

DRAFT INDUSTRIAL AND INVESTMENT POLICY OF MANIPUR, 2017 (IIPM, 2017)

1. State Profile:

1.1 Nestled in North-East corner of India, Manipur is a state of India that straddles the Trans-Asian Highways and is literally the gateway of India to South-East Asia. It has a total area of 22,327 Sq. Km out of which one-tenth is a fertile and green valley located in the middle of the State, while the remaining ninth-tenth constitutes the hills surrounding the valley (Imphal).

1.2 Manipur came under the British rule after the First Anglo Manipuri war of 1891. After India became independent on August 15, 1947; the Manipur Constitution Act, 1947 established a democratic form of Government with the Maharaja as the Executive Head and a legislature constituted by election on adult franchise. This legislative assembly functioned till it was dissolved on the integration of the state with the Dominion of India in October, 1949. Manipur achieved full statehood on January 21, 1972.

1.3 Manipur is a land of multi-ethnic community and even akin to a Mini-India. These consist predominantly of Meiteis and Meitei Pangals in the Valley and 33 recognised Tribes residing in the Hills. In addition, there is sizable population of Nepalis, Bengalis, Marwaris, Biharis, Punjabis, Tamils, etc. The population of Manipur as per 2011 Census is 28,55,794 and distribution of female was 985 per 1000 males. The State has a literacy rate of 76.94% (2011 census) which is a huge potential in human capital.

1.4 Manipur has a traditional social system where women play vital roles in all socio-economic activities and as such, the people are free of many social inhibitors that face the Indian mainland, like caste system, dowry system, etc. which has been a very strong empowering factor for its women population. Women is the backbone for many micro & home-based industries like handlooms which has progressed from loin weaving as well as in many other agro-based industries and other economic activities. This gives a very healthy climate for investments with additional workforce that has been traditional tuned to such productive activities for ages. Female Literacy stands at 70.26% against 83.58% of Male Literacy which is a healthy socio-economic indication as much as it is for HDI.

1.5 The State is bordered by Nagaland on the north, Assam on the west and Mizoram on the south. Along the east it shares a 398 km long international boundary with Myanmar. The range of temperature in the State is 0°C to 36°C and altitude varies from 40m (Jiribam) to 2593m (Tamenglong) above MSL with the Imphal valley at an altitude of 790 m above sea level. The climate varies from tropical to sub-tropical in the valley area and semi-temperate in higher altitude which is very conducive for all types of activities round the year. Rainfall is generally from April to October; maximum being in July (421.30 mm in 2015).

1.6 Manipur is connected with other parts of the country by road and air. The Asian Highways AH1 and AH 2 pass through this State. The National Highways No.2, 37 and 202 connect it with the other parts of the country through Dimapur (Nagaland), Silchar (Assam) and Mellori (Nagaland) near Jessami in Ukhrul District. Imphal airport links the State to other parts of the country with 12 to 13 flights a day at present. The Imphal (Tulihal) Airport has been declared an international airport and it is under up-gradation. Rail line from Silchar in Assam through Jiribam in Manipur into Imphal is at an advanced stage of construction. The rail connectivity is likely to be available in Imphal by March, 2019, which will open up the State in an unprecedented manner. This is expected to make Manipur a hub for India's future trade and commerce with South-East Asia as Manipur is India's Gateway to South-East Asia. This will boost up the viability of the State of Manipur in a big way that will change the industrial scenario of the State in a positive way that has hitherto been never witnessed before.

1.7 The economy of the State is primarily agrarian (70%), but characterised by relatively high contribution of services, trade and business to the total income of the State. The State scores well in terms of literacy rate and educational attainment of the State's population and is also known for its relatively higher ranks of human development index amongst other States.

1.8 The Gross State Domestic Product (GSDP) at market price in the year 2014-15 is Rs.18,15,465 lakh as against Rs.16,18,204 lakh in 2013-14 registering a growth of 12.19% during the year. In 2015-16, it is estimated at Rs.19,16,314 lakh showing a growth rate of 5.55% over the estimates of 2014-15. GSDP for 2016-17 is also estimated as advance estimate at Rs.21,40,071 lakh depicting a growth of 11.68% over the previous year.

1.9 The Net Per Capita Income (Market Prices) was Rs.45,384 in 2015-16 as against Rs.44,269 in 2014-15 registering a growth of 2.52% during the year. It is also estimated in advance estimate at Rs. 47,453 in 2016-17 registering a growth of 4.55%.

1.10 The State is constrained by low capital formation, inadequate infrastructure and communication bottleneck, etc. However, efforts in the recent past have led to creation of reasonable degree of industry-friendly environment in the State. While the unemployment level in the State is high compared to the total population in the State, it is also a reserve of human force that can be gainfully employed with potential for high growth in modern skills oriented to trade, business and industry.

1.11 Although Manipur has almost no large industry, except for two units under medium sector with the rest either in micro or small sectors which are mainly in food processing or horti and agro based industries, there has been tremendous improvement in the overall industrial climate of the State in the last few years. This has open up the State to very good investment opportunity, especially considering the fact that it will be the hub for the Act East Policy with rail connectivity and the opening up of the Trans-Asian Highways that will effectively make the State, India's Gateway to South-East Asia.

1.12 The number of MSME units as on 31/3/2015 (last date before introduction of Udyog Aadhaar Memorandum by M/o. MSME) was 1,085 with an investment of Rs.116.11 crores and production value of Rs.408.51 crores providing direct employment to 11,906 Workers. Besides, there are large numbers of unregistered industrial units.

2. Industrial activities identified as Thrust Areas.

2.1 Agro and horti based industry.

Keeping in view the edge the State has in agro and horti food processing sector, State Government will continue to give priority to agro and horti based industries, which will not only strengthen the agricultural base of the State but also will enhance employment opportunities. Units utilising locally available raw materials from organic farming in the State will be encouraged.

2.2 Bio-Technology and Medicinal Plant industries.

The State is rich in numerous medicinal plants. Drugs and pharmaceuticals units based on medicinal plants employing bio-technological tools will be encouraged.

2.3 Information Technology.

The State has advantage in IT and IT - enabled services because of the availability of English speaking and technically trained youths. Firms in IT sector will be encouraged. Some of the institutes imparting IT and allied subjects are Manipur University, Manipur Institute of Technology; NIELIT, NIT, Polytechnic, ITIs, Institute of Co-operative Management and numerous private institutions.

2.4 Bamboo Product Processing.

Manipur is a predominantly bamboo growing State with 17 different varieties. Building materials manufactured from bamboo give classy look and are more resistant to rain. Therefore, demand for such products have been increasing. Bamboo Park for industrial production of building materials with bamboo as raw material shall be set up and units will be encouraged to manufacture building materials with bamboo.

2.5 Coffee and Tea Plantation

Tea is grown, though in unsystematic manner by the farmers at present, in various parts of the State more particularly in Tamenglong, Jiribam, Churachandpur and Ukhrul districts. Likewise, the soil and climatic condition of almost the entire State of Manipur is suitable for growing coffee. As such, the potential for growing them can profitably be exploited and units opting for their processing will be encouraged.

2.6 Agro-Horticulture.

The eco-climatic factors in Manipur can be used for commercial exploitation of floriculture. Industrial activities for processing, storage and transport of flowers through cold chain will be encouraged.

2.7 Distillation of oils from aromatic plants.

Manipur has potential in widespread plantation of aromatic plants like lemon grass (*cymbopogon citratus*). The sub-tropical climate, soil and rainfall condition are ideal for lemon grass cultivation. Distillation of oils from aromatic plants and value addition for production of aromatic and natural dyes will be encouraged.

2.8 Rubber processing.

Keeping in view the climate suitable for rubber plantation in some parts of the State like Jiribam, rubber processing will be encouraged.

2.9 Dairy and allied products.

There is large demand - supply gap of milk and allied dairy products in the State, this sector needs to be encouraged. Industrial activities for processing of milk and milk products shall be encouraged.

2.10 Meat processing unit.

There is growing consumption of meat and meat products in the State as well as the neighbouring states. Value addition of processing meat in industrial units will be encouraged.

2.11 Mineral based industries.

Manipur is rich in minerals especially chromite and limestone. Establishment of mineral based industries for cement and chromites extraction units, etc. have good prospect in the State.

2.12 Trade and Commerce under Export Import mechanisms.

Manipur being India's Gateway to South-East Asia is located in an advantageous location for trade and commerce with these Asian countries. In view of advantages available, Research & Development in marketing, infrastructure development and related matters will be promoted under the Policy.

3. Policy Framework:

3.1 The proposed Policy accords top priority to inviting private sector investment in ongoing and new industrial activities in specific and thrust areas outlined above. To this end, The Government will adopt an integrated approach to providing infrastructural support for development of industry in the State including establishment of industrial estate in every district.

3.2 The State Government will encourage creation of supportive infrastructures like cold storage, packing houses, warehouses, pre-cooling facilities, refrigeration, etc. at various identified locations of the State.

3.3 The State Government shall encourage trade with neighboring countries as well other countries and capitalise on various trade policies and foreign trade schemes introduced by the Central Government.

4. Single Window Agency:

The State Government will facilitate setting-up of large, medium, small and micro industrial units as well as facilitate and expedite grant of licences, permits and mandatory provision requirements through a single agency for providing Single Window Clearance. This facility will be made available under Business Reform Action Plan evolved for Ease of Doing Business.

5. Green Channel Committee

All the claims submitted by industrial units for availing incentives under the Policy will be placed before the Green Channel Committee constituted by the Government for examination and clearance.

6. Definitions:

- 6.1 'Existing Industrial Unit' / 'Enterprise' means an industrial unit which has already commenced commercial production prior to the date of enforcement of the Manipur Industrial and Investment Policy, 2017.
- 6.2 'New Industrial unit / Enterprise' means an enterprise which started commercial production after the date of enforcement of the Policy.
- 6.3 'Substantial Expansion' means increase in the value of fixed capital investment of an industrial unit by not less than 25% for the purpose of expansion of capacity / modernisation / and diversification.
- 6.4 'Fixed Capital Investment' means investment in land, building, plant and machinery for commercial production.
- 6.5 The Micro, Small and Medium enterprise will be as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).
- 6.6 Export Oriented Unit (EOU) means an Industrial Unit exporting at least 30% of its annual production by the end of the 3rd year from the date of its commencing production.
- 6.7 'Industrial unit' is a unit engaged in *manufacturing or service activities*.
- 6.8 "State Government" means the Government of Manipur.

7 Incentives / Subsidies.

The North East Industrial and Investment Policy (NEIIPP), 2007 has expired on 31st March, 2017 and a new Policy for North-East India is under formulation. However, till such time as the new Policy is announced or notified, the NEIIPP, 2007 is likely to be extended. The Policy provides the following subsidies :

- (a) Central Capital Investment Subsidy Scheme
- (b) Central Comprehensive Insurance Subsidy
- (c) Central Capital Interest Subsidy Scheme

In addition to the above subsidies, Central Government also provides Transport Subsidy Scheme/Freight Subsidy Scheme to the industrial units in North Eastern Region. The same has also been expired but likely to be extended.

The industrial units in Manipur will continue to avail the subsidies provided by the Central Government as well as the new Policy for North-East India. In addition, the Industrial and Investment Policy of Manipur, 2017 will provide the following incentives/subsidies/facilities:

7.1 Provision of Land

The State Government shall provide (i) developed land with infrastructural facilities, and (ii) undeveloped land with a minimum area of 20 acre in hill districts and 100 acre in valley districts on payment of premium. These will be in addition to the lands earmarked for Mega Food Park, Multi Modal Logistic Hub, Industrial Estates, etc.

7.2 Allotment of sheds to Micro and Small enterprises:

The Government shall endeavour to provide built up factory sheds on monthly rental basis at industrial estates, industrial park, growth centers, etc.

7.3 Manpower Development :

Industrial Units which depute their workers for technical training related to the respective trade in Government recognised centres shall be eligible for reimbursement of 50% of the course fee to a maximum of Rs.10,000/- per person per annum.

7.4 Incentives to the innovator / inventor:

The State Government shall encourage innovator / inventor by providing financial assistance to a maximum of Rs. 1.00 lakh.

7.5 Subsidy for Feasibility Study and Project report Preparation

Subsidy for preparation of Feasibility Study and Project report provided that the reports are prepared by agencies empanelled with the State Government as under :-

- (i) 90% in case of micro units to a ceiling of Rs. 5,000/- per unit.
- (ii) 75% in case of small units to a ceiling of Rs. 20,000/- per unit.
- (iii) 50% in case of medium units to a ceiling of Rs. 50,000/- per unit.

7.6 Exemption of Earnest Money and Security Deposit:

Micro and Small enterprises will be exempted from payment of earnest money and security deposits.

7.7 Power Subsidy:

(a) New industrial units will be eligible for reimbursement of charges on power consumption for a period of 5 (five) years from the date of commencement of production as under :-

- (i) 60% of total expenditure on power consumption in case of micro enterprises;
- (ii) 50% of total expenditure on power consumption in case of small enterprises;
- (iii) 30% of total expenditure on power consumption in case of medium enterprises

Provided that an industrial unit will not be allowed reimbursement if it is default of payment of power charges or any liability to MSPDCL/MSPCL.

(b) 50% on expenditure incurred on service connection (excluding internal wiring) subject to a maximum of Rs. 50,000/- per unit.

(c) 50% on the cost of drawal of power line of 20 KV and above, including the cost of transformer, if any, subject to a ceiling of Rs. 15.00 lakh provided that the location is approved by the Government;

Provided further that the estimates shall be prepared and approved by the competent authority of the State Power Department.

(d) 30% of the cost of generating set subject to a ceiling of Rs.20.00 lakh. The opinion of State Power Department shall be taken on actual requirement of the generating set.

7.8 Reimbursement of Fee / Registration fee/ Renewal Fee for registering with the Office of Controller General of Patents, Designs & Trade Marks (CGPDTM):

The State Government shall provide to eligible units on reimbursement of 90% of cost of Registration Fee for getting certificate from the Controller General of Patents, Designs & Trade Marks (CGPDTM), Government of India to a ceiling of Rs.1.00 lakh.

7.9 Reimbursement of Registration Fee/ Renewal Fee for obtaining Certification

The State Government shall provide eligible units on reimbursement in full subject to a ceiling of Rs.50,000/- per annum for five years of the amount paid for Registration /Renewal in getting BIS/ ISI, ISO, AGMARK, FPO, FSSAI and MPCO, etc..

7.10 Reimbursement of Stamp Duty and Registration fee:

The State Government shall provide to enterprises reimbursement in full subject to a ceiling of Rs.50,000/- of the amount paid towards Stamp Duty and Registration fee for securing loans and other incentives from financial institutions including mortgage of fixed assets.

7.11 Quality Control:

The State Government shall provide to eligible enterprises subsidy @30% of the cost incurred subject to a ceiling of Rs.10.0 lakh on reimbursement for purchase of testing equipments for quality control.

7.12 Exclusive Purchase Programme:

The State Government, undertakings, including organisations and institutes getting grants and beneficiary of the State Government will commit to purchasing the products of Micro, Small and Medium enterprises located in the State subject to fulfillment of the quality, standards and specification. The State Government will circulate a list of locally manufactured products.

7.13 Price Preference:

The State Government will provide Price Preference, whereunder purchases by the State Government Department / Office / State Government undertakings / Public Sector Undertakings / State Government Company / Corporation /Autonomous Board / Local self Government Office / Semi-Government Organisation / Grant in-aid- Institutions / Non Governmental organisation getting assistance from the State Government etc. will accord first priority to products manufactured by Micro and Small Enterprise established in the State. All other things being equal, such enterprise will be given a price preference up to 15% (fifteen per cent) over the lowest technically

and commercially viable rate offered by others outside the State, including Medium and Large Scale of industries established in the State.

7.14 Tax Incentives:

All new units will be eligible for tax incentives eligible under State GST for a period of seven years. In case of existing units, they will be eligible for seven years from the date of commencement of commercial production.

7.15 Capital Investment Subsidy, Comprehensive Insurance Subsidy, Interest Subsidy and Transport Subsidy:

As already laid down in the initial paras, the State will provide Capital Investment Subsidy, Comprehensive Insurance Subsidy, Interest Subsidy and Transport Subsidy as provided under the North East Industrial and Investment Policy being framed now till such time as it is co-terminus with this Policy, by availing the Subsidies under the extant North East Industrial and Investment Policy.

The industrial units will be eligible to avail the above mentioned incentives under the Policy provided that they have not availed similar incentives under any policy of the Government of India. The State Government will issue a separate notification on the required details for availing the incentives/subsidies.

8. Marketing Promotion:

Marketing promotions will be facilitated by the Department by way of facilitation, handholding and support. Available facilities under various Schemes like Marketing Assistance and Technology Upgradation under the Ministry of MSME, Govt. of India and various other provisions & incentives available will be facilitated

9. Clarification and Interpretation:

In case of any doubt regarding the provisions of the Industrial and Investment Policy of Manipur, 2017, only the State Government shall be competent to clarify and such clarification or interpretation shall be final and binding on all concerned. The State Government reserves the right to modify any part of the Policy in public interest.
