has been made online, including online application submission, payment, tracking and processing of applications. All Aerospace & Defence manufacturing units will get approvals and clearances through the GO-SWIFT portal within the timelines defined under the Odisha Right to Public Services Act.

9. Governance

All applications of aerospace and defence manufacturing units, irrespective of the investment amount will be disposed/recommended by the State Level Single Window Clearance Authority (SLSWCA). Any doubt with regard to the eligibility of a particular unit under the aerospace and defence manufacturing policy will be clarified by SLSWCA.

10. General Terms and Conditions

- a) 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 Odisha for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.
- b) Any act or policy of Government of Odisha along-with its rules and procedures there under dealing with promotion of investments in the State that is conflicting with this policy, its rules and procedures shall be suitably amended to the extent required to bring conformity with this policy.
- c) 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.
- d) The State Government has the right to amend any provision of this policy any time.

ANNEXURE I

DEFINITIONS AND INTERPRETATIONS

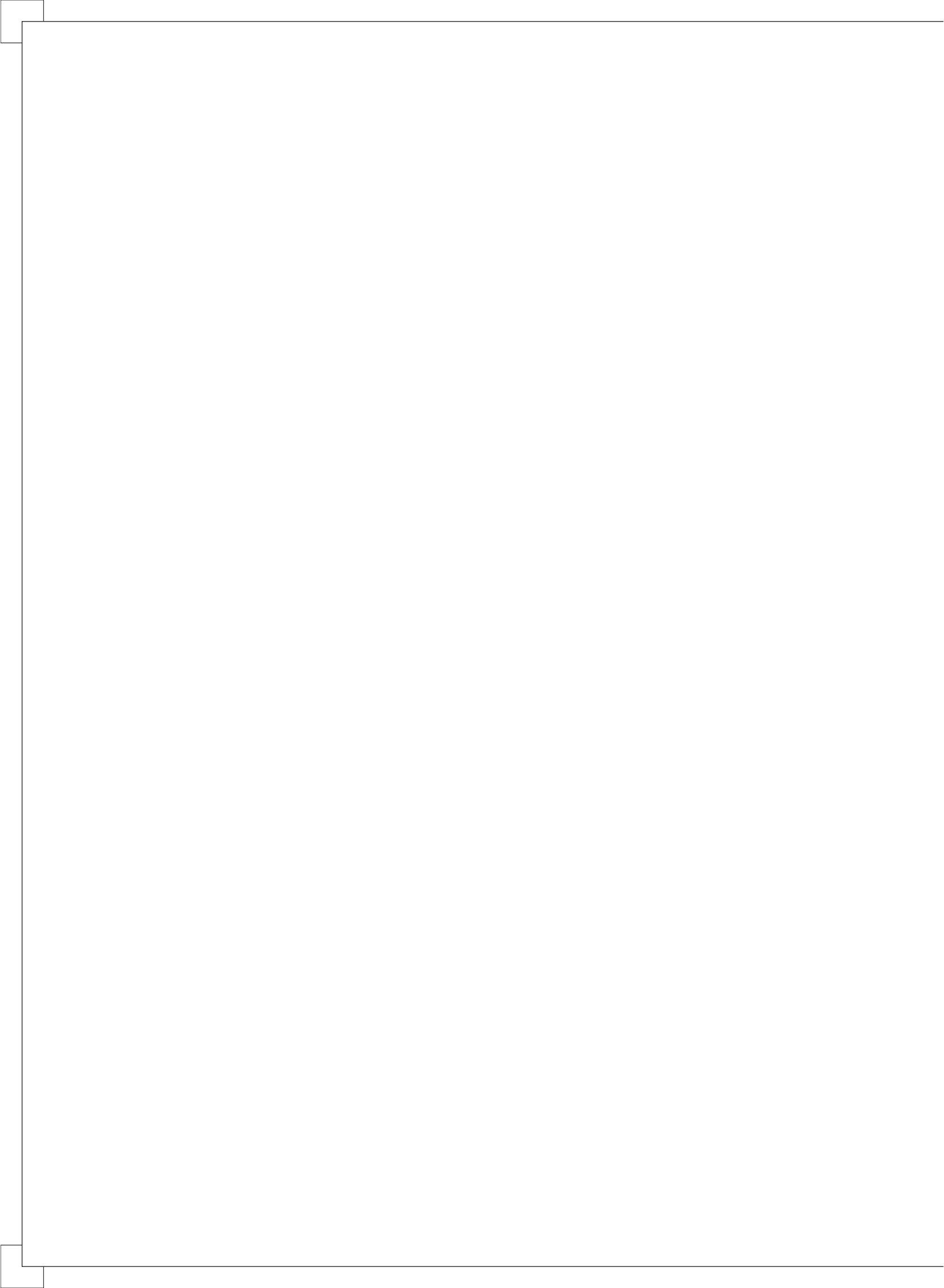
- 1) "Aerospace and Defence products" means products/technologies in the category of aerospace and/or defence as defined under the provision/definition contained in any policy, scheme or any other related document of Government of India
- 2) "Aerospace and Defence (A&D) Units" means all eligible MSME A&D units, Large A&D units, Anchor Tenants and Vendor units
- 3) "Anchor Tenant" means global or Indian Original Equipment Manufacturer (OEM) companies that designs and manufactures A&D products with investments of at least Rs. 200 Cr and brings along at least 10 vendor units as defined in this policy in the same cluster. These Anchor Tenants should qualify that they have defence orders worth at least Rs. 50 crore or more. The definition of a defence order is a contract with the Ministry of Defence or the Ministry of Home Affairs (of Government of India)
- 4) "Effective Date" means the date of notification of this Policy.
- 5) "Existing A&D Unit" means an A&D manufacturing unit that has commenced production before the effective date of this Policy.
- 6) "Expansion / Modernization / Diversification" of an existing A&D unit means additional investment of at least 50% of the un-depreciated book value of plant and machinery of the said unit made in acquisition of additional plant and machinery and technology for such E / M/ D, duly appraised and approved by DIC/ RIC/ NSIC/ OCAC/ STPI/ IPICOL/ Public Financial Institutions. In case of "Expansion", the additional investment as above must result in at least 50 % addition in production capacity. In case of "Diversification" the additional investment as above must result in production of at least one additional product.
- 7) Industrially Backward districts means units established in Kalahandi, Nuapada, Bolangir, Subarnapur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj districts.
- 8) "Large A&D Units" means an enterprise that makes investment above the prescribed norms for a medium enterprise under the MSME Development Act, 2006 of Government of India and manufactures A&D products. A supplier will qualify as Large A&D enterprise if at least 50% of its turnover from manufacturing is by being a supplier to Large A&D enterprise and it also makes an investment above that prescribed for a medium enterprise under the MSME Development Act, 2006 of Government of India.
- 9) "Micro, Small & Medium A & D Unit" means a Unit which satisfies the conditions of Micro, Small and Medium Enterprises under the MSME Development Act, 2006 of Government of India, and has acknowledgement of Entrepreneurs' Memorandum or Udyog Aadhaar (UA) filed with the competent authority. The definition for MSMEs will be revised automatically as per the guidelines of Government of India from time to time. A micro, small or medium enterprise shall qualify as an A&D supplier if at least 50% of its turnover from manufacturing is by being a supplier to Large A&D enterprise and also satisfies the conditions of Micro, Small and Medium Enterprises under the MSME Development Act, 2006 of Government of India,

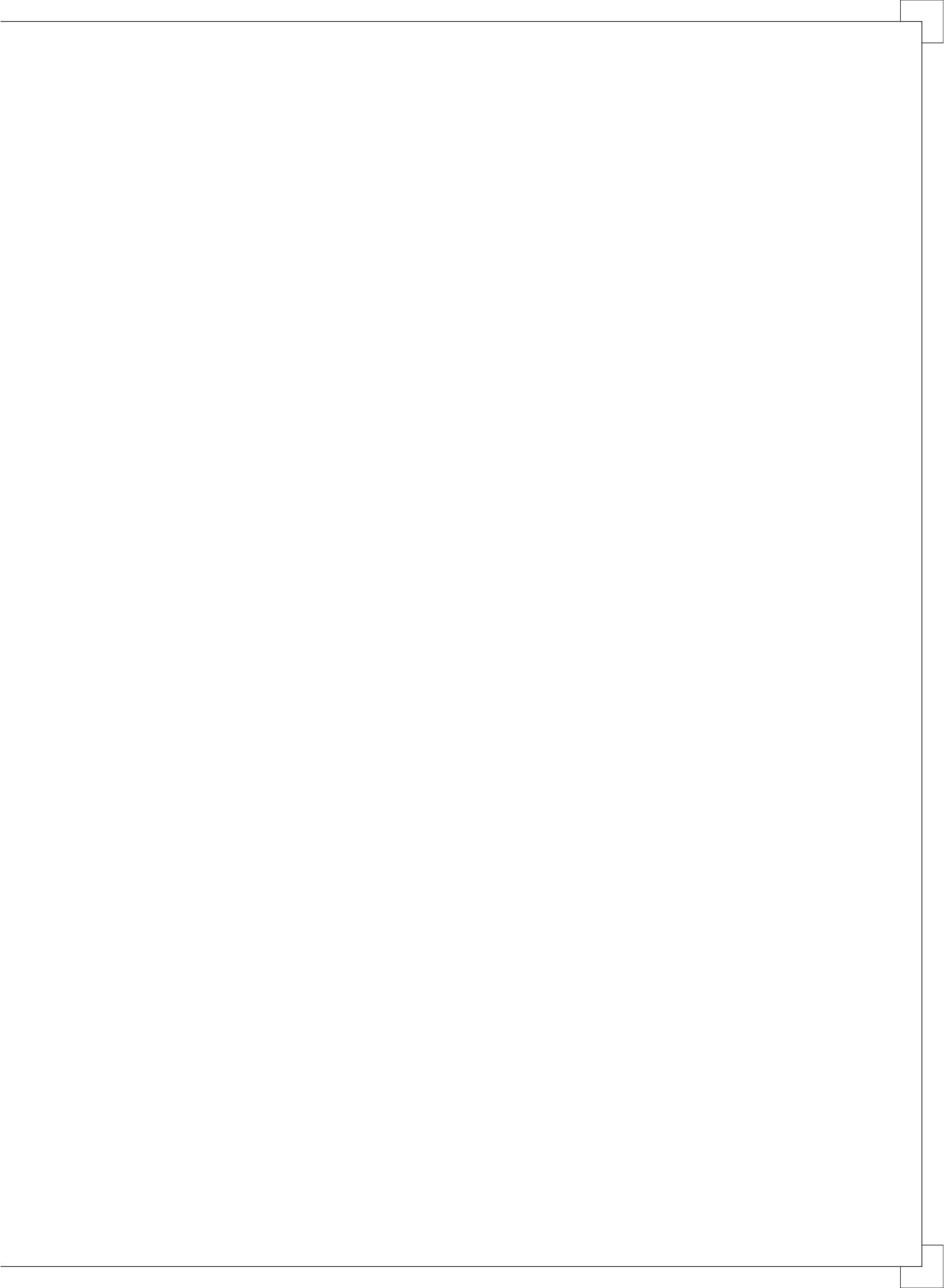
and has acknowledgement of Entrepreneurs' Memorandum or Udyog Aadhaar (UA) filed with the competent authority

- 10) "New A & D Manufacturing Units" means where fixed capital investment has commenced on or after the effective date and which goes in to production within three years for MSMEs and five years for Large units from the date of starting of first fixed capital investment.
- 11) "Pioneer Units" mean the first five A&D manufacturing units which commence fixed capital investment and go in to production during the operative period of this Policy.
- 12) "Vendor Units" means units which are located in the same cluster as Anchor Tenant and supply at-least 75% of its end product to the Anchor tenant

Abbreviations

1. "A&D" Aerospace and Defence
2. "ADA" Aeronautical Development Agency
3. "CAD/CAM" Computer-Aided Design / Computer-Aided Manufacturing
4. "CNC" Computer Numerical Control
5. "DIC" means District Industries Centre
6. "DRDO" Defence Research and Development Organization
7. "ESDM" Electronics Systems Design and Manufacturing
8. "ESI/EPF" Employees' State Insurance / Employees' Provident Fund
9. "GDP" Gross Domestic Product
10. "IDCO" means the Odisha Industrial Infrastructure Development Corporation
11. "IDCO land" means land allotted to and land acquired by IDCO
12. "IPICOL" means the Industrial Promotion and Investment Corporation of Odisha Limited
13. "ITI" Industrial Training Institute
14. "MSME" means Micro, Small & Medium Enterprises
15. "NALCO" National Aluminium Company
16. "NSIC" means the National Small Industries Corporation
17. "OERC" means the Odisha Electricity Regulatory Commission
18. "OCAC" means Odisha Computer Application Centre
19. "PSU" Public Sector Undertakings
20. "RIC" mean Regional Industries Centre
21. "SLSWCA" means State Level Single Window Clearance Authority







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