

# **ODISHA ELECTRONICS**

## **POLICY-2021**

### **1. Introduction**

Odisha, the eastern Indian State with an ancient history of maritime trade is endowed with abundant mineral resources, rich cultural heritage, and breathtaking natural beauty. It is fast emerging as a state most sought after by the investors for greenfield investment in all sectors including IT and Electronics industry. Many call it an investors` paradise.

Odisha Government has been according prime importance to adopt investor friendly policies along with infrastructure development and skilling of human resource to promote a vibrant Electronics industry. As a testament to the efforts put in by the State Government, Odisha has bagged fifth position in overall rankings in NITI Aayog's Export Preparedness Index 2020 and fourth position among the coastal states.

The State has recorded a remarkable Compounded Annual Growth Rate (CAGR) of 10.30% between 2011-12 & 2017-18. It has also recorded a CAGR of 9.19% in per capita GSDP during the same period. Riding a robust State economy, booming sectoral infrastructure, low cost of doing business, and consistency in governance with compact legal framework, the IT and Electronics sector of the State shows a lot of promise in terms of revenue augmentation, employment generation and improvement in the standard of living of its citizens.

To stimulate the Electronics System Design and Manufacturing (ESDM) industry in the state, the Odisha Electronics Policy 2021 sets out the framework for the Electronics sector in Odisha and lists the incentives which would be available to all eligible units setting up base in Odisha.

### **2. Objectives**

Odisha Electronics Policy 2021 has been conceptualized to position Odisha as an attractive destination for the Electronics industry by providing class leading infrastructure and policy initiatives. These, coupled with a skilled workforce and adoption of innovation and emerging technologies would create a favourable ecosystem for growth and development of the Electronics industry in the state .The prime policy objectives are as under:

- To create an investor-friendly climate in the State for increasing Odisha's share of Electronics sector in India by 2026.
- To create a world class ESDM eco-system in the state for enhancing competitiveness and productivity.
- To take steps in sync with educational and R&D institutes for promoting excellence and innovation in the Electronics sector , to significantly augment availability of skilled manpower with a special focus on augmenting the Post-Graduate education and training in the technological domain.
- To foster a culture of research, innovation and entrepreneurship by building an ecosystem of interlinked Academia-Industry-Professional-Leaders.
- To give emphasis on MSME enterprises as the growth drivers of the economy.

### **3. Why Odisha?**

#### **3.1 Connectivity and civil infrastructure**

Odisha is connected with almost every big city in the country and also internally within its periphery through 2,54,845.32 km of roads, including 5,762 km of national & 4,100.63 km of State highways. It is also one of those rare States in India which, is served by three zonal railways – East Coast, South Eastern and South East Central.

The State has 2 major airports including international airport at Bhubaneswar and the other one being at Jharsuguda . Odisha is blessed with more than 485 KM of coastline with three operational ports of which, Paradeep is a major seaport, Gopalpur & Dhamra being minor seaports; while nine more ports are upcoming in Kirtania, Jatadhari, Astaranga, BahudaMuhana, Baliharchandi, Barunei, Chudamani, Inchudi and Palur.

#### **3.2 Ready Electronics infrastructure**

Odisha offers state of the art infrastructure support and Plug & Play facility for its investors in the Electronics sector viz. -

- A Semiconductor **Characterization Lab** at IIIT, Bhubaneswar to facilitate development of ESDM industry.
- An **Electropreneur Park at STPI, Bhubaneswar** which is a first of its kind of Incubation Centre in the Electronic Systems Design & Manufacturing (**ESDM**) sector in Eastern India for

creating products and IP in the electronics sector. It has been developed in collaboration with industry associations and academia. The Electropreneur Park is capable of housing more than 40 Startups and more than 100 Plug & Play Seats/Terminals. It aims to create a vibrant and sustainable ecosystem of R & D, engineering and innovation to develop capacities to produce high quality electronics products at an affordable cost.

- An **Electronic Manufacturing Cluster(EMC)** set up over an area of 203 acres at Infovalley, Bhubaneswar with common facilities for the units and their workers housed there .

### **3.3 Water Resources**

Water is an important requirement in any manufacturing industry and Electronics industry is no exception to this. It is said that development of an area is intrinsically linked to availability of water resources. In this context, Odisha is blessed with average annual rainfall of approx. 1500 mm and criss-crossed with many rivers viz. Mahanadi, Brahmani , Baitarani, Subarnarekha, Budhabalanga , Rushikulya, Bansadhara, Nagabali , Salandi and Indrabati. It has a long coastline of 485 km along the Bay of Bengal.

### **3.4 Mineral Resources**

Odisha is endowed with plentiful mineral deposits like coal, iron-ore, manganese-ore, bauxite, chromite, dolomite, limestone, graphite, etc. It is the leading producer of Chromite (96%), Steel & Stainless steel (54%), Nickel (92%), Bauxite (51%) and Manganese (43%).

### **3.5 Strong industrial base with a vibrant MSME sector**

Some major industrial units which are housed in Odisha are – Rourkela Steel Plant of SAIL, TATA STEEL's iron and steel plants at Kalinganagar and Angul, Jindal Steel in Angul, HAL, Sunabeda in Koraput, Indian Oil Corporation's petroleum refinery in Paradeep, National Aluminium Company(NALCO), Hindalco and Vedanta .Aluminum which, is widely used as a raw material in electronics industry is produced in factories of NALCO, HINDALCO and Vedanta located in the state.

The Micro, Small and Medium Enterprises(MSME) sector has great potential for employment generation in Odisha. It has been a focus area for the state government as indicated in the Industrial

Policy Resolution 2015 and MSME Development Policy. By the end of 2019-2020, approximately 5,50,000 number of MSME units were setup with an investment of Rs.21801.51 Crores and generating an employment for 16.92 lakh persons in the state.

To inculcate entrepreneurship, the State Government regularly conducts Entrepreneurship Development Programmes (EDP), which are organized by Regional Industries Centers (RICs) and District Industries Centers (DICs) all over the state.

### **3.6 Abundant skilled manpower**

The State houses around 300+ technical/engineering colleges providing post graduate, graduate and diploma courses and 500+ ITI's from which 33,000 students pass out annually. Odisha, in total produces over 40,000 technical & management professionals every year. Eleven ITIs of Odisha (seven under Government and four run by private sector) have been ranked among top-100 ITIs of India in 2019-20

The State has also established India's first **World Skill Center (WSC)** in Bhubaneswar spanning over 5 lakh sq. ft. to further sharpen its future workforce with emerging skills and knowledge. Premier institutes like IIT, IIM, NIT, XIMB, NISER etc. are located in Odisha.

### **3.7 Power infrastructure**

Odisha is a power surplus State having an installed power capacity of more than 7000 MW. It is one of the pioneering states which undertook reforms in the electricity sector and went in for unbundling of generation, transmission and distribution of electricity, privatization of distribution etc.

## **4. Title and Commencement**

- The Odisha Electronics Policy 2021 will come into force from the date of its notification.
- This policy will remain in force until 31<sup>st</sup> March 2026 or till substituted by another policy. The State Government may at any time amend any and/or all provision(s) of this policy.
- Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy will have to be referred to the E&IT Department, Government of

Odisha for clarification/resolution and the decision of the Government in this regard will be final and binding on all concerned.

- Execution of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed operational guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Department.
- Units for which, any package of incentives has already been sanctioned under earlier policies, shall not be eligible to avail benefits under this policy.
- Units (except Startups as defined in definition section) which, will commence commercial production / operations post the date of notification of this policy will be eligible for availing of incentives under this Policy.
- Existing units which take up Expansion/ Modernization/ Diversification (E/M/D) will be eligible for specific incentives as specified in the Policy or its Operational Guidelines.
- Eligibility of ESDM units to avail specific incentives would be spelt out in detail in the operational guidelines to the Policy.

## **5. Definition**

5.1. The Policy shall cover the ESDM sector.

5.2. ESDM shall include the entire value chain of all electronic verticals/ products covered under the National Policy on Electronics and related notifications issued by the Ministry of Electronics & Information Technology (MeitY), Government of India and will also include computers and peripherals, communication devices, electronic manufacturing services, strategic electronics and its components, industrial electronics, automotive electronics, telecom electronic equipment, information and broadcasting electronic equipment, medical electronics, electronic gaming and electronic toys.

5.3. Micro, Small and Medium Enterprises (MSMEs) in ESDM shall be construed as per the definition in the MSME Act,

2006 of the Government of India as amended from time to time.

- 5.4. New Unit means a unit which commences commercial production / service during the operative period of this Policy with due acknowledgement of competent authority , process of which will be notified in operational guidelines to this Policy.

## **6. Framework of Incentives and Supports**

### **6.1 Eligibility**

- New ESDM units shall be eligible for incentives provided in this policy, subject to the general conditions and specific conditions as stipulated in this Policy.
- Existing ESDM units which take up expansion/modernization/ diversification (E/M/D) will be eligible for specific incentives as prescribed.

### **6.2 Incentives**

#### **6.2.1 Power**

Units shall be exempted from Electricity Duty and Electrical Inspection fees for a period of 5 years. These units will be charged electricity tariff as applicable to industries in the priority sector as defined in the IPR and they would be provided subsidy (on reimbursement basis) on power bill for a period of 05(five years) @ 30% limited to Rs 50 lakhs per unit.

**Energy Audit:** Reimbursement would be provided to eligible ESDM units @75% of cost of Energy Audit subject to a cap of INR 2 Lakhs, which is lower.

#### **6.2.2 Land**

- IDCO shall provide land at concessional rate as per the prevailing Industrial Policy .
- **Stamp duty:** 100% exemption of stamp duty on 1st transaction and 50% exemption on 2nd transaction

- **Reimbursement of Conversion Charges** @100% for converting land from agricultural use to industrial use.
- **Incubation Rental** : Units up to 40 employees will get subsidy of incubation space rental for 2 years as per the following:
  - < 250 sq. ft. space- 80% subsidy
  - 251-500 sq. ft. space- 70% subsidy
  - > 500 sq. ft. space- 60% subsidy

The Subsidy will be applicable in all Government owned facility as well as designated ESDM Parks and Incubation Centers.

- **Lease rental subsidy:** (i)Units with a minimum of 40 employees and 2 years in operation will get 40% Lease Rental Subsidy for a maximum of 2 years. Additional 25% lease rental subsidy will be given if the Entrepreneur is women, SC/ST and person with Disabilities limited to Rs.10 lakhs per annum for 5 years .

### 6.2.3 Investment Subsidy:

Fixed Capital Investment(FCI)	% Subsidy	Subsidy amount	Max. Limit of Subsidy
0 - 50 Crores	20%	0-10 Crores	10 Crores
51- 1000 Crores	10 Crores+10% of incremental FCI above 50 Crores	10.10 Crores -105 Crores	105 Crores
1001 Crores above	105 Crores +10% of incremental FCI above 1000 Crores	105.10 Crores - 250 Crores	250 Crores

Additional subsidy of 10% of Capital Investment Subsidy limited to Rs.1 crore will be provided if the Entrepreneur is women, SC/ST and person with Disabilities

Investment Subsidy on FCI will include building, plant and machinery (including expenditure on used/secondhand/refurbished plant, machinery and associated R&D equipment); and excluding land.

## 6.2.4 Human Capital

- **Recruitment Assistance:** Recruitment Assistance shall be provided @ Rs.8000 per newly recruited regular employee who is domicile of Odisha with a maximum limit of Rs.30 Lakhs per unit for a period of 3 years. Additional Rs.2000 per such employee will be provided if the employee is women, SC/ST and person with Disabilities
- **Skill Gap Training Assistance** for Odisha domicile professionals , subject to a ceiling of Rs.30 lakhs per unit in the policy period will be as follows -
  - Overseas Training: Reimbursement@50% upto Rs.20000 per male employee. However, the above reimbursement will be 100% if the Entrepreneur is women, SC/ST and person with Disabilities
  - Domestic Training: Reimbursement@50% upto Rs.10000 per male employee. However, the above reimbursement will be 100% if the Entrepreneur is women, SC/ST and person with Disabilities
- **Skill Certifications :** Reimbursement @50% of fees paid for obtaining industry recognized skill certifications(Project Management Program, Six Sigma, etc.) limited to Rs.3 lakhs per year per unit.
- Units getting any assistance under this policy will be required to take **Interns** in the period it gets assistance. It can get reimbursement of 50% of stipend paid for such interns. However, the reimbursement is for maximum 20 number of interns. Eligible units can however get reimbursement of 100% of stipend paid for each intern selected/sponsored through SDTE/OSDA. The duration of such internship for which such reimbursement would be made is maximum 06 months with respect to an intern. Such intern(s) will be paid honorarium at suitable rate complying with the Minimum Wages Act. This mechanism of hiring interns will be different and in addition to the Scheme of Apprenticeship by Government of India, if applicable. This will help building a skilled resource base within the State.
- **Reimbursement of EPF & ESI:** units shall be entitled for 100% reimbursement of the expenditure incurred towards contribution of Employer's share for Employees State Insurance (ESI) and Employees Provident Fund(EPF) of their



employees who are domiciles of Odisha upto Rs.1 crore per annum for 3 years.

Additional 2 years will be allowed for reimbursement of such EPF & ESI contributions above for investment in Non-BDA(Bhubaneswar Development Area) areas.

### 6.2.5 Reimbursement of Tax (SGST) Paid

- **SGST(for Fixed Capital Investment(FCI) upto Rs.50 crores) :** 100% reimbursement of net tax paid in cash, after adjustment of input tax credit against output liability, towards State component of GST in their returns( GSTR 3B or GSTR 4 or as the case may be) for a period of 5 years, limited to 100% of FCI irrespective of whether the applicant unit is assigned to the State Tax or Central Tax jurisdiction.
- **SGST (for Fixed Capital Investment > Rs.50 Crores):** 100% reimbursement of net tax paid in cash, after adjustment of input tax credit against output liability, towards State component of GST in their returns( GSTR 3B or GSTR 4 or as the case may be) for a period of 7 years, limited to 100% of FCI irrespective of whether the applicant unit is assigned to the State Tax or Central Tax jurisdiction.

### 6.2.6 Patent Registration

For a successful patent filing, reimbursement will be done @75% of the registration cost incurred capped at Rs.2 lakhs per domestic patent, limited to Rs.10 lakhs per unit during the policy period. Similarly, for international patent, the amounts are Rs.5 lakhs and Rs.25 lakhs respectively.

### 6.2.7 Quality Certification

- **Quality Certification** – 100% reimbursement of the expenses incurred for obtaining ISO 9001, ANSI/ESDS20.20, TL9000, ISO14001 and other similar certifications, limited to Rs.5 lakhs per annum.
- **Product Certification** – 100% reimbursement of the expenses incurred for obtaining product quality certifications such as BIS, Conformity European(CE), China Compulsory

Certificate(CCC), UL Certification and other country specific certifications, limited to Rs.5 lakhs per annum.

### 6.2.8 Interest Subsidy

Units shall be entitled to interest subsidy for timely payment @5% per annum on term loans availed from Public Financial Institutions/Banks for a period of 5 years from the date of commencement of production as given below –

- Upto Rs.2 crores per annum ( for FCI upto Rs.50 crores excluding land cost)
- Upto Rs.5 crores per annum ( for FCI > Rs.50 crores but < Rs. 1000 crores, excluding land cost )
- Upto Rs.10 crores per annum ( for FCI > Rs.1000 crores, excluding land cost )

### 6.2.9 Marketing Assistance

Reimbursement would be provided @50% of the actual cost incurred for participating in domestic and international exhibitions/trade events as given below . Companies can avail it for 2 times during the policy period while industry bodies can avail it 3 times during the policy period.

For Domestic level events - capped at Rs.3 lakhs per unit.

For International events outside India - capped at Rs.6 lakhs per unit.

### 6.2.10 Assistance to Women Entrepreneurs and Persons with Disabilities

- **Investment Subsidy:** Additional subsidy of 10% of Investment Subsidy limited to Rs.1 crore will be provided if the Entrepreneur is women, SC/ST and person with Disabilities
- **Recruitment Assistance:** Rs.5 lakh for employing minimum 50 employees in the core operations within two years of commencement .

- **Rental Subsidy:** Provision of additional 25% subsidy(see Para 6.2.2) on lease rentals up to INR 10 Lakhs per annum for 5 years.

#### **6.2.11 Assistance to R&D Units**

- Reimbursement @30% of R&D expenses(including manpower cost), limited to Rs.2 crores per unit per annum.
- **Assistance for sponsored research work:** 50% of the project cost of sponsored research work, subject to a maximum of Rs.50 lakhs per unit.

#### **6.2.12 Assistance for Technical Know-how**

50% of cost for adopting technology from recognized National/State Institutes, subject to an upper ceiling of Rs.10 crores per unit, whichever is lower. This assistance can be availed 2 times during the policy period.

#### **6.2.13 Incentives for ESDM units in Industrially backward areas**

- **Municipal tax:** First 5 companies establishing ESDM units under any municipal area apart from non-BDA area would be reimbursed 100% Municipal Tax paid for first 3 years post starting of commercial operations.
- Companies establishing ESDM units under any municipal area falling under industrially backward districts/location ,as defined in IPR would be given a one-time grant of INR 50 lakhs in addition to (a) above, if granted.

#### **6.2.14 Incentives for Local Enterprises**

The Government will provide special incentives to units that employ local youths on their rolls. Unit having its registered office in Odisha or recruiting at least 50% of its executive employees who are domiciles of Odisha will be termed as Local Enterprises. Local Enterprises as defined in the Electronics Policy are also eligible to get preference in public procurement as provided to the MSMEs, Start-Ups as per OGFR/Finance Department's OM.

#### **6.2.15 Green and Self-Power generating**

Reimbursement @25% will be provided on cleaner/greener production measures limited to Rs 20 lakhs per unit on the basis of certification by accredited certifying agencies/State Pollution Control Board, Odisha.

#### **6.2.16 Centre Of Excellence**

Government will create a conducive environment for promotion of best practices, research , skill training and entrepreneurship development by promoting CoEs in engineering colleges and educational institutes in Odisha . This scheme for promotion of COEs is also available to other organizations on a case to case basis. If a new product/process/solution is successfully developed and accepted, then the state Government can procure the same on the recommendation of a High Level Committee, without going through the tender process. This assistance will be available to products/process/solutions developed in Government partnered CoEs.. The various incentives available for development of Centre of Excellence are as follows –

- **Stamp duty:** 100% exemption for first transaction and 50% exemption for second transaction
- **Quality Certification:** 20% reimbursement of Quality Certification charges limited to maximum Rs.5 lakhs per annum.
- **Promotions** Participation in National and International events: 30% of actual cost up to Rs.5 lakh per annum.
- **Internet subsidy:** Reimbursement of Internet charges subject to a maximum of Rs.2 lakhs per annum.
- **Investment subsidy:** Reimbursement of 50% of the Fixed Capital Investment (FCI), with a maximum limit of Rs.5 Crores.

#### **6.2.17 Production Linked Incentive (PLI)**

Units can avail Production Linked Incentive(PLI) @1% of annual turnover starting from year of commencement of production for 5 years subject to eligibility conditions to be notified later. This benefit is limited to 1<sup>st</sup> 10 units with new investment and expansion.

#### **6.2.18 Additional Incentives and Benefits**

Additional incentives and benefits for Mega projects above and beyond the incentives provided in this Policy can be considered on case to case basis.

## 6.2.19 ESDM Park Development Incentives

- Land will be provided at concessional rates by IDCO as per IPR.
- **Stamp Duty** - 100% stamp duty exemption on first transaction.
- **Reimbursement of Conversion Charges** – Reimbursement of 100% of land conversion charges paid for converting land from agricultural use to industrial use.
- 100% reimbursement of **electricity duty** for 5 years.
- **Infrastructure Development Subsidy:** 25% of FCI in building & State-of-the-art infrastructure with all basic amenities such as internal roads, water, power and other common facilities for the Electronics Units housed/to be housed in the ESDM Park, excluding cost of land, limited to INR 10 Cr.
- If Anchor Unit is developing the ESDM park, the unit will be eligible for other incentives available for individual ESDM Units over and above the incentives mentioned for ESDM Park development. ESDM Park Development incentives are limited to first 2 anchor units.

## 7. Policy Implementation and Monitoring

- An **Apex Committee** chaired by Chief Secretary will be formed to monitor - policy implementation, project progress, grievance redressal and approval of incentives. This committee would meet every quarter to take note of the implementation of the policy with respect to its goals and objectives.
- A '**Policy Advisory Group**' for the Electronics sector would be formed involving renowned industry experts with proven track-record and strong investor connect (national and international) and senior representatives of various Departments to give advice and direction to the Electronics sector of the State.
- The Odisha Computer Applications Centre (OCAC) would be the Nodal Agency on behalf on E&IT Department for implementation of the Electronics Policy and will be responsible for implementation and monitoring of various activities under this Policy.

- The implementation of the Policy will be periodically reviewed by E&IT Department for necessary facilitation and mid-course correction wherever necessary.
- The IT and Electronics Promotion Cell at OCAC would act as Project Implementation Unit (PIU)/Project Management Unit(PMU) with regards to the Odisha Electronics Policy 2021.
- Implementation of various provisions covering incentives, concessions, competent authority etc., will be subject to the issue of operational guidelines/ statutory notifications by E&IT Department/OCAC. Electronics & Information Technology Department though OCAC will administer the Odisha Electronics Policy 2021 and disbursement of incentives to ensure that the quantum of incentives provided to the entrepreneurs/firms should not exceed the capital investment made by them.
- The disbursement of the incentives by the implementing agency will be in accordance with the chronological order of approved claims.
- The date of commercial production for availing of incentives shall be determined by competent authority as notified in operational guidelines.
- A unit shall become ineligible to get incentives if it does not file its claim complete in all respects, within 1 (one) year of its starting production or within the time limit prescribed in the operational guidelines of this Policy. Condonation of delay for time overrun in implementation of projects beyond the control of the ESDM units may be considered by the **Empowered Committee (EC)** on a case to case basis. The EC will be chaired by Secretary, E&IT Department and Secretary, Finance Department, Secretary, Industries Department and Secretary, MSME Department will be the other members.
- The State Government may amend any provision of this policy at any time.

## 8. Abbreviations

- CFC - Common Facility Center
- CoE - Center of Excellence
- Cr - Crore equals to 10 million
- EC - Empowered Committee
- EMC - Electronics Manufacturing Cluster
- ESDM - Electronics System Design and Manufacturing
- FAR - Floor Area Ratio
- FCI - Fixed Capital Investment
- GDP - Gross Domestic Product
- GoI - Government of India
- IIIT - International Institute of Information Technology, Bhubaneswar
- IIM - The Indian Institutes of Management
- IIT - The Indian Institute of Technology
- INR - The Indian Rupee
- MeitY - Ministry of Electronics and Information Technology, Government of India
- MSME - Micro, Small, and Medium Enterprises
- NPE - National Policy on Electronics
- PIA - Project Implementing Agency
- PIU - Policy Implementation Unit
- VFX - Visual Effects
- SPV - Special Purpose Vehicle
- CAGR – Compound Annual Growth Rate
- GSDP – Gross State Domestic Product
- R&D – Research & Development
- MW – Mega Watt
- IPR – Industrial Policy Resolution
- SDTE – Skill Development & Technical Education
- OSDA – Odisha Skill Development Authority

- SGST – State Goods & Service Tax
- GST – Goods & Service Tax
- GSTR – GST Return
- ISO – International Organization for Standardization
- BIS – Bureau of Indian Standard
- BDA – Bhubaneswar Development Authority
- OGFR – Odisha General Finance Rule
- IDCO – Odisha Industrial Infrastructure Development Corporation
- OCAC – Odisha Computer Application Centre.