

**OPERATIONAL GUIDELINES ON CAPITAL GRANT TO SUPPORT QUALITY
INFRASTRUCTURE UNDER INDUSTRIAL POLICY RESOLUTION 2015**

[See Para 5.4.13 of IPR-2015]

1. **Short Title:-** Operational Guidelines for providing Capital Grant to support Quality Infrastructure under Industrial Policy Resolution, 2015
2. **Extent:-** It shall extend to the whole of the State of Odisha
3. **Commencement:-** It shall come into force from the "Effective Date" of Industrial Policy Resolution, 2015 i.e. 24.08.2015
4. **Terms & Expressions:-** Terms & Expressions used in this operational guideline, but not specifically defined / explained here, shall have the same meaning as in Industrial Policy Resolution, 2015
5. **Policy Provisions:-**
Government will support quality infrastructure in the form of a capital grant to Industrial Parks / Estates / Cluster Parks promoted by Private Sector or Industry Associations or user units which shall form a Special Purpose Vehicle, with a grant of 50% of the infrastructure cost with a ceiling of Rs.10.00 crore per park or cluster.
6. **Eligibility:-**
The assistance would be available to the SPVs promoted by the following participants who seek to, identify, conceptualize, finance, implement and manage Private Industrial Estates in the State:
 - (a) Manufacturing /Infrastructure Companies
 - (b) Anchor Investors
 - (c) Industry Associations having large number of regional and national memberships
 - (d) Group of Enterprises
 - (e) Any other SPVs with track record of such development
7. **Developed Industrial Park :-**

'Developed' Industrial Park shall mean completion of 75% of infrastructure as approved and commencement of production by 25% of the units.
8. **Time Frame for filing application:-**

The SPVs can file their proposals, duly completed to the State Level Committee with following composition for scrutinizing and according Approvals for the Projects positioned:
9. **Constitution of Committee:-**

There shall be a State Level Committee with following Composition & Functions:

S. No	Designation	Position
1	Chief Secretary	Chairperson
2	Principal Secretary/Secretary/Commissioner Industries Department	Member
3	Principal Secretary/Secretary Revenue and Disaster Management Department	Member

4	Principal Secretary/Secretary Housing and Urban Development Department	Member
5	Secretary, MSME Department	Member
6	Chairman & Managing Director, IPICOL	Member
7	CMD/Chairman/Managing Director, IDCO	Member Convener
8	Director of Industries	Member
9	Any other member to be co-opted as required	

The functions of the State Level Committee shall include:

- a) Scrutiny of Proposals made by Project Proponents
- b) Approval of Project and funding therein
- c) Monitoring of projects
- d) Inter departmental coordination for successful implementation
- e) Grievance redressal
- f) Recommending grant of status of a Special Planning Authority to IDCO, under Section 3 A, of Odisha Development Authorities (Amendment) Act 2015 dated 18th August 2015
- g) Recommending requisite land to the project, wherever needed from land bank of IDCO, in appropriate mode
- h) Recommending necessary external infrastructure up to the battery limit of Park / Cluster / Estate such as power, water supply, roads, etc.
- i) Recommending necessary project related clearances on expeditious basis
- j) Recommending / Dovetailing assistance available under related Central Government schemes for overall effectiveness and viability of the projects

10. Project Scope & Coverage

The Project Scope would cover the following Project Components as eligible components to be considered for grant funding:

- a) Infrastructure within the Park like
 - (i) Compound Wall
 - (ii) Site Development
 - (iii) Road Network
 - (iv) Storm water drainage
 - (v) Water Supply & Sewerage System including treatment plants
 - (vi) Power Supply & Distribution Network
 - (vii) Environmental Infrastructure such as CETPs, Waste Management
 - (viii) Entry/Exit and security systems
 - (ix) Communication network and landscaping
 - (x) Any other need based infrastructure facilities
- b) Common Amenity Building/s such as Administration Office, Business Centre, Product Display Centre, etc.
- c) Common Facility Centre Building for Skill Development, Testing Facility, IT set up required and any need based Plant & Equipment for common use
- d) Dormitories for Workers

11. Project Land:-

(a) The SPV shall procure land from the private parties for the development of the project from its own sources. The purchase of private land through direct negotiations should be governed by the guidelines issued by Revenue & Disaster Management Department in conformity with the provisions of RFCTLAR&R Act, 2013 and the OLR Act, 1960.

(b) In case, the SPV desires to obtain land from IDCO, IDCO shall provide land from its land bank available under the Category 'A' and Category 'B' schedules notified by the Industries Department from time to time or any other land.

(c) IDCO shall enter into a Long Lease Agreement of 90 years, for land, if land is made available by IDCO to the SPV. The SPV shall be permitted to sub-lease the land on the same terms and conditions to individual industrial units as IDCO does for its own industrial estates

(d) In case of development of industrial parks on private lands on a lease basis, the lease period and the terms and conditions of lease shall be governed by the notifications issued by the Revenue and Disaster Management Department from time to time.

(e) For proposals to be submitted, the SPV shall have a minimum area of 50 acres. For projects which have 50% small and micro units, the minimum land area required shall be 25 acres

(f) Cost of land, Pre-Operative Expenses, Working Capital and Contingencies shall not be eligible for funding under the State Government assistance

12. Permissible Land use (sub-division of land) and Approval of Layout Plans:-

a) The permissible land use for development shall be as follows:

Land use	% of Total Area (< 250 acres)	% of Total Area (> 250 acres)
Industrial Plots	60	50
Open Space Reserve (OSR)	10	10
Roads, Utilities and Support Activities (Administrative /Business Centre and other activities linked to industrial development)	Up to 30	Up to 20
Mixed use development (Residential commercial, recreational, educational, medical and sports)	-	Up to 20 (Not applicable for land within the limit of Bhubaneswar Master Plan Region)

b) The project SPVs shall prepare the detailed sub-division of land and Master Plan/Layout Plan in conformity with the

a. Comprehensive Development Plans and Planning & Building Regulations of respective Development Authorities and the Rules notified by the Government from time to time, if such projects are located within the jurisdiction of Development Authorities and in conformity with the Master Plans and Planning & Building Standard Regulations of respective Regional Improvement Trusts/Special Planning Authorities/Regional Improvement Trust notified by the Government from time to time.

- b. Principles set in Odisha Town Planning and Improvement Trust Act, 1956, Rules, 1975 and Planning and Building Standard Regulations and Rules notified by Government from time to time, if the projects are located within jurisdiction of Special Planning Authorities/Regional Improvement Trusts.
- c) If the projects are located beyond the jurisdiction of concerned Development Authorities, Regional Improvement Trusts and Special Planning Authorities i.e. Panchayat areas, such plans shall provide appropriate buffer from hazardous industrial activities as notified by the Government from time to time.
- d) The permissible FSI for the built-up in the industrial parks shall be as applicable under the relevant Acts, Rules and Planning & Building Standard Regulation mentioned in 12 (b) and 12 (c).
- e) For Special Economic Zones, the land use provisions shall be as applicable under the SEZ Rules notified from time to time.
- f) **Approval of Master Plan:** Director, Town Planning (DTP) shall be delegated with appropriate Authority to accord technical sanction to the master plans prepared by the Special Purpose Vehicles (SPVs) in areas which are outside the purview of Development Authorities, SPAs and RIT. Upon receipt of technical sanction from DTP, the local Panchayat will have the responsibility to accord final approval of the master plan. Necessary notification shall be issued by Housing & Urban Development and Panchayat Raj Departments in this regard

13. Project Implementation:-

- a) The Project/s would be implemented by Project specific SPVs. SPVs shall be formed under the Indian Companies Act 2013
- b) The proposals shall be considered for approval only if the SPVs are incorporated as per the guidelines. In case of SPVs promoted by Anchor Investors/Units, the SPV shall be given a time frame of 6 months to bring in the new members

14. Declaration of IDCO as Special Planning Authority (SPA):

- a) IDCO shall be declared as SPA under the Section 3(A) of Odisha Development Authorities Act to accord planning and building approvals to the private industrial parks notified by State Level Committee. Necessary notification shall be issued by Housing & Urban Development Department in this regard to implement the decision with immediate effect.
- b) IDCO will set up a Town Planning Wing within its organization to undertake the functions of SPA. The Town Planning Wing shall be manned with qualified professionals with appropriate experience in town planning activities.

15. Project Approval Process:-

- a) A two stage process shall be followed for approval of the projects as outlined below:
- b) **In-Principle Approval:** The in-principle approval to the project shall be accorded by the SLC based on the feasibility report submitted by the SPV covering details regarding the
 - (i) Need for the project
 - (ii) Proposed components
 - (iii) Nature of the industries
 - (iv) Location and land details including land identification and availability of land with the SPV
- c) The State Level Committee shall scrutinize the proposals based on parameters such as location of the project, promoters background, financial strength, sector/s which are to be attracted in the Private Industrial Estate, project viability and their readiness for implementation
- d) The in-principle approval shall be valid for a period of 6 months from the date of approval. The SPV shall comply with the terms and conditions laid out by the SLC within the timeframe for final approval. The SLC at its discretion may extend the time frame based on the merits of the proposal on a case to case basis.
- e) **Final Approval:** The project shall be accorded final approval by the SLC after complying with the following conditions.
 - (i) Establishment of SPV, if not established at the in-principle approval stage
 - (ii) Land in possession of the SPV (either through ownership or through a long lease, if it is IDCO land) along with documentary proof
 - (iii) Submission of Detailed Project Report (DPR) comprising of:
 - a. Need for the Project
 - b. The demand for industrial land
 - c. Key sectors - with their manufacturing product mix and the markets to cater
 - d. Proposed utility and common infrastructure to be created with the Detailed Master Plan
 - e. Project Cost with Means of Finance
 - f. Business Plan with financial analysis
 - g. Implementation Framework
 - h. Operations & Management Framework
 - i. Any other key information
 - (iv) The State Level Committee may accord Final Approval to the project proposals on an as is basis or with suggestions / modifications

16. Role of the Special Purpose Vehicle:-

- a) The SPV should be a collective representation of participating user members as a whole and should have a minimum of 10 industrial units engaged in manufacturing and services related to manufacturing activities
- b) The Promoters, on their own or along with the User Industry shall hold at least 51 % equity of the SPV and remaining may be held by any Government agency, Financial Institution/Bank and any Strategic Partners such as Infrastructure Investment Trusts (InvITs) / Real Estate Investment Trusts (REITS) as per the norms of SEBI Regulations of 2014.

- c) The promoters, upon approval of the SLC, can divest their entire shareholding upon successful development of the project with at least 75% of the units operational in the park. However, the investee company shall be responsible for ensuring the operationalization of remaining units and the subsequent operation & maintenance of the facilities created.
- d) Role of the SPV, as the Project Implementing Agency would not be limited to but as follows:
 - (i) Procure land for the project, through its own contribution
 - (ii) Prepare the Detailed Project Report covering the technical, financial, institutional and O&M aspects of the projects.
 - (iii) Achieve financial closure of the project through debt/ equity and establish the same through appropriate documents
 - (iv) Obtaining statutory approvals/ clearances including release of funds
 - (v) Recruit / procure services of suitable professionals in order to ensure that the project is executed smoothly
 - (vi) Follow a transparent procurement process for implementation of the Project
 - (vii) Implement various interventions as outlined and approved in DPR
 - (viii) O&M of assets created under the project by way of user services
 - (ix) Responsible for furnishing regular progress reports in prescribed formats
 - (x) Marketing and promotion of the park to the prospective investors

17. Provision of Funds:-

Support from Government shall be provided by way of the following measures to the SPV:

a) Grant Funding

- (i) Capital grant to the extent of 50% of the infrastructure cost subject to a ceiling of Rs.10.00 crore per Park / Cluster
- (ii) Of the capital grant allocated /approved for a project, up to 20% of the allocation shall be towards specific Plant & Equipment required in the Common Facility Centre. The committee may make any relaxation in this regard based on the nature of the component and its utility.
- (iii) In case of mixed-use development, Grant funding shall be available only for the development of industrial area.

b) Release of Grant Funds

Grant funds shall be released to the SPV, during the course of the Project implementation and on achieving requisite development milestones. The following schedule will be adopted for release of grant funds to the SPV:

- (i) **1st Installment** - 25% State Government Share - On Final Approval of the project by State Level Committee and fulfilling of the following Preconditions
 - i. Approval of the DPR by the State Level Committee
 - ii. SPV to have achieved Financial Closure for the Project
 - iii. Establishment of a Trust & Retention Account (TRA) or an Escrow Account (EA) with Schedule A commercial banks
 - iv. Availability of all statutory clearances for commencement of infrastructure works

- (ii) **IIInd Installment** – 50% of State Government Share – On fulfilling the following Preconditions:
 - i. Utilization certificate of the 1st Installment of Grant (at least 80%)
 - ii. Prorata Contribution by the SPV
 - iii. Award of contracts of at least 75% of the total cost of infrastructure component
- (iii) **IIIrd & Final Installment** - 25% of State Government Share – On fulfilling the following Preconditions:
 - i. Utilization certificate of the IIInd Installment of Grant (100%)
 - ii. Successful completion of the Project, as per approved Project Cost and commencement of production by units occupying at least 25% of the allocable industrial land
- c) In case the Project is approved under the Central Government Scheme, the state government grant shall be released as per the terms and conditions and documentary evidence specified under the scheme
- d) Interest, if any earned on the State Government grant, shall be adjusted while claiming the final Installment of Grant

18. Equity Holding by IDCO

- a) IDCO may also consider equity participation, on the recommendation of SLC, limited to 49% in any of the Project SPV after taking into consideration the nature of Project, the strategic intent, the location and the nature of industrial units.
- b) The SPVs may offer to induct IDCO as a strategic partner in case the SPV desires to obtain the status of a Special Planning Authority as notified under the Odisha Development Authorities Act, 1982 and its Rules as amended by the Government from time to time.

19. Development Time Frame:-

- a) Any Industrial Park approved by the SLC shall be developed within a period of 7 years.
- b) All basic infrastructures on at least 75% of the area shall be completed within 3 years from the date of approval of the master plan by the appropriate Authority.
- c) If not complied with the timeframe, the declaration as an SPA shall lapse and the SPV shall return the grant amount with applicable interest. The SLC may extend the development timeframe in case of any delays which cannot be attributed to the SPV.

20. Cancellation / Withdrawal of the Project:-

- a) The State Government, shall cancel the project if the implementation of the project is not in compliance with the Operational Guidelines or delay in implementation beyond the agreed timeframe or non-achievement of Financial Closure
- b) In the case of cancellation/withdrawal by the project SPV, the SPV shall return the land in "as is basis" and as per the terms and conditions of lease, if the land is provided from the land bank of IDCO. IDCO may put in place an appropriate mechanism for the development of such industrial parks.

- c) In case of cancellation / withdrawal from the project by the SPV, Government assistance provided shall be returned together with an interest of 12% from the date of first disbursement. The State Level Committee shall decide on the waiver of penal interest in specific cases, which may be beyond the control of the SPV.

21. Project Scrutiny and Project Management:-

The government shall take the support of Project Management Unit (PMU) at IDCO for the scrutiny and vetting of the project proposals and for onward recommendation to the SLC. The scope of work for the PMU shall include:

- Scrutiny of the project proposals submitted at the in-principle and final approval stages
- Assessing the land and utility requirements for the project
- Appraisal of the Detailed Project Reports
- Recommending projects to the SLC for approval
- Monitoring of the projects with regards to physical and financial progress, disbursement of grant funds, utilization of funds, etc.
- Providing any other needs based support as desired by the SLC
- Assisting the SLC/project SPVs, if required, in liasoning for external infrastructure services to the park

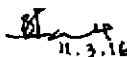
22. Time limit prescribed in this guideline is of working days only.

23. The views of Finance Department, H&UD Department and Revenue and DM Department in this regard have been obtained.

**Government of Odisha
Industries Department**

Memo No 1708 /I., Bhubaneswar, dated 11.3.2016
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11.3.16
Joint Secretary to Government.