



INDUSTRIAL POLICY OF MANIPUR,1996

1. Since the attainment of Statehood in 1972, the State Government of Manipur has continuously strived for balanced economic growth through strategies which can offset the geographical disadvantages confronting the State and which can optimise its productive capacities and its vibrant human resource capital. In acknowledgement of the felt need to further pursue attainment of these basic objectives the State Government will continue its commitment to policies which can further catalyse growth; reduce social disparity and poverty; create an environment conducive to investment; generate gainful employment especially for entrepreneurs and the educated unemployed.

2. For fulfilment of these basic objectives, the promotion of rapid industrialisation will be a major strategy of the Government. This strategy will seek to integrate industrial promotion efforts with the fast changing national economic scenario in the post-1991 era. Accordingly the State Government takes due note of the policy initiatives of the Government of India in every sector of economic, industrial, commercial, financial activity which, inter alia, are seeking to:-

- Create a liberal investment environment for economic activity especially industrial activity.
- Minimise Government regulation and control.
- Move towards a supportive role i.e. facilitation.
- Create internationally competitive basic infrastructure facilities
- Extend preferential treatment to priority sectors of industrial activity through an incentive mechanism.
- Provide full freedom of Industrial and commercial activity within clearly established and transparent parameters.

3. The State Government is aware that while the changing economic and industrial climate in the country has provided freedom to investors and entrepreneurs to set up units for economic / industrial activity according to their own choice, this freedom is more likely to be exercised in favour of industrially developed, economically stronger and geographically advantageous States. Investors / Entrepreneurs are likely to be naturally drawn towards these states where these advantages are coupled with an attractive incentive / subsidy regime which these States offer. In such a situation rapid industrial promotion in Manipur warrants the adoption of a multi – dimensional strategy which depends not only on a subsidy /incentive regime but which optimises the States potential and offsets its disadvantages.

4. Prior to 1982 planning and policy for industrial growth was conducted through specific instruction / order /guidelines. The Industrial Policy of 1982 was the first attempt to collate the perception of State Government in matters relating to the industrialisation of Manipur. It laid primary emphasis on development of large and medium industries. The Industries Policy of 1990 focused mainly on the development of the small-scale sector but also gave due attention towards development of large and medium sector industries. In essence, however, both policy initiatives sought to depend mainly on an incentive / subsidy regime. It was expected that the regime would be sufficiently attractive to overcome the lethargy / reluctance of investors and entrepreneurs to consider serious and substantiate investment in Manipur.

5. Consequently, while this policy announcement of the State Government had limited impact on industrial investment and growth, the State has not witnessed the desired level of industrial activity. This is primarily because these Policy initiatives have not :-

- Created an integrated investor – friendly environment for economic/industrial activity .
- Secured the location and establishment of any Central Public Sector Undertaking which can , in turn, catalyse ancillary units.
- Competed successfully with the subsidy / incentive regime of more advantageous States this has been a zero sum game .
- Responded effectively to the need for basic infrastructure facilities both physical (power , communication , water etc.) and financial (credit linkage / support).
- Ensured optimal development of entrepreneurial skills and utilisation of human resource capital.
- Fully utilised the natural resources / potential / advantage (climate, agro – base, minerals, etc.) of the State .
- Maximised the exploitation of the potential and benefit inherent in Indo-Myanmar Border Trade.
- Enhanced product competitiveness in the domestic / regional / neighbouring market .

6. In the above background, the State Government is of the firm view that a constructive industrial policy for Manipur must address itself to building on its strengths and gains; correction of distortions and weakness that have become apparent; attainment of competitiveness at the national/regional level; enhancement of productivity; creation of a congenial environment; and optimal use of natural resources in an eco-compatible manner. The pursuit of new horizons will be tempered by the need to ensure “continuity with change” and cost effective of the State’s resources, both financial and natural. All sectors (small, medium or large), whether public / private / joint, will be encouraged.

7. In pursuit of the above outlined objectives the State Government have decided to adopt a NEW INDUSTRIAL STRATEGY as decided below :-

A. CREATION OF AN INTEGRATED INVESTOR- FRIENDLY ENVIRONMENT

- (i) The State Government recognises that a secured law and order environment is an essential pre – requisite to sustain economic activity. Accordingly, the State Government will not only underline its commitment to providing this environment, but will also set up a special monitoring cell to assess and provide the requisite security cover to all major industrial investment in the State.
- (ii) In order to facilitate investment the State Government will set–up a single window facilitation / escort mechanism which will seek to provide and , or co-ordinate all services and clearance essential for expeditious establishment of an industrial unit.
- (iii) The State Government will initiate a programme of publicity and investment promotion to familiarise investors with the industrial opportunities available in Manipur.

- (iv) The State Government will seek an interventionist role of the central Government in the industrialisation of special category states and canvass for financial assistance for creation of an effective investment environment. In addition, the State will continue to impress upon the Government of India to locate and establish Central Public Sector Undertakings (CPSUs) which can also catalyse the growth of ancillary units. For this purpose a Cabinet Sub-Committee and/or a Committee of Secretaries will be authorised to initiate and negotiate a package of incentives which can be offered to the Union Ministry willing to consider the location and establishment of a CPSU in Manipur.
- (v) The State government will consider, on individual merit, majority share participation by private investors in joint sector enterprises .

B. INFRASTRUCTURAL DEVELOPMENT/SUPPORT

- (i) The State government will adopt an integrated approach to infrastructural support/ development. In addition to the upgradation of basic facilities at the Takyelpat Industrial Estate, the State Government will undertake phased development of the following :
- Integrated Infrastructural Development Centre at Moreh in Chandel District.
 - Export Promotion Industrial Park at Kakching in Thoubal District .
 - Export processing Zone at Moreh in Chandel District .
 - Industrial Growth Centre at Kanglatongbi in Senapati District .
 - Four additional industrial locations viz. Jiribam (Imphal), Litan (Ukhrul), Noney (Tamenglong), and Nambol (Bishnupur) to catalyse balanced dispersal of industries .
- (ii) The above – named centres will be provided assured security, water, power, communication and other basic facilities essential to establishment/functioning of industrial units .
- (iii) The development of these centres will be compatible with environmental/ecological priorities.
- (iv) The State Government will encourage the creation of supportive infrastructure like cold storage, packing houses, pre-cooling facilities, refrigeration etc.
- (v) The State Government will accord priority to mobilisation of financial credit /support/ linkage for industrial projects , particularly in respect of the small Scale Sector from/ through Small Industries Development Bank of India (SIDBI), Manipur Industrial Development Corporation Limited (MANIDCO] and nationalized banks. Support from north East Development Financial Institution (NEDFI) will also be mobilised. The State Government will consider the establishment of a suitable official mechanism to co-ordinate and facilitate the financial needs of industrial units .

C . MAXIMISING RESOURCE UTILISATION :

- (i) Taking note of the state's natural resources and potential the state Government will accord priority to industrial investments in the following to industrial investments in the following.
- agro – based industries
 - industries based on locally available raw materials, including minerals and waste.
 - products with local / regional demand
 - all units which take advantage of the Indo – Myanmar Border Trade
 - handloom and handicraft sector
 - electronics sector
 - petro – chemical based industries
 - forest based industries not involving depletion of the tree population
 - export oriented activities / industries
 - all non – polluting , labour intensive units
 - units using non – conventional energy devices / systems /technology .
- (ii) The State Government will promote prospecting ,extracting ,processing and marketing of mineral resources like limestone , chromite ,soapstone, serpentinite , idocrase , etc.
- (iii) The State Government will accrd the status of industry to Tourism and provide all admissible incentives/support accordingly.

D.COMPETITIVENESS, QUALITY IMPROVEMENT,SKILL UPGRADATION :

- (I) Upgradation of quality and technology are the prime movers in achieving competitiveness in the domestic market and realising export objectives. with a view to improve the competitiveness of manufacturing units in the small scale sector a programme for modernisation and up-gradation of technology will be implemented. They will cover a package of financial incentives and improvement of training facilities by inviting Central Government Organisations, such as Industrial Development Bank of India(IDBI),Small Industrial Service Institute(SISI),National Small Industries Corporation(NSIC) and Department of Electronics(DOE) to set up technology centres,tool room and other testing facility.
- (II) Special training programmes,inplant study,open house discussions,seminars on trading and marketing activities will be organised for export oriented manufacturing/processing industries.
- (III) The State Government will priorities programmes for development of entrepreneurial skills.

E. INDUSTRIAL SICKNESS:

- (i) The State Government views the problems of industrial sickness with concern and will endeavour to assist sick industries that can be revived.

- (ii) The State government has already initiated a detailed programme for rehabilitation of sick public sector undertaking. the possibility of converting these into a joint sector unit in collaboration with private partners will be explored and given priority ; failing which privatization will be considered.
- (iii) For the small sector unit, a cell in the Directorate of Commerce and Industries will be opened to monitor the sick units. Initially, a survey of the existing small scale units in the State will be carried out to categorise these units according to their potential for revival. Based on this survey a package of Policy measures will be initiated to make these sick units viable wherever cost effective.

F. PROMOTION OF INDO-MYANMAR BORDER TRADE:

- (I) The State government will take positive steps to optimise the advantages offered by the opening of the border trade with Myanmar at Moreh in Chandel District.
- (ii) An Export cell in the Directorate of Commerce and Industries will be the nodal Agency which, inter alia, will :
 - educate, train and guide traders/entrepreneurs in international trading
 - conduct an export potential survey
 - undertake measures to promote trade-motivated industrial activity
 - optimise use of agriculture/horticulture/Forest resources across the border.
 - facilitate setting up of trade centres with integrated and in-house basic facilities.

G. PACKAGE OF INCENTIVES / SUBSIDIES:

As an integral part of the strategy for industrial development, the state Government will also provide a comprehensive and attractive package of incentives/subsidies as detailed in annexure-I to this Policy. This package will be supplemental and / or additional to such incentives/subsidies as are available under Central schemes.

8.(a) The new package of incentives/subsidies, hereinafter referred to as Incentive Schemes 1996, will be effective from the date of enforcement of the Industrial Policy Resolution, 1996 and all provisions outlined under Industrial Policy, 1990 shall cease to operate, except where otherwise provided.

(b) The new package of incentives/ subsidies under Industrial policy 1996 shall be eligible to the Industrial units only when the unit starts commercial production.

(c) These existing industries which were availing the incentives under the industrial policy, 1990 will continue to benefit from similar incentives.

9. Incentives under the Industrial Policy, 1990 will continue to be available on a case to case basis to all units which have gone into commercial production between 1-12-

1990 and the effective date of this new Policy. However, such units will also be eligible for opting for benefits available under Industrial policy, 1996.

10. Only new units set up on or after the effective date of the new Industrial Policy, 1996 and existing units undertaking expansion/ modernization/diversification shall be eligible for incentives/subsidies under the new policy dispensation.

11. An Industrial Unit which started commercial production on or after 1-1-1995 would be considered as a new unit.

12. An Industrial Unit which is/was in commercial production, at any time prior to 1-1-1995 will be considered as an existing unit for the purpose of the Incentive Scheme, 1996.

13. The term “Weaker Section” will mean ST, SC, Physically Handicapped, OBC and Women Entrepreneurs.

14. An Industrial Unit put up by a woman with not less than 51% share from women entrepreneurs will be taken as an unit managed or run by Women entrepreneurs.

15. An Industrial Unit exporting at least 30% of its production or technology will be termed as an Export Oriented Unit (EOU) for the purpose of industrial Policy of Manipur, 1996.

16. Expansion/modernization/diversification of an existing industrial unit will also be eligible for incentives if the capital investment on plant and machinery is more than 25% of the total fixed capital investment of the existing unit. The expansion should entail enhancement in the existing capacity by at least 25% and the package of incentive admissible to the unit shall relate to the expanded portion only. For the purpose of this calculation undepreciated value of the capital investment made on land, building, plant and machinery of the unit will be taken into consideration.

ANNEXURE - 1

PACKAGE OF INCENTIVES / SUBSIDIES (Under para 7 (G) of Industrial Policy, 1996)

The State Government will offer the following package of supplemental and/or additional incentives/subsidies over and above those provided by the Government of India to invigorate industries and industrial/economic investments:

1. **Allotment of land :**

The state Government will endeavour to provide (a) Developed land with all infrastructural facilities at major infrastructural centres and (b) Undeveloped land. New units, except those in the “Services” and village industries sector, will be eligible.

(a) The developed land will be allotted on lease basis for a period of 30 years.

- (b) The State Government will subsidize the cost of land development at the rate given below;
- | | | |
|-------|---|-----|
| (i) | S.S.I | 25% |
| (ii) | EOU and units owned & managed by Weaker section | 30% |
| (iii) | Large & Medium Units (as per definition) | 15% |
- (c) The cost of land development will be recovered from the industrial unit in fifteen equal annual installments .
- (d) The Government will constitute a Committee for allotment of land for industrial units and frame allotment rules which shall be notified.

2. **Allotment of sheds to SSI units:**

The Government will endeavour to provide built up factory sheds to SSI Units on monthly rental basis. The State Government will subsidize the monthly rent to the extent of 50% for entrepreneurs of all categories and 55% in case of EOUs and units set up by Weaker Sections . This subsidy will be for a period of 5 years from the date of occupation of the shed.

3. **Manpower Development:**

Industrial Units which depute their workers for technical training in Government recognised/reputed training institutions and / or with established industrial concerns will be eligible for subsidy provided they undertake that all such trained people will be employed by them after successful completion of their training. The subsidy will be limited to 50% of the actual expenditure or Rs.3,500/- per trainee whichever is less. An enhanced subsidy of 60% of the actual expenditure subject to a ceiling of Rs.4,000/- will be available in case of units managed by Weaker Sections and EOUs.

4. **State Capital Investment Subsidy:**

The State Government will provide Subsidy to priority sector industries @ 15 % on the total fixed capital investment on plant and machinery subject to a ceiling of Rs. 15 lakhs per unit. The rate of subsidy applicable and the industries from time to time. For EOUs, the rate of subsidy shall be 20% subject to a maximum of 20 lakhs per unit.

5. **State Transport Subsidy :**

The State Government will continue to provide Transport Subsidy at the rates to be notified from time to time for transportation of raw material and finished product.

- (a) The subsidy will be admissible for transportation of raw materials by surface from Calcutta/Patna/Siliguri or any other location in the North Eastern Region to the location of the industrial unit in Manipur .
- (b) Subsidy will also be admissible for transportation of finished products by surface route from the industrial units in Manipur to Siliguri. Subsidy for the transportation of finish products by surface route upto Calcutta/Patna will be considered on a case by basis. For EOUs subsidy for the finished products will be available from the work site upto the shipping point.
- (c) Transport subsidy on raw material and/or finished products will be admissible, if value addition on the raw material is above 25 %.
- (d) Transport subsidy for raw material will be admissible for only such quantity which is over and above the locally available quantity and which is essential for capacity utilisation .
- (e) The maximum admissible amount for the Transport Subsidy in case of raw material and finished products together will be the actual transport cost as per the Government approved rate of Rs. 30.00 lacs per annum, whichever is less .
- (f) Subsidy @ 100% for surface transport and upto 75% for air transport (maximum Rs.1.00 lakh by air cargo) will be admissible to Manipur Industrial Development Corporation Limited, Manipur Development Society Limited and Manipur Handloom Weavers Co-operative Society limited.

6. **Interest Subsidy :**

Small Scale Industries will be provided an interest subsidy of 5% per annum on working capital and term loan taken from banks and financial institution. This subsidy will be available for the first five years from the date of commercial production or from the date of release of loan in case of revival of a sick unit . In case of Weaker Sections and EOUs. The subsidy will be 7% per annum. However , in case of working capital the subsidy will be computed for the actual period for which the industrial units has been in commercial production during the first 5 years from the beginning of commercial production .

7. **Power subsidy:**

- (a) power subsidy will be provided to SSI units for the first 5 years from the date of commercial production of the unit at the rate fixed by the Government from time to time .

- (b) 50% of the cost incurred on linking of power from the main line to the factory shed will be subsidised subject to a ceiling of rs. 50,000/- per unit for such units which are not provided land in developed industrial areas . In case of Weaker Sections and EOUs, the subsidy will be 55% subject to a maximum of Rs. 55,000/- per unit .
- (c) 25% subsidy will be admissible for purchase of Diesel generating sets of 10 H.P. or more subject to a ceiling of Rs.30,000/- in case of Weaker Sections and EOUs, the subsidy shall be 30% subject to a maximum of rs.36,000/-.

8. Subsidy for Feasibility Study and Project report Preparation:

A subsidy of 50% will be admissible to meet the cost of feasibility study and project report preparation subject to a maximum ceiling of Rs.25,000/- in each case. The study / report should be prepared by an approved consultant registered either with the Government of Manipur or the Government of India .the Manipur Handloom and handicrafts Developments Corporation, Manipur Development Society and Manipur State handloom Weavers Co-operative Society will also be eligible for the subsidy . An enhanced subsidy @ 60% subject to a ceiling of rs.30,000/- will be admissible in case of Weaker sections and EOUs.

9. Subsidy for Technical Know-How :

A subsidy of 50 % will be admissible to meet the cost of technical know-how obtained by a SSI unit from organisations approved in advance by Government of Manipur on a case by case basis . The Subsidy will be released only on commencement of commercial production . The subsidy will be 60% in case of weaker sections and EOUs.

10. Price preference :

The State Government will continue its policy or price preference, whereunder purchases by Government Departments , Semi-Government Organisations, Autonomous Government organisations, Grant-aid-Institutions, departmental Undertakings, public sector Undertakings, etc. will accord first priority to products manufactured by industrial units registered with the DICs or Directorate of industries. All other things being equal , such units will be given a price preference upto 20 % over the lowest technically and commercially viable rate offered by others.

11. Reimbursement and Exemption of local Sale tax

(a) The MANIDCO (Manipur Industrial Development corporation) will be eligible for reimbursement of sales tax on sale of raw materials.

- (b) For individual units purchasing raw materials directly, a concessional rate of 4% of value of raw materials will be admissible as full tax set- off against any sales tax paid by them.
- (c) Sales tax on goods manufactured by the industrial units will be exempted in full for a period of 10 years from the date of commercial production.

However , the period of eligibility will be extended for 2 (two) years in case of Weaker sections with the approval of the State Government .

- (d) The Manipur handloom & Handicrafts Development Corporation and Manipur state Handloom Weavers Co-operative Society will be eligible for reimbursement of sales tax on handicraft products.

12. Reimbursement of stamp Duty & Registration Fee :

Small Scale, Village & cottage Industries Units will be reimbursed in full for the amount paid towards Stamp duty and registration Fee for securing loans and other incentives from financial institutions including mortgage of fixed assets. The reimbursement will be admissible after disbursement of loan by financial institutions / banks and will be subject to the condition that the assets mortgaged would not be transferred for a period of 5 years.

13 . Quality control :

For purchase of testing equipments , 25% subsidy will be admissible to SSI units . Registration fee and annual fee with BIS etc. will be re-imbursed in full for the first 5 years. subsidy will be 30% in case of Weaker Section & EOUs.

14. Subsidy for modernisation/Expansion/Diversification:

(a) A State capital Investment Subsidy for the purpose of modernisation /expansion / diversification at the rate of 15% or Rs. 1.00 lakh, whichever is less, will be admissible for the purchase of plant and machinery .

(b) A subsidy of 55 per annum will be admissible on interest in respect of loan raised from financial institutions upto a maximum limit of Rs.0.80 lakh per year for a period of 5 years.

(c) The subsidy will be extended to the industrial unit on the recommendation of a committee to the constituted and notified by the Government in this regard .

MANIPUR GAZETTE



EXTRAORDINARY
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GOVERNMENT OF MANIPUR
SECRETARIAT: COMMERCE & INDUSTRIES DEPARTMENT

NOTIFICATION

Imphal, the 27th April, 2000

No. 58/8/94-IND.—In exercise of the powers conferred by Article 162 of the Constitution of India, and other powers enabling him in this behalf, the Governor of Manipur hereby make the following rules further to amend the Industrial Policy of Manipur, 1996, namely :—

1. These rules may be called the Industrial Policy of Manipur, 1996 (1st Amendment) Rules, 2000.
2. These rules shall come into force with immediate effect. For the existing Policy at Sl. No. 11(c) under the heading Re-imbusement and Exemption of Local Sales Tax of the Annexure—I of para 7(G) of the Manipur Industrial Policy of 1996, the following shall be deleted. “(c) Sales tax on goods manufactured by the Industrial Unit will be exempted in full for a period of 10 years from the date of commercial production. However, the period of eligibility will be extended for 2(two) years in case of weaker section with the approval of State Government”. For the existing Policy at Sl. No. 5(f) under the heading State Transport Subsidy of Annexure—I of para 7.G. of the Industrial Policy of Manipur, 1996, the following words shall be inserted. “The Manipur Spinning Mills Corporation Ltd.”

By order & in the name of Governor,

P.C. LAWMKUNGA,
Commissioner (Com. & Ind.), Government of Manipur.