

Doing Business and Investing in Odisha – An Investor’s Guide

A guide and reference work covering everything you need to know about doing business in Odisha – from allotment of land to process of renewal of licenses.

August 2015





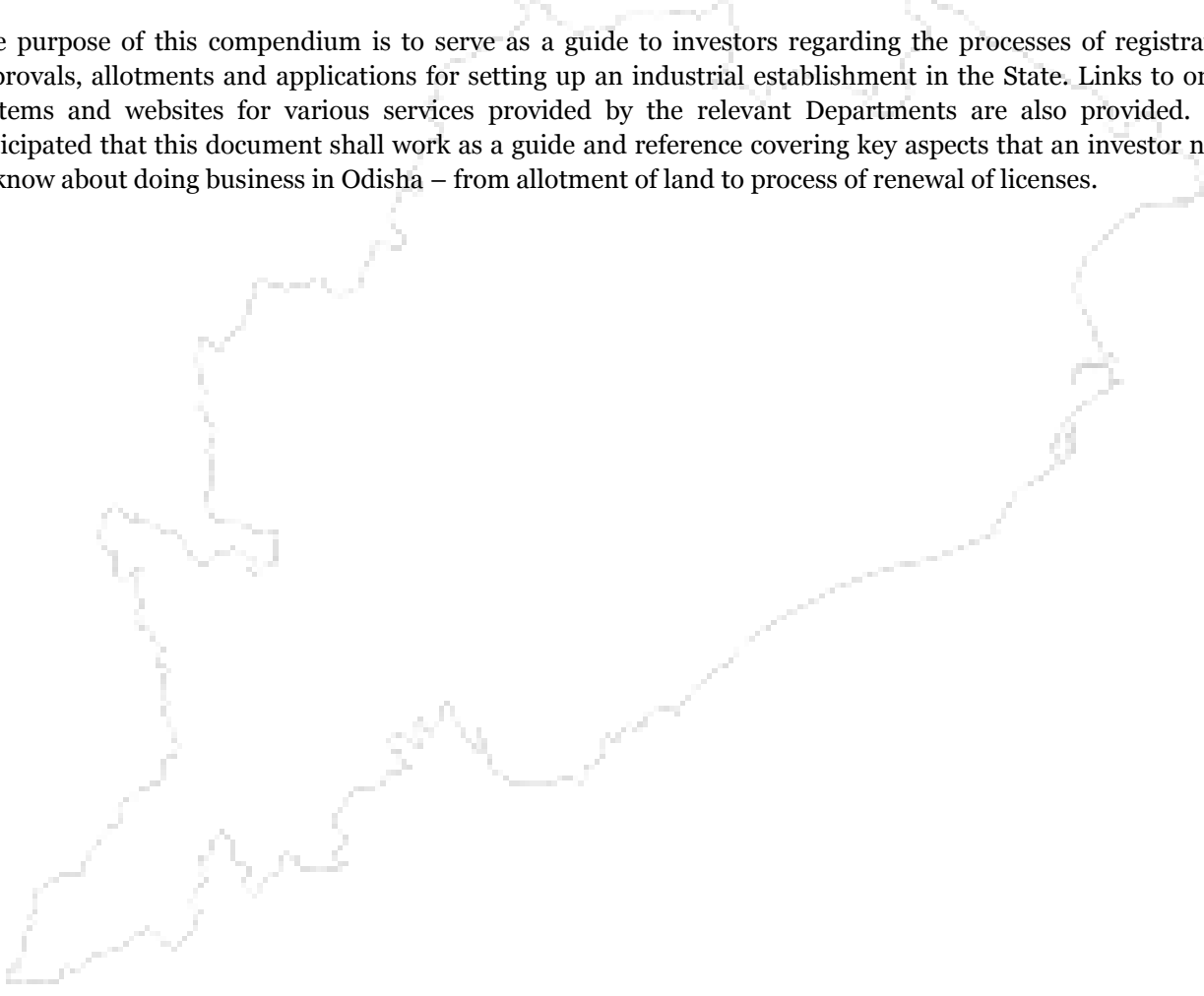
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Preface

Odisha has always endeavored to provide a hassle-free business environment to investors. A number of reforms have been carried out by the State government towards this end. Although these reforms and the related notifications are available in the public domain, a need was felt to compile the details and produce a document which can be referred to by the existing and potential investors. The ease of doing business and the process for setting up an industry in Odisha, in a step-by-step manner, has been explained in this compendium.

The compendium explains the single window clearance system, process of starting an industry in Odisha, clearances/approvals required pre-commencement of an industry, process for renewal of licenses, inspection processes and grievance redressal mechanism. The novel reforms undertaken by the State Government to improve the investment climate have been highlighted in various sections of this document.

The purpose of this compendium is to serve as a guide to investors regarding the processes of registration, approvals, allotments and applications for setting up an industrial establishment in the State. Links to online systems and websites for various services provided by the relevant Departments are also provided. It is anticipated that this document shall work as a guide and reference covering key aspects that an investor needs to know about doing business in Odisha – from allotment of land to process of renewal of licenses.



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Abbreviations



BMC	Bhubaneswar Municipal Corporation
CAF	Combined Application Form
CoO	Consent to Operate
CoE	Consent to Establish
CST	Central Sales Tax
DIC	District Industries Center
DIPP	Department of Industrial Policy and Promotion, Government of India
DLNA	District Level Nodal Agency
DLSWCA	District Level Single Window Clearance Authority
EM	Entrepreneur's Memorandum
ESI	Employee State Insurance
FDI	Foreign Direct Investment
GIS	Geographic Information System
GoI	Government of India
GoO	Government of Odisha
HLCA	High Level Clearance Authority
HLCC	High Level Clearance Committee
ICT	Information and Communication Technology
IDCO	Odisha Industrial Infrastructure Development Corporation
IEM	Industrial Entrepreneur Memorandum
IFC	Investment Facilitation Cell
IPICOL	Industrial Promotion and Investment Corporation of Odisha Limited
IPR	Industrial Policy Resolution
IT	Information Technology
LT	Low Tension
MAH	Major Accident Hazard
MRO	Maintenance, Repair and Operations
MSME	Micro, Small and Medium Enterprises
NIMZ	National Investment and Manufacturing Zone
OERC	Orissa Electricity Regulation Commission
OIFA	Odisha Industries (Facilitation) Act
OIFR	Odisha Industries (Facilitation) Rules
ORPSA	Odisha Right to Public Services Act
OSPCB	Odisha State Pollution Control Board
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Region
R&A	Regulation and Abolition
RE&CS	Regulation of Employment and Conditions of Service
SEZ	Special Economic Zone
SIA	Secretariat of Industrial Assistance

SLNA	State Level Nodal Agency
SLSWCA	State Level Single Window Clearance Authority
SWCA	Single Window Clearance Authority
SWCS	Single Window Clearance System
ULB	Urban Local Body
VAT	Value Added Tax



A. Odisha: Destination of Choice

1. Profile

The modern State of Odisha was created on 1st April, 1936. With the advent of industrialization, the State has seen exponential growth in its economy. A stable political and economic climate has further bolstered the growth in the State. Odisha has attracted major share of the Foreign Direct Investment (FDI) into India in the past few years. Bhubaneswar, the capital city, has also been ranked as one of the easiest places to do business in the country (as per World Bank Report on Ease of Doing Business in India).

2. Policy Framework

The State Government has recently promulgated the Industrial Policy 2015. The Policy is formulated to create a conducive environment through a regulatory framework to drive sustainable industrial growth in the State.

2.1. Intent

The Industrial Policy seeks to promote industrial development in the State to optimally use the existing resource base of the State. The strengths of the State in terms of locational advantages such as long coast line, strong manufacturing base of mother plants, excellent levels of support infrastructure and good governance are the pillars based on which the Policy has been prepared.

The Policy has been formulated to support all forms of enterprises to boost investment and encourage ease of doing business in the State. New industrial units, existing industrial units and MSMEs will be eligible for incentives provided in this policy, subject to the conditions stipulated in the Policy.

2.2. Infrastructure Development Plan

The Industrial Policy focusses on employment generating industries and industrial infrastructure by providing appropriate incentives and one-time capital grants for infrastructure. The Policy promotes participation of user industries in the development and management of industrial estates and clusters with a focus on SME industries.

The Industrial Policy includes provision for quality infrastructure support, development of industrial estates, Special Economic Zones (SEZs), National Investment and Manufacturing Zone (NIMZ), Ports and PCPIR. The Policy provides impetus for development of industrial infrastructure through Public Private Partnership mode and development of social infrastructure to support the industrial growth.

The focus sectors of the State for next five years are as follows:

1. Auto and Auto components
2. Downstream and Ancillary Industries
3. Agro and Food Processing
4. IT and Electronic System Design & Manufacturing
5. Tourism
6. Manufacturing in Aviation and Maintenance, Repair & Overhaul (MRO) facilities

7. Pharmaceuticals
8. Handicrafts and textiles
9. Petroleum, Chemicals and Petrochemicals
10. Plastics and polymers

In addition to the Industrial Policy, the State has exclusive sector specific policies as below:

- a) Information & Communications Technology (ICT) Policy, 2014
- b) Odisha Tourism Policy, 2013
- c) Odisha MSME Development Policy, 2009
- d) Odisha Food Processing Policy, 2013

Furthermore, the State has recently promulgated a Policy for Special Economic Zones (SEZ) 2015, Odisha Fisheries Policy 2015 and a Special Incentive Package Scheme for ESDM sector.



B. Single Window Clearance System

1. Introduction

The State of Odisha is committed to simplify the processes and expedite project approvals. Odisha has embarked on a mission to leverage technology to complement the governance framework. The approvals and clearances for the establishment and operations of the industries shall be through an on-line portal with minimum human interface. The State is a pioneer in implementing the “Ease of Doing Business” framework through a robust single window clearance mechanism. In fact, Odisha was one of the first States in India to constitute a Single Window Clearance System (SWCS) through legislation. This system enables the investor to approach a single designated authority and seek all clearances and approvals to setup and operationalize an industry.

2. Operations of the Single Window System

The State established Single Window Clearance mechanism in pursuance of the Orissa Industries (Facilitation) Act 2004 for providing time bound clearances and approvals. An online Combined Application Form (CAF) has been created which all departments/authorities are mandated to accept for various clearances and approvals.

The State has put in place an effective institutional mechanism for industrial promotion and investment facilitation at various levels. A three-tier single window clearance mechanism to facilitate speedy implementation of industrial projects is in place. At the helm, the High Level Clearance Authority (HLCA) chaired by the Chief Minister and State Level Single Window Clearance Authority (SLSWCA) chaired by the Chief Secretary provides the overall direction and guidance.

Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) functions as the State Level Nodal Agency (SLNA) and Technical Secretariat for SLSWCA. District Level Single Window Clearance Authority (DLSWCA) is active in all the districts. The District Industries Centers (DIC) are effectively taking on the functions of District Level Nodal Agency (DLNA).

IPICOL is also implementing a web-based system to facilitate time bound clearances to investment proposals, including facility for e-filing of Combined Application Form (CAF), e-payment of processing fees and virtual single window interface between investors and different clearance authorities. This system is expected to be in place shortly.

The State has also established a GIS based comprehensive Industrial Data Bank for the use of existing and prospective entrepreneurs, administrators and policy makers.

2.1. State Level Nodal Agency

IPICOL functions as the single point of contact for all the investors. All the assistance and support that an investor might require is provided by IPICOL and the organization acts as an interface between the investors and the various concerned departments.

2.2. District Level Nodal Agency

The DICs have been identified as the District Level Nodal Agency (DLNA). The function of the DICs is similar to that of IPICOL, but at the district level. The DLNAs act as the single point of contact and interface for the investors at the district level.

3. Investment Facilitation Cells

One of the key reforms undertaken by the State Government to improve the investment climate is to facilitate and guide the investors proposing to set up industrial units in the State. To strengthen the investor facilitation, the Government has constituted dedicated Investor Facilitation Cells at the State and District levels. The Facilitation Cell at the State level functions from IPICOL where members from other Departments concerning various approvals/clearances have been deployed on full time basis with appropriate delegation of powers. Similar Facilitation Cells have been set up at the district level.

The key objective of the Facilitation Cells is to guide the investors, assess the project proposals and follow up for timely approvals for establishment & operation of the units. The Facilitation Cells aim to provide focused attention in actualizing the investments on the ground through a “one stop” facilitation process.

4. Process of Approval

The Single Window Clearance System in the State categorizes the proposed projects into three groups based on the total investment proposed. An investor with a proposed investment of less than Rs. 50 crore (US\$ 8 million) approaches the respective DIC, which acts as the nodal agency for all further approval and clearance process. The project is considered for clearances by the District Level Single Window Clearance Authority (DLSWCA).

For projects with investment greater than Rs. 50 Crore (approx.US\$8 million), the nodal agency for single window clearance process is IPICOL. All the proposals with proposed investment amount of greater than Rs. 50 Crore (approx.US\$8 million) are evaluated and assessed by the State Level Single Window Clearance Agency (SLSWCA). However, for projects with proposed investment of greater than Rs. 1,000 crore (approx.US\$160 million), a special High Level Clearance Agency (HLCA), headed by the Chief Minister, has been constituted for the clearances.

The above mentioned process for the single window system is shown in the flow chart below:

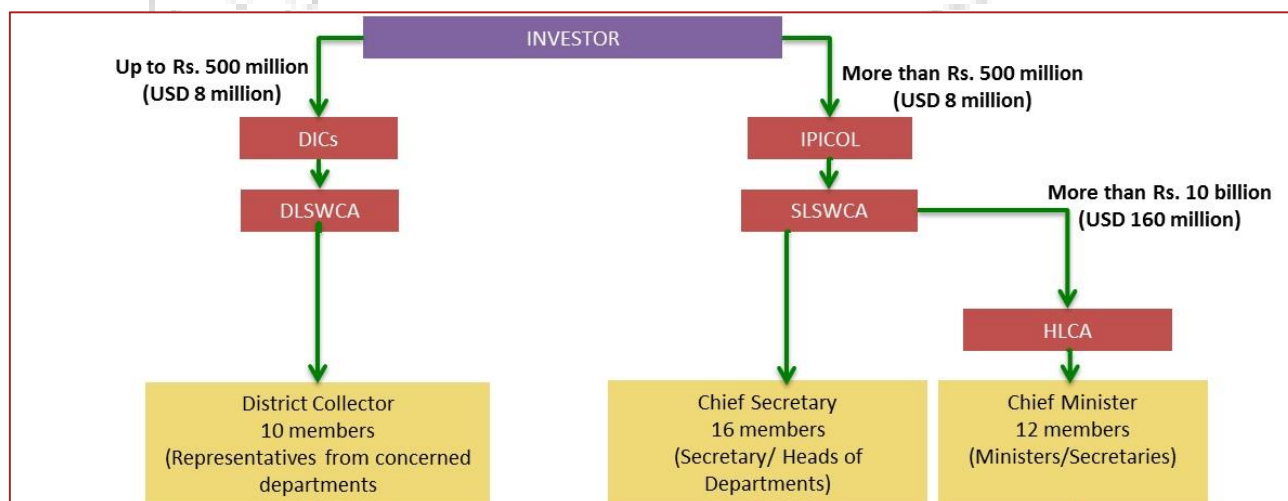


Figure 1: Functioning of Single Window Clearance System in Odisha

The maximum time taken for approval of green category projects is 15 days and for other projects is 30 days from the date of submission of completed Common Application Form (CAF).

5. Timelines for Approvals

To facilitate time bound approvals, time limits for disposal of application of various services by the concerned Departments have been specified in the Odisha Industries Facilitation Act (OIFA), 2015.

As per the Act, every concerned Department or Authority is expected to issue the required clearances after processing the application within the pre-defined time limit. In case of failure to issue the required clearances within the specified time limit, such clearances shall be deemed to have been issued and the entrepreneurs may proceed with the implementation of the projects. This is further explained in Sub-Section '3' of Section 'C – starting an industry' of this document.

The timelines for various approvals are mentioned in the table below:

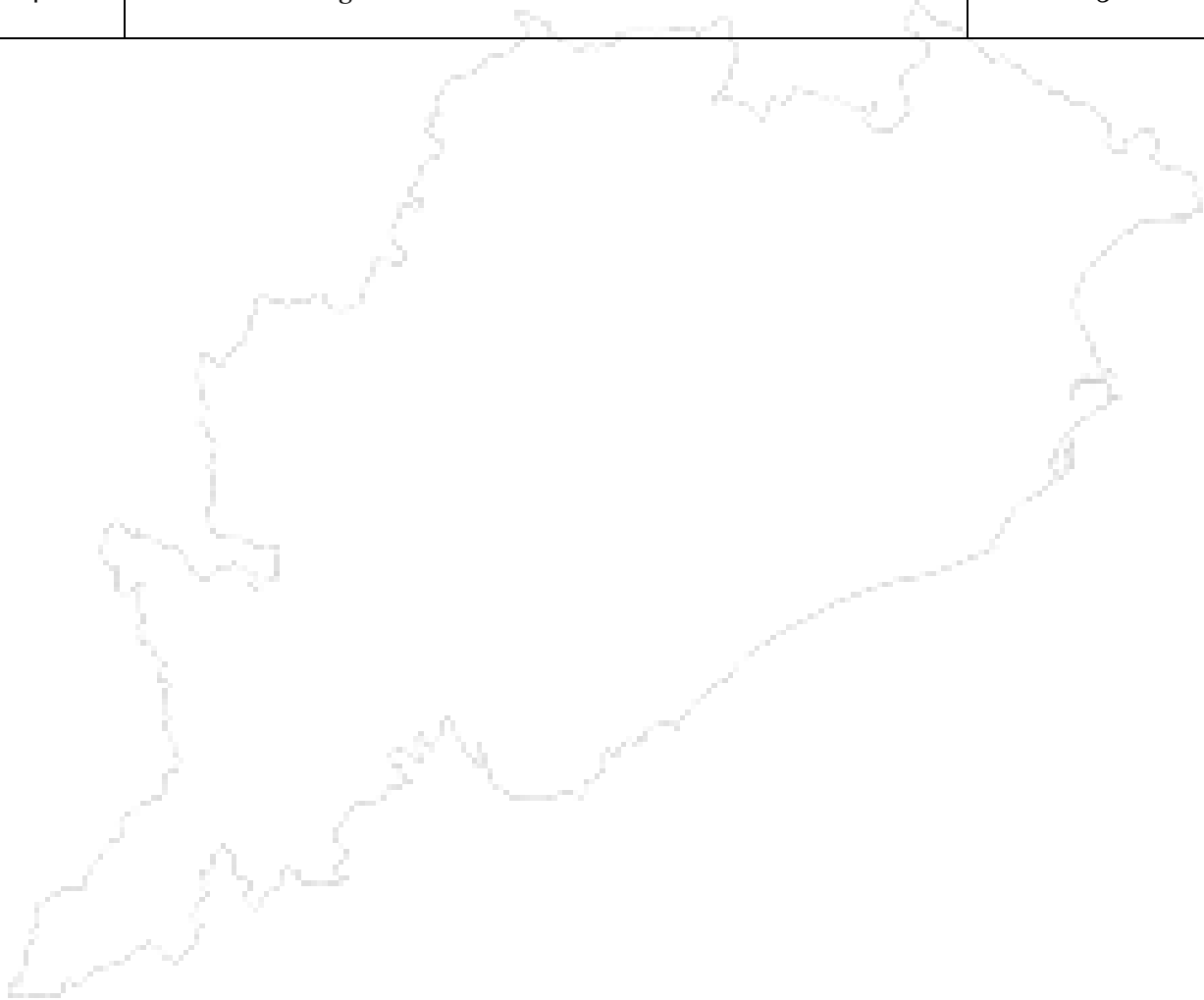
Table 1: Timelines for various approvals

S. No.	Service	Time Limit (Working Days)
	DISCOMs	
1.	Time taken from request for connection to release of connection where infrastructure is available	15
2.	Time taken from request for connection to release of connection where infrastructure is not available	30
	Odisha State Pollution Control Board	
3.	Consent to Establish	
a	'A' Category after obtaining environmental clearance	60
b	'B' Category after obtaining environmental clearance	45
c	'C' Category	30
4.	Permission under Hazardous Waste (Handling & Management) Rules	30
5.	Consent to Operate	
a	'A' Category after obtaining environmental clearance	60
b	'B' Category after obtaining environmental clearance	45
c	'C' Category	30
	Directorate of Factories and Boilers	
6.	Approval of Factory Plan for Non-Hazardous factories	30
7.	Approval of Factory Plan for Hazardous factories	60
8.	Approval of Factory Plan for Major Accident Hazard (MAH) factories	90
9.	Registration and Licensing of Factories	30

S. No.	Service	Time Limit (Working Days)
10.	Renewal/Amendment/Transfer of factory license	30
11.	Issue of duplicate license	30
12.	Inspection of Boilers & issue of provisional orders to operate boilers	15
13.	Approval of repair order of Boilers	15
14.	Steam pipeline drawing approval	30
15.	Registration of Boilers	30
16.	Endorsement of Certificates of Boiler Operation Engineers, Boiler Attendants and Welders issued by other States	15
17.	Revalidation of Welders' certificates	15
	Labour Commissioner	
18.	Registration under Odisha Shop and Commercial Establishment Act,1956	15
19.	Renewal of Registration under Odisha Shop and Commercial Establishment Act,1956	15
20.	Contract Labour(R & A)Act,1970 i)Registration (one time) ii)Licence iii)Renewal (annual)	15
21.	Industrial Employment Standing Order Act, 1946	45
	UDA/Municipalities	
22.	Building Plan Approval	60
23.	Issuance of Occupancy Certificate (Applicable to Bhubaneswar Development Authority and other Development Authorities & ULBs)	30
24.	Trade License	15
25.	Water Connection	45

S. No.	Service	Time Limit (Working Days)
26.	Conversion of Land Use under master plan	60
	Commercial Taxes	
27.	Registration under VAT Act	3
28.	Registration under CST Act	3
29.	Registration for Profession Tax	3
	Industries Department	
30.	Sanction of incentives under IPR 2015	30
	IDCO	
	Decision on Land Allotment within IDCO Estates outside BMC Area	
31.	Allotment Letter after receipt of recommendation letter from Single Window Authority	30
32.	Execution of Lease Agreement subject to compliance of Terms and conditions of allotment	15
33.	Issue of Possession Certificate	15
	Decision on Land Allotment within IDCO Estates within BMC Area	
34.	Allotment Letter after receipt of recommendation from HLCC	30
35.	Execution of Lease Agreement subject to compliance of T & C	15
36.	Issue of Possession Certificate	15
	MSME Department	
37.	Approval of EM-1	1
38.	Approval of EM-2	2
39.	Sanction of Interest Subsidy, Capital Investment Subsidy and VAT Reimbursement	30

S. No.	Service	Time Limit (Working Days)
	Directorate of Fire	
40.	No Objection Certificate	30
41.	Conversion of land use in all other areas (except ULBs)	60
42.	License under Drug and Cosmetics Act	30



C. Starting an Industry

1. Introduction

An interested investor must approach IPICOL/relevant DICs based on the proposed investment amount of the project. IPICOL or the DICs shall assist the investor through the complete process of establishing and operationalizing an industry. The following sections explain the process of starting an industry, from allotment of land and registration of the industry.

2. Pre – Establishment Process

Before setting up any business in Odisha, an entrepreneur has to register the company under various Acts which are applicable for the type of industry.

2.1. Industrial Entrepreneur Memorandum and Entrepreneur’s Memorandum

Industrial undertakings which are exempted from obtaining industrial license are required to file an Industrial Entrepreneur Memorandum (IEM) with the Secretariat of Industrial Assistance (SIA), Department of Industrial Policy and Promotion, Government of India, and obtain an acknowledgement. All industries are exempted from Industrial License, except:

- Industries which are reserved for the Public Sector
- Industries which are retained under compulsory licensing such as, electronic aerospace and defense equipment, Industrial explosives, Cigars and cigarettes of tobacco and manufactured tobacco substitutes, and specified hazardous chemicals
- Industries producing items (presently only 20 items) reserved for manufacturing for Micro, Small and Medium sector
- If the proposed industry attracts locational restriction

When an investor is planning to setup a Micro, Small or Medium size enterprise (investment in plant and machinery upto Rs. 10 crores for manufacturing industries and investment upto Rs. 5 crores in equipment for service industries), then they need to fill the Entrepreneur’s Memorandum (EM). This memorandum registers the investor and also enables them to seek land for setting up the industry. The investors can also seek for further clearances from various departments, only after registering themselves through this memorandum.

The State of Odisha, has taken steps to better facilitate the prospective entrepreneurs. To this end, the filling of Entrepreneur’s Memorandum in the State has been made online. The prospective investors can register on the portal for Entrepreneur’s Memorandum under the URL:

http://www.msmeodisha.gov.in/Entrepreneurs_Memorandum.htm

The acknowledgment for Micro/Small industries is voluntary and it is mandatory for medium & large industrial units.

2.2. Preliminary Project Assessment Application

The first step to establish an enterprise in Odisha after filing of Entrepreneur’s Memorandum, is to fill up the Preliminary Project Assessment Application. It is part of Schedule I of the Common Application Form (CAF). Under this form, the basic details of the enterprise is filled and submitted to the Nodal Agency along with the

land allotment application. The Form also contains the details of the investment, means of finance and employment generation capacity of the project. Once accepted, the project moves to land allotment process.

2.3. Land Allotment Process

The investor has to fill up and submit an application form for allotment of the desired land. This form is also part of Schedule I of the CAF. This application form contains information about the proposed location of the industry, the details of the power requirement for the industry, water requirement and waste water management process to be followed by the industry. The proposed date of commencement of construction and start of production also needs to be provided in the form.

In Odisha, an investor can setup an enterprise on four kinds of lands, i.e. within an existing Odisha Industrial Infrastructure Development Corporation (IDCO) estate, land bank surveyed and earmarked for industry by IDCO, on private land or Government land but not procured from IDCO (in both the latter cases, the prospective investor need not go through the land allotment process).

An investor can take assistance of the Investor Facilitation cell in filling up the Form. The filled up form is then submitted to the nodal agency for further processing. The nodal agency acknowledges the receipt of application and makes an entry in the application register.

The form is then submitted to the Facilitation Cell for scrutiny and review. The Facilitation Cell assesses the land and utility requirements for each of the projects based on the information furnished by the proponent and norms for the particular industry. In respect of applications of Green category of industries/projects (list of industries falling under Green Category is attached as Annexure-1 to this document) to be established in IDCO industrial estate, the Facilitation Cell processes and disposes the applications within 15 days. For projects outside the industrial estates of IDCO, the Facilitation Cell submits its recommendation to the respective Single Window Clearance Authority (SWCA). Based on the decision of the SWCA, IDCO initiates the land allotment/acquisition process, as applicable, for the project. The complete workflow of the process can be seen below:

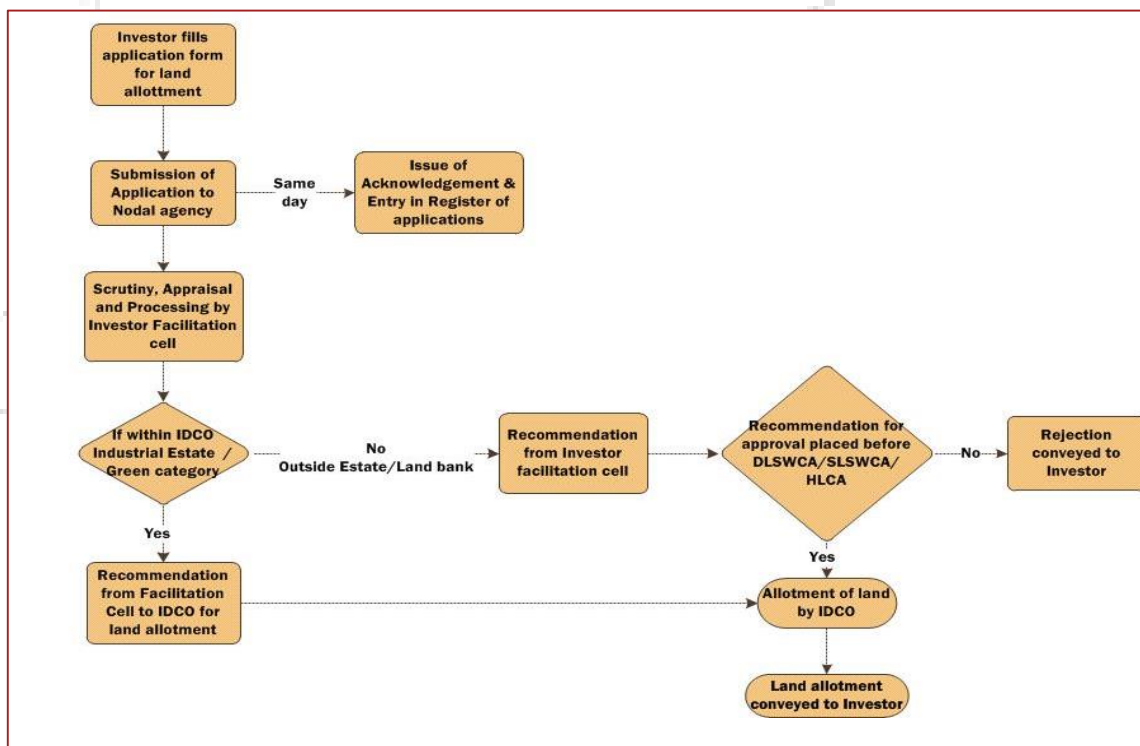


Figure 2 : Flow chart describing land allotment process

This process is followed for the investors submitting the Schedule I of the CAF.

IDCO has further undertaken a number of reforms to enable prospective investors to scout for the desired land and apply for the allotment. These reforms are enlisted in the following sections:

2.4. Land Banks, Parcels and Industrial Estates

IDCO is the Nodal Agency for providing industrial infrastructure in the State of Odisha. It was established with the objective of creating infrastructure facilities in the identified Industrial Estate/Areas for rapid and orderly establishment and growth of industries, trade and commerce. IDCO has identified 420,000 acres of land and has applied for acquisition/alienation of 50,000 acres of land for industrial purposes under the land bank scheme.

IDCO has created an online portal which allows a prospective investor to view the land bank and the existing industrial estates. Under this portal, land parcels have been earmarked based on various pollution categories. A prospective investor can choose the area in which he/she intends to invest and can view the map along with the infrastructure availability in proximity of the selected land parcel.

To visit the IDCO site for land bank and industrial estate related information, please use the URL given below:

<http://www.idco.in>

2.5. GIS Enabled Online Portal

The Geographical Information System (GIS) enabled portal developed by the state allows an investor to view the industrial scenario in the industrial estates and their spatial/geographical data, to scale. It also contains the data about the utilities available at all the surveyed industrial parks and helps the investors in making informed decision about the land parcels for investment. It will help the prospective entrepreneurs to do a reconnaissance study without the need of a physical visit. The investors can also search for information on the potential for ancillary and downstream industries

The GIS Enabled Portal can be accessed through the below mentioned URL:

<http://webgis.idco.in/WebGIS.php>

2.6. Online Combined Application Form (Schedule I A)

Once the land is allotted to the investors, the next step requires them to apply for approvals from various Departments. The State of Odisha has made this task hassle-free by creating an Online Combined Application Form (CAF) which covers all the clearances required from various Departments. Previously, for setting up an industry, an investor had to visit and seek clearances/approvals from different Departments separately. Now, an investor can fill in the CAF and submit the Schedule I A of the same, duly filed, to the Nodal Agency via an online portal.

Along with the CAF, the investor also needs to submit the relevant enclosures, certificates, fees, receipts and attachments. The investor also needs to furnish a form of self-certification. A checklist has been also appended to the CAF, which needs to be completed and signed by the applicant. After submission, an acknowledgement is issued by the authorized representative of the nodal agency confirming acceptance of the Combined Application Form.

The complete process of filling, submission and clearance of CAF is described in the diagram below:

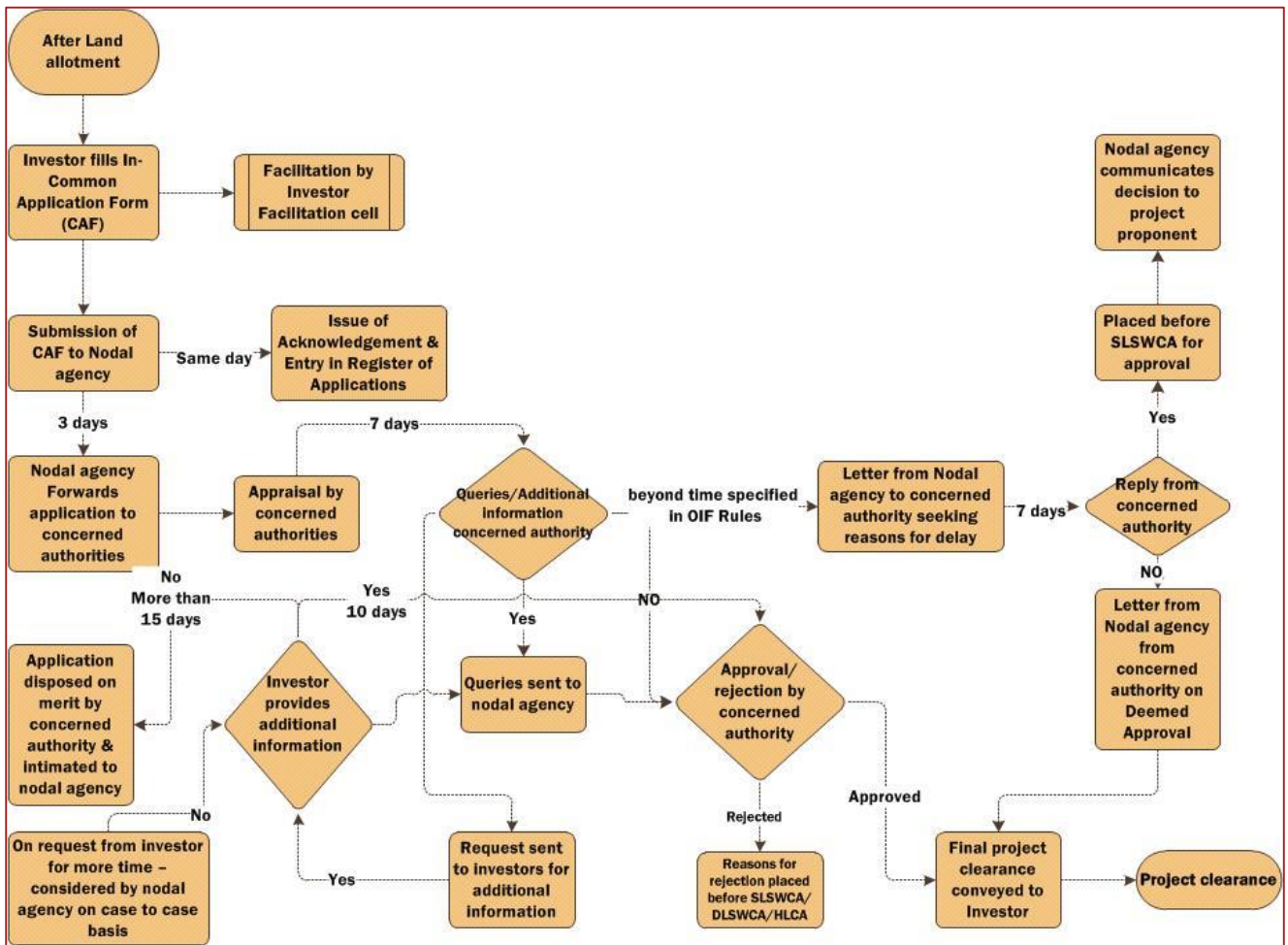


Figure 3: CAF Submission and Project Clearance process

The process of filling the CAF eliminates the requirement of the investor to visit various departments for filling different Department forms independently.

In the following sections, the key reforms undertaken by various departments for pre-establishment stage of starting an industry have been highlighted.

2.7. Tax Registration

Registration and compliance under various State taxes, is an integral part of running an industry. To setup an industry in Odisha, an investor needs to register the enterprise under the Odisha Value Added Tax Act, the Central Sales Tax Act, the Entry Tax Act and the Professional Tax Act. The Commercial Tax Organisation has undertaken several reforms to make the process of registration, payment and returns filing under various acts hassle-free and expeditious.

The Commercial Tax Department has created an online system which allows the industries to register under the various Acts governed by the department. This process eliminates all physical touch points and allows the user to register and pay online. The payment gateway for the taxes is under the Odisha Treasury Department portal. The URL for registration and payment are given below:

For Registration:

www.odishatax.gov.in

For Payment:

www.odishatresury.gov.in

2.8. Approvals from the Energy Department

The Department of Energy of Odisha Government ensures that the required electricity connection, with the required infrastructure is made available to the industries in a prompt manner. To further strengthen this service, the department has undertaken the following initiatives.

The process of applying for an electricity connection has been simplified. There is no need of a Pollution Certificate to apply for a connection to Industries under 200KVA. The applicant has to fill up Form 2, as prescribed by Orissa Electricity Regulatory Commission (OERC), provide a proof of ownership/occupancy and authorisation documents from competent authority to complete the application.

A charged LT connection is provided to the applicant within 15 days, if the required infrastructure is present at the location of setup of industry/commercial establishment. However, in the absence of such infrastructure, the connection will take a maximum 30 days to be made available.

The Department has approved fixed cost estimate per KVA on contract demand for new industries. The rates are defined as:

Table 2: Fixed Cost Estimate for New Industries seeking Electricity Connection

Cost Per KVA (In ₹)	Infrastructure Condition
6,000	Available
11 300	Needs to be established

2.9. Approvals from Odisha State Pollution Control Board

The Odisha State Pollution Control Board has taken several initiatives to ensure that the application, approval and inspection process is smooth and streamlined for the prospective investors. These initiatives are covered in the section below:

2.9.1. Online Consent Management System

The Board has created a new Online Consent Management System which enables the industries to seek consent for the following acts and rules online, without any physical touch point:

- Consent to Establish under Water (Prevention and Control of Pollution) Act, 1974
- Consent to Establish under Air (Prevention and Control of Pollution) Act, 1981
- Authorization under Hazardous Waste (Management and Handling) Rules, 1989
- Authorization under Municipal Solid Wastes (Management and Handling) Rules, 2000
- Authorization under Bio Medical Waste (Management and Handling) Rules, 1998

This system enables quick processing and approval of applications. The system also has an in-built fee calculator, which allows users to calculate the fees to be paid for different approvals. The payment of fees is being integrated with a payment gateway, which shall allow the user to seek consent, without visiting the Board.

The URL for the online consent management system is given below:

<http://odocmms.nic.in/OCMMS/>

Specific timelines are prescribed through the OIF Rules for timely disposal of applications under various Environment Acts. All the applications are disposed in a time bound manner and the Board is bound by law to adhere to the timelines.

2.9.2. Industry Categorization

The State Pollution Control Board has recently revised the categorization of industrial and mining projects based on investment amount and pollution potential as shown in the table below:

For non-mining sector projects:

Table 3: Industry Categorization for Non-mining sector projects by State Pollution Control Board

Investment (in Rs.)	Green	Orange	Red
Up to 5.0 Crores	C	C	C
More than 5.0 Crores and up to 50.0 Crores	C	C	B
More than 50.0 Crores	C	B	A

For mining sector projects:

Table 4: Industry Categorization for Mining sector Projects by State Pollution Control Board

Mining Projects	Category
Coal, Bauxite, Iron, Manganese, Limestone, Dolomite and Chromite	A
Other than Coal, Bauxite, Iron, Manganese, Limestone, Dolomite and Chromite	B

Based on this revised industry categorization, the Board has also recently revised the time limits for disposal of consent application. The revised timelines are given below:

Table 5: Timelines (Number of Days) for Consent for various Category of Industries by State Pollution Control Board

Category	Consent to Establish	Consent to Operate
A	60	60
B	45	45
C	30	30

The Board has recognized that Green category industries need not apply for consent and has resolved to exempt all green category industries from the consent process.

2.10. Approval from Directorate of Factories and Boilers, Odisha

To establish any industry, prior to construction of the building, the drawings need to be approved by the Directorate of Factories and Boilers. The approval of drawings by the Directorate requires the investor to submit an application with the drawings. All the information for making this application including a checklist of required documents is present under the following URL:

http://labour.odisha.gov.in/LED/Approval_of_drawings.html

2.11. Approval from Labour Department

Any enterprise, before becoming operational, has to register under various Labour Laws. All the information related to the application, approvals, required set of documents and timelines for various services provided by the Labour Department are available under the URL:

<http://labdirodisha.gov.in/?q=node/100>

The key Acts, concerning the industries, covered under the Labour Department are mentioned below for reference:

- The Inter-state Migrant Workmen (Regulation of Employment and Condition of Service) Act 1979 and Rules 1980
- The Motor Transport Workers Act, 1961 and Rules 1966
- The Industrial Employment (Standing Order) Act, 1946
- The Orissa Shops and Commercial Establishment Act, 1956 and Rules, 1958.
- The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Central Act) and Rules, 2002.
- The Beedi and Cigar Workers (Condition of Employment) Act, 1966 and Rules, 1969.
- The Contract Labour (Regulation and Abolition) Act, 1970 and Rules, 1975.

3. Deemed Approval

To ensure that all the key services are made available to the investors in a time-bound manner, the timelines for the services are now part of Odisha Right to Public Services Act (ORPSA), 2012. Any deviation from the prescribed timelines can lead to action being taken against the responsible Authority.

The Odisha Industries (Facilitation) Act also has the provision of Deemed Approvals to ensure that all approvals are completed in time-bound manner. All the authorities are required to issue the clearances as per the timelines. In case the clearances are not issued by any Authority as per the timelines, the Nodal Agency provides deemed approval to the investors, in writing. These deemed approvals continue to be in force until the formal clearance is issued by the Departments or the Authorities concerned.

D. Pre-Commencement of Industry

1. Online Combined Application Form (Schedule II)

After receiving the clearances/approvals for establishing an industry, an investor can go ahead with establishment of the enterprise. Once the enterprise is established, the investor is required to take approvals for commencement of operations. For these approvals, the investor needs to fill up the Schedule II of the CAF. This contains the forms for consent to operate under State Pollution Control Board, registration and grant of license under Factories Act, registration of Boilers, and building completion certificate.

The filled up form must be submitted to the nodal agency. The form is then sent to the concerned departments by the nodal agency for issuance of clearances and registrations. Once all registrations and clearances are completed, the industry is ready to commence operations.

The following sections enlist few reforms that various Departments have carried out to make the process of Pre-Commencement smooth and streamlined.

2. Consent to Operate from Odisha State Pollution Control Board

After the establishment of the enterprise, an investor is required to apply for the Consent to Operate under the following Acts:

- Consent to Operate under Water (Prevention and Control of Pollution) Act, 1974
- Consent to Operate under Air (Prevention and Control of Pollution) Act, 1981

The same online system, as used earlier for applying for consent to establish, can be used for getting the consent to operate. The URL of the system is given below:

<http://odocmms.nic.in/OCMMS/>

The process again eliminates all physical contact and, once integrated with the payment gateway, will complete the payment for the fees online as well.

2.1. Validity for Consent to Operate

The Board has also lately revised the validity period for consent to operate, on payment of the required fees. This allows the industry to operate for a longer duration without reapplying for the Consent to Operate. The current validity for period of consent are as below:

- 17 categories of highly polluting industries, for a minimum period of 2 years
- Other red category industries, for a maximum period of 5 years
- For orange category industries, the period has been increased from earlier 5 years to 10 years

Under this revision, the Board has also decided to exclude the Green Category industries from the consent management process.

3. Registrations under the Directorate of Factories and Boilers

After establishment of the enterprise, the investor is required to register under the Factories Act, 1948. The grant of License also takes place during this process. For this process, all the required information has been made available under the URL:

http://labour.odisha.gov.in/LED/make_in_india.html

The above URL contains a checklist of required documents, format of application and the timelines for approval to be submitted for the Registration and Grant of License under Factories Act, 1948.

Delegation of Authority

Engineers of the Government of Odisha in the Works Department or in the Rural Development Department not below the rank of Executive Engineer having the minimum experience with other requirements are now declared as 'Competent Person' for issue of Certificate of Stability in respect to buildings and structures for factories employing up to 100 workers in non-hazardous category. This delegation of powers is further expected to reduce the time taken in the issuance of certificate of stability.



E. Post Commencement of Industry

1. Renewal of Licenses

Post commencements of operations, the industrial units are required to renew the licenses as required by various Acts. Odisha has streamlined the process of renewals across different Departments. The renewal process for licenses is covered under the following sections:

1.1. Auto-renewal based on Self-certification/ Third Party Certification by Odisha State Pollution Control Board (OSPCB)

OSPCB allows auto-renewal of consent to operate based on Self-certification/Third party certification. In some cases, a company may not be willing to register for the full validity period of the consent to operate. In such cases, a company can decide to pay part of the registration fees and operate for a period less than the full validity. The Board has recently approved that the renewal for the remaining duration will be carried out based on self/ third party certification.

1.2. Renewal of Licenses under Labour Department

As per a recent notification, Deputy Director of Factories and Boilers in-charge of different Divisions in the State, can exercise powers for:

- Approval of Extension plan under Rule 3 of Odisha Factories Rules, 1950 in respect of factories with manpower up to 100 workers
- Renewal of factory license for ‘one year’ term under rule 7 of Odisha Factories Rules, 1950 in respect of factories with manpower up to 100 workers

2. Inspection Reforms

Inspections ensure that the enterprises are following the requisite legal & regulatory framework and minimizing risk for the employees. Odisha has under taken several inspection related reforms, primary one being the setting up of a Central Inspection Framework. The following sections briefly explain the inspection reforms implemented by the State:

2.1. Central Inspection Framework for Industrial Enterprises

A central inspection framework has been created to address the common complaints about ambiguity, duplication and overlapping mandates between inspection authorities, and perceived lack of co-operation and co-ordination. The central inspection framework created by the Government eliminates the process of multiple visits to the same enterprises and synchronizes various inspections. This framework aims to achieve the objective of simplifying business regulations and bring in transparency and accountability in inspections.

The Government has constituted the Central Inspection Co-ordination Group (CICG) which co-ordinates the inspection related activities for all the listed enterprises. The major functions of the CICG are as follows:

- Develop transparent checklists and procedures
- Ensure synchronized inspections of Factories & Boilers, Labour Department and Odisha State Pollution Control Board (OSPCB)
- Establish the framework for risk based inspections
- Develop modalities for conducting surprise inspections

- Empanel third party inspector, wherever applicable
- Undertake capacity building initiatives

A software tool is being developed for online allocation of inspectors and computerized risk based assessment of industries for inspection. Once the software is in place, the inspections undertaken by different Departments independently shall be discontinued.

This notwithstanding, it is important to note here that the Labour & ESI Department and State Pollution Control Board have implemented notable inspection reforms which are covered in the sections below.

2.2. Inspection Reforms by Labour & ESI Department

2.2.1. Composite Inspection Scheme

The Labour & ESI Department of Government of Odisha has created a combined inspection scheme for various inspections covered under different Acts. The salient features of the scheme include:

- Schedule of inspections for whole calendar year to be drawn up with month-wise targets and to be approved by 15th December of previous year
- All inspections under different Acts to be carried out on the same day
- Criteria defined for mandatory and optional inspections to be carried out

2.2.2. Voluntary Compliance Scheme

To better enable the Entrepreneurs to setup and run their industry, a Voluntary Compliance scheme has been conceived. Industries registering under this scheme will only be inspected once in three years. The inspections will be conducted with prior intimation, and with the purpose of guiding the industry/establishment to comply with provisions of the law. An entrepreneur can also choose to quit this scheme, in case he/she wishes to do so by providing a one month's notice.

2.2.3. Other Key Inspection Reforms

Third Party 'Competent Person' can carry out inspection of boilers following the instructions and guidelines issued by the Director of Factories and Boilers.

Also, to ensure prompt closure of inspection procedures, all inspection reports are submitted to respective Factories/ Shops and Commercial Establishments within 72 hours of completion of inspection.

2.3. Inspection Reforms by Odisha State Pollution Control Board

The Odisha State Pollution Control Board has increased the minimum inspection frequency to 6 months from earlier 3 months. The new inspection requirements are as follows:

Table 6: Inspection and Sampling Frequency for various Categories of Industries

Project Category	Minimum Inspection frequency	Minimum Sampling frequency
A	At least once in 6 months	Every month
B	At least once in 2 years on random check basis	Once in 6 months
C	At least once in 3 years on random check basis	Once in a year

The detailed procedural guidelines for conducting inspections in connection with grant of consent to operate are available under the URL:

http://ospcboard.org/Download/Procedural_Guideline_FOR_CONDUCTING_INSPECTION.pdf

It has been mandated by the Board to submit the inspection report to the Head Office through online system within 72 hours of completion of inspection or completion of laboratory analysis, whichever is later.



F. Grievance Redressal Mechanism

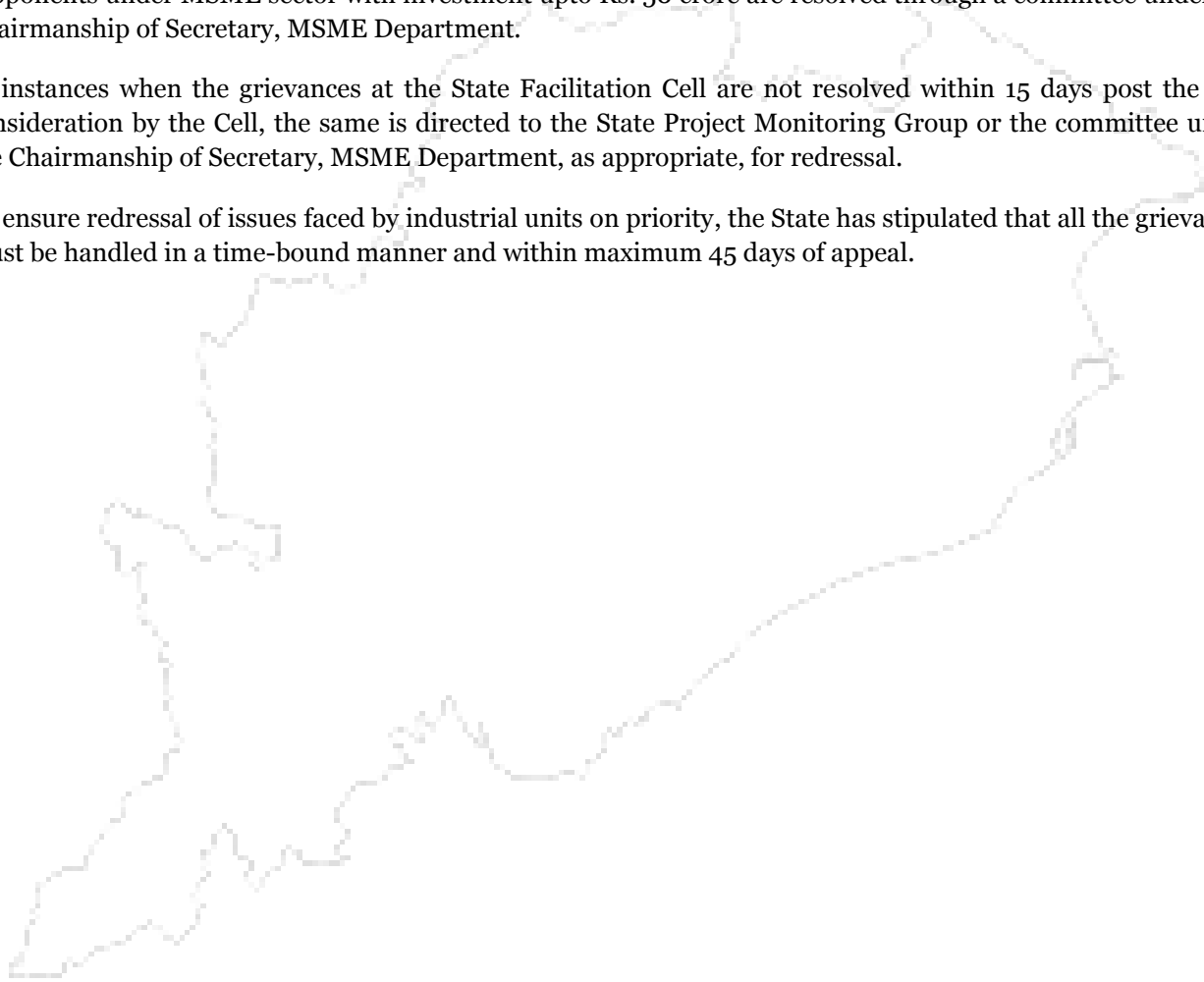
To better enable the investors to raise the grievances, the State has created an online portal which allows the investors to register the projects and raise issues faced. The grievances raised on the portal are considered and resolved by the State Facilitation Cell, which meets every week. The URL to the online portal is as below:

<http://cabsecpmg.gov.in/odisha/index.php>

The Government has also set up a State Project Monitoring Group, chaired by the Chief Secretary, to redress the issues of the projects entailing investment of more than Rs. 50 crore. Similarly, the issues of the project proponents under MSME sector with investment upto Rs. 50 crore are resolved through a committee under the Chairmanship of Secretary, MSME Department.

In instances when the grievances at the State Facilitation Cell are not resolved within 15 days post the first consideration by the Cell, the same is directed to the State Project Monitoring Group or the committee under the Chairmanship of Secretary, MSME Department, as appropriate, for redressal.

To ensure redressal of issues faced by industrial units on priority, the State has stipulated that all the grievances must be handled in a time-bound manner and within maximum 45 days of appeal.



Annexure -1: List of Green Category Industries

1. Apparel making
2. Assembly of air coolers, conditioners
3. Assembly of bicycles, baby carriage and other small vehicles non-motorized
4. Atta-chakkies
5. Bakery products, biscuits confectionery
6. Bamboo and cane products (only dry operations)
7. Block making for printing
8. Bulk Cement terminal
9. Cardboard or corrugated box and paper products (Paper or pulp manufacturing excluded)
10. Carpet weaving
11. Chilling plants and cold storage
12. Cotton and woolen hosiery
13. Dal mills
14. Electronic and electrical goods
15. Electronics equipment (Assembly)
16. Footwear (rubber and PVC)
17. Fountain pens
18. Garments stitching, tailoring
19. Gold and silver smithy
20. Gold and silver thread zari work
21. Groundnut decorticating (dry)
22. Ice-cream or Ice-making
23. Industrial Gases, namely. Air, Oxygen, Nitrogen, Argon, Helium, Carbon Dioxide, Nitrous Oxide
24. Insulation and other coated papers (Paper or pulp excluded) manufacturing
25. Jobbing and machining
26. Leather footwear and leather products excluding tanning and hide processing
27. Light engineering
28. Manufacture of formulated synthetic detergent products
29. Manufacture of soaps involving process without generation of trade effluent (saponification of fats and fatty acids only)
30. Medical and surgical instruments
31. Mineralized water
32. Musical instruments manufacturing
33. Oil ginning/expelling (no hydrogenation/ refining)
34. Optical frames
35. Paint (by mixing process only)
36. Paper pins and U-clips
37. Plastic & PVC processed goods
38. Polythene, plastic and P VC goods through injection/ extrusion molding
39. Power looms/ handlooms (without dyeing & bleaching)
40. Printing press
41. Radio assembling
42. Rice millers
43. Rope (cotton and plastic)
44. Rubber goods industry
45. Scientific and mathematical instruments

46. Shoelace manufacturing
47. Sports goods
48. Steeping and processing of grains
49. Supari (Betelnut) and masala grinding
50. Thermometer making
51. Toys
52. Wasting of used sand by hydraulic discharge
53. Water softening and de-mineralized plants
54. Fly ash based product manufacturing unit



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Doing Business and Investing in Odisha

Odisha is one of the most favorable places to do business in India and has attracted one of the highest FDI in the recent past. With a stable political and economic climate, availability of mineral resources, excellent transport infrastructure and supportive policy framework, the State has emerged as one of the easiest places to do business in India. The State has undertaken a number of reforms to further improve the business environment. A sound knowledge of the procedures involved in setting up and operations of the industry is essential for a prospective investor. This compendium covers various aspects to that knowledge.



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