



**THE
MIZORAM
INDUSTRIAL
POLICY 2012**

*Policy Section,
Directorate of Industries
1/27/2011*

THE DRAFT
MIZORAM INDUSTRIAL POLICY 2011

1. ***Background and necessity:***

The Industrial Policy of Mizoram State was first notified on 15.3.1989 to give direction to the strategy for Industrial development of the State. It laid stress on reducing shifting cultivation by encouraging a shift from primary to secondary sectors while protecting the Socio-Cultural and ethnic identity of the indigenous enterprise of Mizoram. The intention of the Government in that policy was not Industrial growth per se but was rather directed towards all-round development of the people of Mizoram with special focus on upliftment of indigenous people and also towards giving them gainful employment and self employment opportunities in the Industries and allied sectors. Significant growth has been experienced as a result of this policy direction during 8th Plan period.

In view of the National Industrial Policy which laid special emphasis for the development of Industries in the North Eastern Region, the Govt. of Mizoram had notified new Industrial Policy 2000 for accelerated Industrial and Economic development of the State. The main objectives of the New Industrial Policy of Mizoram 2000 are to engineer rapid sustainable growth of Industry in the State. It laid stress on encouraging Industries utilizing locally available raw materials. The Government had adopted the approach for identification of thrust areas and promoting them with fiscal and other incentives packages. Broad policy of Foreign Direct Investment (FDI) and Investment from outside the State has been adopted on Joint venture (JV) mode to safeguard the interest of the tribal population of Mizoram. Various administrative support system and market support system are also announced.

With the introduction of New Industrial Policy of Mizoram 2000, a significant shift towards development of local resource base Industries has been achieved during 10th and 11th Five Year Plan. The overall Industrial growth has been experienced though it is much lower than the National average.

The Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 was enacted by the Parliament in 2nd October 2006. This MSMED Act, 2006 has brought about comprehensive legal framework for the policies and promotional measures for Small & Medium Enterprises. The earlier concept of Industries has been changed to Enterprises.

The Govt. of India has announced North East Industrial and Investment Promotion Policy (NEIIPP) on 1st April 2007 which envisages the package of fiscal incentives and other concessions for the North East Region. The Govt. of India has also laid stress upon the inclusive growth in its National agenda.

The Govt. of Mizoram is mandated in giving sustainable employment and introducing better utilization of land by introducing New Land Use Programme (NLUP). The NLUP aimed at increasing Agriculture, Horticulture and livestock produce, better utilization of forest resources, plantation and development of Micro Enterprises at the rural level.

In view of the large scale change in global Industrial scenario, National Industrial Policy and the economic development of the State, the Govt. of Mizoram feels necessary to announce new Industrial Development Policy for accelerated economic development of the State.

2. ***Vision, Mission, Objectives and Strategies***

2.1: **Vision:**

- Sustainable Industrial growth especially in the MSME sector in Mizoram
- Encourage increasing value addition in various local produces and giving better income to farmers.
- Conducive environment for investment.
- Promote direct and indirect employment opportunities.

2.2 **Mission:**

Our mission is to accelerate industrial development in Mizoram by maximizing investment, output, growth, employment and competitiveness through development of infrastructure, human resource, incentives and administrative support network.

2.3 **Objectives:**

The following are the key objectives of this policy.

- To create infrastructure facilities, provide incentives and marketing as well as technical support to industries.
- To create employment opportunities particularly to the vulnerable section of the society and people in rural area, ensuring inclusive development.
- To provide skill development and training for educated youth to develop entrepreneurial skills and make them self-employed.
- To attract investment in the state.
- To reduce procedural formalities to speed up industrialization.
- To reduce sectoral and regional imbalance in the industrial development in the State by promoting Industries under all sectors.
- To create proper linkage of processing Industries with the farm produce of agriculture, horticulture, forest and livestock's.

2.4 Strategies:

Under this policy, the following strategies and approaches will be adopted to achieve the desired objectives:

- Identification of thrust areas.
- Creating and upgrading Industrial areas and infrastructure facilities with the participation of Public Sector and private sector in PPP mode.
- Supplementing and fine tuning to suit local requirement of cluster development scheme available under the Govt. of India.
- Providing subsidy incentives to MSME in the State.
- Providing Special Capital Subsidy assistance to MSME in thrust sectors for first generation entrepreneurs by supplementing schemes under NEIPP and other schemes of the Govt. of India.
- Promote entrepreneur development and sector specific skill development training programmes to match the emerging skills needs of the Industries.
- Re-engineering of Public Sector Undertakings.
- Evolving rehabilitation package for sick Industries
- Development of market support system and market level integration of product under common branding system.
- Adoption of administrative support system to reduce procedural delay
- Adoption of broad frame work for FDI and investment from outside the state while safeguarding the interest of bona fide people of the State.
- Taking up evaluation of the working of various schemes and also continuously reviewing procedures to ensure simplification and procedural re-engineering.
- Ensuring faster and timely flow of credit.
- Providing and ensuring access to information for availing of benefit of various promotional schemes of the Govt. of India.
- Provide incentives for adoption of low cost environment friendly technologies.

- Simplifying regulations and procedures and ensure speedy clearance by single window clearance Mechanism.

3. **Identifications of Thrust area:**

In view of the hilly terrain of the State with underdeveloped infrastructure and Entrepreneurship level of the people, there is limited scope for development of large enterprises. MSME with tremendous scope of employment will be encouraged.

Thrust will be given for those industries based on value addition of locally available resources. Special incentives will be formulated for speedy development of industrial units engaged in any of the following thrust sector Enterprises.

- Forest-based Industries
- Food processing Industries
- Handloom Industries
- Handicraft Industries
- Plantain fibre and hill brooms
- Tea, rubber, Coffee and plantation based Industries
- Textile related industries.
- Animal feed and poultry feed Industries.
- Entertainment/ Music industries
- Packaging industries
- Any other Industry to be notified by the Government in this regards from time to time.

3.1 **Forest-based Industries:**

The vast bamboo and other forest resources of Mizoram will be optimally harvested for setting up of Industry for manufacturing of various high value bamboo and other forest based products. The process of value addition for maximum utility of Forest resources will be encouraged while restricting the out flow of forest resources without value addition. Entrepreneurs will be encouraged to utilize waste materials of bamboo in paper/pulp industry and also as feedstock (pulverized bricket) in biomass *gasifier* for power generation.

3.2 ***Food Processing Industries:***

Primary production of various food items, whether agricultural based, horticultural or livestock based will be linked with processing Industries. Contract farming or management participation route will be encouraged to ensure proper supply chain management. As far as practicable on economic consideration, primary processing activities, such as, cleaning, grading, waxing and cold storage will be encouraged at the vicinity of the growing areas. From the primary processing unit, food items will flow to local market and secondary processing unit. Secondary processing unit will be encouraged at the strategic location of the State. Considering high cost of transportation, giving priority and favourable treatment to processing with high value content is a crucial element of food processing policy. In addition, private participation in *Public Private Partnership* (PPP) mode or otherwise will be encouraged in food processing Industries. Providing or setting up Food Testing Laboratory and Certification of products will also be a new focused area basically to facilitate gaining foothold in international markets. The Govt. will ensure land at the right place for setting up of primary processing unit. Proper linkage of this sector with agro-horticulture and livestock sectors will be ensured and a separate guidelines and road map for food processing Industries will be notified taking into account the initiative of the Govt. under agro-horticulture and livestock sectors.

3.3 ***Handloom Industries:***

Handloom sector will continue to receive serious attention of the Govt. Utmost importance will be given for improving quality product by introducing improved design, packaging, branding. Acquisition of modern technology will be encouraged and insisted for gaining competitive advantage in marketing the products. Presence of innate designing skill of womenfolk in rural areas will be utilized for enriching the industry. Branding of product will be encouraged for sustainable merchandising the product. The Govt. will ensure that

Weavers in the State enjoy maximum benefit from the schemes of Central Govt.

3.4 *Handicraft Industries:*

The traditional skill of Mizo people will be upgraded and diversified for market competitiveness of handicraft products. Market promotion scheme will be systematically designed and utilized under which the products of various craftsmen could be marketed under the same brand name may be considered.

3.5 *Plantain fibre and hill brooms:*

The Govt. will encourage value addition of hill-brooms. The flow of raw and unprocessed broom outside the state will be discouraged by giving attention towards value addition to help local industry. Proper branding will be encouraged to secure advantage in marketing the products outside the state. Cultivation of broom grass will be properly linked with the processing Industries so that the farmers will reap maximum benefit. Existence of large quantity of plantain gives ample scope towards development of fibre materials for different application

3.6 *Tea, Rubber, Palm and Coffee Industry:*

The climate and soil condition of Mizoram is favourable for tea plantation. Commercial and scientific tea plantation linked with tea processing Industry will receive attention of the Govt. The Govt. will formulate separate roadmap and scheme for the development of this sector and ensure that the planters of Mizoram enjoy maximum benefit out of the incentive schemes of Tea Board of India. Fiscal incentive to supplement the Tea Board Scheme and linkage of this sector with other schemes of the government will also be considered. Rubber, Coffee and Palm based Industry will also receive due attention of the Govt.

3.7 ***Textile related industries:***

Bulk production of readymade garments will be encouraged as this sector is having good potential for market outside the state and export. Introduction of modern machines and design improvement will find consideration of the Govt. Procurement of raw materials and accessories will be arranged through marketing efforts and eventually by way of development of local industries.

3.8 ***Animal Feed and poultry feed Industries:***

The Government is giving thrust towards having sufficient meat and meat products for which farming has been encouraged. This in turn requires sufficient supply of animal feeds and poultry feeds. The government will encourage production sufficient quantity of animal and poultry feeds.

4. **Development of Infrastructure:**

Infrastructure is a pre-requisite for Industrial Development. Construction of industrial area in the form of industrial estate, park etc. in hilly terrain of the state is not an easy task. The state government so far had developed the following Industrial Areas with only basic facilities are provided:

- Industrial Estate at Zuangtui, Aizawl, Aizawl District.
- Industrial Estate at Bairabi, Kolasib District.
- Export Promotion Industrial Park at Lengte, Mamit District.
- Bamboo Technology Park at Sairang, Aizawl District.
- Integrated Industrial Development Centre at Pukpui, Lunglei District
- Integrated Industrial Development Centre at Zote, Champhai District
- Industrial Growth Centre at Luangmual, Aizawl District.

These earmarked industrial areas are not yet up to the mark and need a lot of up-gradation. Many basic amenities like proper fencing, approach road, internal road, and land development especially leveling of site, water and power supplies are to be improved. The Govt. will develop synergies among various departments involved in building up of general infrastructure towards having developed Industrial Infrastructure. The Govt. will take primary role for building infrastructure as the

capital base of entrepreneurs in the state is not strong enough to develop such Industrial Infrastructure. However, guidelines and roadmap for development of Industrial Infrastructure will be formulated to encourage more participation of private sector. The following approach will be adopted for infrastructure development.

- Land for Industrial Area will be identified in different locations taking into account the industrial potential of the hinterland.
- Land survey and blue print of the Area will be prepared and properly demarcated.
- It will be the responsibility of the Govt. and or the PSUs to provide basic infrastructure requirement like road, power supply, water supply, plot demarcation, etc. Private entrepreneurs will be encouraged in plot development and construction of work shed/ factory building in PPP model.
- A comprehensive proposal for availing possible grant from the Govt. of India will be initiated.
- More involvement of PSU for Construction and management of Industrial Area will be encouraged.

5. **Direct catalytic subsidy support**

5.1 ***State Incentive Subsidy schemes:***

The State incentive subsidy schemes under the New Industrial Policy of Mizoram 2000 will continue. However, an early evaluation of the scheme will be carried out with a view to re-engineering of the scheme component so that the Industrial units of the state are properly subsidized. The Government will also formulate special package for those units under the thrust sector. In general the following incentive scheme will be provided:

Sl No.	Name of subsidy	Eligibility	Amount Claimable
1	Subsidy on Cost of Project Report	All new Industrial Unit within 5 yrs of existence	(i) 90 per cent in case of micro enterprises subject to a ceiling of Rs. 5,000/- per unit. (ii) 75 per cent in case of small enterprises subject to a ceiling of Rs. 25,000/- per unit. (iii) 50 per cent in case of medium enterprises subject to a ceiling of Rs. 50,000/- per unit.
2	Land Subsidy	New Industrial unit established inside Notified Industrial Area within 5yrs of existence.	(i) 25% of the lease charge/fee of allotted developed/undeveloped land will be subsidized for a period of 5 years unless the claimable amount is not adjusted at the time of payment of such fee or charges. (ii) 25% of the amount spent by the unit on development of undeveloped land allotted to the unit will be subsidised.
3	Factory Rent Subsidy	New MSME occupying the built up factory sheds within the declared Industrial Area on monthly/annual rent basis for a period of 5yrs from the date of commencement of production	50 per cent of the duly assessed rent of factory Shed subject to a ceiling of Rs. 30,000/- per unit per year.
4	Man Power Development Subsidy	New and existing Industrial units	50 per cent of the actual course fee for training subject to a ceiling of Rs. 10,000/- per trainee and Rs. 50,000/- per unit per year.
5	Interest Subsidy	New Industrial unit	i) The interest on loan paid by an industrial unit in excess of 8.5 per cent shall be subsidized up to a maximum of 4 per cent. ii) Subsidy shall be limited to a claim on a total amount not exceeding Rs. 3,60,000/- paid by an industrial unit towards interest on term loan in a full year. However, for working capital loan, the total amount paid towards interest on

			<p>which subsidy can be claimed shall be limited to Rs. 1,20,000/- in a full year.</p> <p>iii) If the unit avail interest subsidy under NEIIPP, only the shortfall amount, if any, will be applicable for interest subsidy on working capital loan.</p>
6	Power Subsidy	New MSME for a period of 5yrs from the date of commencement of production	<p>i) 60 per cent of total expenditure on power consumption in case of micro enterprises.</p> <p>ii) 50 per cent of the total expenditure on power consumption in case of small enterprises.</p> <p>iii) 30 per cent of the total expenditure on power consumption in case of medium enterprises.</p>
7	Subsidy on Power Line	New MSME for a period of 5yrs from the date of commencement of production	50 per cent of the actual expenditure to a ceiling of Rs. 50,000/- per unit.
8	Subsidy on Power Generating Set	New MSME for a period of 5yrs from the date of commencement of production	50 per cent of the cost of Captive generating set and installation charge thereof subject to a ceiling of Rs. 3,00,000/- per unit.
9	State Transport Subsidy on Plant & Machineries	New MSME for a period of 5yrs from the date of commencement of production	50 per cent of the actual cost of transportation by railway or on road or both of plants and machineries.

5.2 ***VAT exemption for Manufacturing Micro & Small Enterprises:***

All the materials used as raw material and manufactured by manufacturing Micro and Small Enterprises will be exempted from VAT for a period of 7 yrs from the date of commercial production in general and 10years for thrust sector enterprises. Such exemption will be subject to fulfillment of the following conditions and other condition prescribed by the Govt. from time to time.

- 1) The raw materials procured and goods manufactured by the unit should be that listed in the Entrepreneur Memorandum (EM) Part 2 and accepted by the DIC.
- 2) The unit should be registered under Mizoram VAT Act

- 3) The unit should invariably file returns on purchase of raw material and productions both at DIC and Taxation Department.

5.2.1 VAT Remission for Medium and Large Enterprises

In order to achieve rationalization of pricing at the level of consumers in the State, efforts will be made by the government to put in place a scheme of VAT remission for Medium and Large Enterprises.

5.3 Up-front loan for new MSME in the thrust sector:

There is Capital Investment Subsidy (CIS) scheme available under NEIPP-2007. This scheme has envisaged re-imbusement of 30% of investment in Plant and Machineries when the unit starts commercial production. This scheme has linkage with term loan sanctioned by primary lending Institutions. The first generation entrepreneurs require certain amount of equity to avail term loan from the Financial Institutions and the financial Institutions normally adopted Debt Equity ratio of 3:1 or above. The Capital Investment subsidy under NEIPP can be materialized only after commencement of commercial Production and creating difficulty in availing term loan. In order to bridge the gap between having equity participation at the time of availing term loan and capital Investment subsidy, the Govt. will consider formulation of up-front loan scheme with 2 to 5% interest for those MSME in the thrust sector with the following and other conditions prescribed by the Govt.

- The amount of loan will be the amount of CIS eligible for that unit.
- The unit shall liquidate the loan with the CIS

5.4 Existing Grants in Aid Scheme:

The grants-in-aid scheme under the Mizoram Industries (Grant-in-Aid to Industrial Units) Rules 1990 will continue in its present form.

However this scheme will be evaluated and reviewed so as to devise more pragmatic Grant-in – Aid scheme. Such formulated new scheme, inter- alia, will aimed at solving capital scarcity of small and micro investors and will cover the following.

- Capital grant for manufacturing Micro Enterprises in the form of providing machine for improvement of quality product.
- Working capital grant for Micro Enterprises engaged in traditional Industry.

5.5 ***Rehabilitation of sick unit:***

The Govt. will formulate scheme for revival and rehabilitation of sick Industrial Unit. Professional management consultants’ services will be availed, if necessary.

6. **Skill development and training**

The Government recognizes that lack of technical, managerial and entrepreneur skill among the people is one of the major problems in the process of Industrialization. Impetus will be given for skill development training and for improvement of training facilities in the State. The following approach will be adopted for the development of Industrial manpower and entrepreneurship skill.

- Training will be organized and sponsored trainees based on the industrial requirement of the state.
- DICs will be re-engineered to conduct a series of EDP Programme on continuous basis.
- Organizing product specific skill development training in association with various training institutions.
- Sponsorship of trainees in various national level training Institutions.
- Establishment of national level training Institute or their Satellite unit in the state.

- Setting up of business incubator in association with University and other institutions.
- Capacity building and training for officials of Industries Department in various fields in association with national institutes and funding from Govt. of India.
- Apprenticeship scheme will be formulated under which skill trained personnel can undergo on the job training in various industries in the state with apprenticeship stipend from the Govt.

7. **Information and marketing support**

The Govt. will give support to Industrial Units for effective marketing of their products both inside and outside the state as well as export market. The following approach will be adopted for promotion of markets.

- Price preference of 15% as provided in the Mizoram Preferential Store Purchase Rules 1994 will continue to operate. The Govt. will consider effective implementation of these Rules for Government's store purchases.
- Waiver of earnest money deposit for Micro & Small Enterprises in the State for Govt. purchases.
- A grant scheme for Industries association for participation in the national level exhibition and organization of State level exhibition to the tune of at least 50% of expenses towards hall rent and transportation of their products for exhibition will be formulated.
- Creation of market intelligent network.
- Formation of marketing network under which the products of Micro & Small Enterprises are marketed under common brand name.
- Sponsorship of deserving entrepreneurs to attend national and international level workshop and seminars which have relevance in promoting marketing and export of their products.

8. **Support for quality products, patent, R&D**

The Government will provide all support for the Industrial units and Industrial association for availing schemes to be implemented under the National Manufacturing Competitiveness Programme (NMCP) and other schemes of Govt. of India. Scheme will be formulated to support industrial unit for obtaining quality certification, patent of their products and to undertake R&D activities for development of new design, products, machines and technology. The Govt. will give impetus on having systematic data required for industrial research and policy formulation.

9. **Investment promotion**

The Government will take efforts to create conducive environment for promotion of Investment in the State. An integrated approach and administrative support system will be adopted on the following lines:

- Two-tier investment promotion committee will be set up; one at the ministry level under the Chairmanship of either Chief Minister or Industries Minister and the other at the Official level under the Chairmanship of either Chief Secretary or Industries Secretary.
- Micro & Small Enterprises will be reserved for indigenous people of the State.
- Foreign direct investment/investment from outside the state shall be permissible only in the medium and large sector and that too in joint venture mode. Outside investor has to form joint venture with a local entrepreneur/Public sector unit. The unskilled employment in such units shall be exclusively for the locals of Mizoram.
- Foreign direct investment/outside investment proposals shall be compulsorily be submitted to state govt for approval. Medium sector investment proposals shall be cleared by the committee formed under the Chief Secretary and large sector investment proposals shall be cleared by the committee formed under

Chief minister/industries minister. No outside investment can be made unless approved by the State government.

- Guidelines for Foreign Direct Investment (FDI) and Investment from outside the State will be reviewed by the state government from time to time.
- Land settlement system for investors from outside the state and FDI for land lease mechanism having a long term tenure of 25 to 99 years depending upon requirements will be notified with due consideration of the existing land law being in force.

10. **Public Sector Enterprises :**

The Public Sector Undertaking (PSU) enterprises in the State are not performing well as yet. These PSUs are established with different mandate. There are many factors contributing towards below-expected performance of these PSUs. Those factors inter alia include slow and irregular capital fund flow, poor management, and infrastructure problem of the State etc. In view of the entrepreneur level and infrastructure condition of the State, the Govt. will keep all option open for restructuring of these PSUs including amalgamation or disinvestment based on systematic studies.

The Government has initiated re-structuring of these PSUs under the Mizoram Public Resource Management and Development Programme (MPRMDR). This initiative will continue and restructuring of PSUs will be speeded up which will include:

- Re-defining the role of PSUs.
- Re-modeling of PSU.
- Introduction of Exit programme/ policy.
- Introduction of effective Monitoring Mechanism.
- Deployment of qualified professionals.

11. **Administrative reforms**

In order to effectively implement these policy resolutions the following administrative reform measures will be taken up by the Government.

- Administrative machinery of Industries Department would be suitably strengthened and resources provided in order to enable it to cope up with the emerging trend and play a facilitating role.
- Re-engineering of DICs with modern IT- enabled facilities and training so as to keep them updated with the emerging industrial environment of the country as well as global industrialization trend.
- Resource Centre will be set up in the Directorate of Industries which will supply all kinds of information regarding policies, schemes, technologies etc. required by the entrepreneurs. This resource centre will be equipped with modern IT-enabled facilities.
- Entrepreneur's facilitation centre will be set up in all the DICs which will be networked to the resource centre in the Directorate of Industries. This centre will act as source of information for the entrepreneurs and will extend guidance support to entrepreneurs.
- Single window system shall be set up for reducing procedural delays.
- Opening of Industrial research and development Wing or Cell in the Directorate of Industries will also be considered by the Government.

12. **Monitoring Implementation of Policy**

An **Empowered Committee** will be set up under the Chairmanship of Industries Minister; Secretaries of all concerned department involved for fulfillment of this policy will be a member and Secretary, Industries as a member Secretary. This Empowered Committee will continuously monitor the progress of implementation of the resolutions under this policy.

ANNEXURE

List of contact persons in the Industries Department

<i>Sl. No</i>	<i>Name & Designation</i>	<i>Contact No. & Fax</i>	<i>E-mail</i>
1	S. Hiato Minister, Industries	2322147 (O) 2317588 (Fax)	
2	H. Zothangliana Parliamentary Secretary	2336637 2328905 (Fax)	
3	PC Lallawmsanga IPS Principal Secretary,	2322558	
4	K.T. Lalrikhuma Joint Secretary	2300303	
5	Teresy Vanlalhruaii Deputy Secretary		
6.	Liantluangi Under Secretary	2300275	
7	C. Chalsawithanga Under Secretary		
Directorate of Industries			
1	Director	2322450 2326007 (Fax)	director@industries.mizoram.gov.in
2	C. Lalbiakthanga Additional Director	2316248	
3	R. Lalrodingi Jt. Director	2326003 2301847(Fax)	lalrodingi@rediffmail.com
4	G. Malsawmdawngliana Project Manager (Handloom)	2322047	
5	Lalhmunsiama Project Manager (M&E)	2316247	projectmanagemizoin@gmail.com
6	Lalzabiaka Dy. Director	2323417	
7	Lalnuntluanga Dy. Director	9612165838	
8	F Lalrinawma Dy. Director (Admn.)	2320246	
9	Lalremliana Dy. Director (Account)	2325024	
10	Chhuanawma Functional Manager	2300404	functionalmanager@gmail.com
11	Asst. Director	2325706	

District Industries Centres			
1	John Saikhuma General Manager, DIC Aizawl	2347430	
2	H. Thangmawia General Manager, DIC Lunglei	2324707	
3	C. Dokulha i/c General Manager, DIC	222048	
4	K. Siamhlira SDIO, DIC Champhai	235062	
5	C.T Rosiama SDIO, DIC Kolasib	21223	
6	Prem Bahadur SDIO, DIC Serchhip		
7	F. Lalrinawma i/c SDIO, DIC Lawngtlai		
8	Zothanpuii SDIO, W. Phaileng		