



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Approval to the Scheme to provide special incentives for Oxygen Manufacturing and Associated Enterprises in Karnataka.

Ref: Letter of the Commissioner for Industrial Development and Director of Industries and Commerce No. DIC/OXYGEN POLICY/2021-22, dated 26.05.2021.

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PREAMBLE:

COVID 19 pandemic has disturbed life of citizens in the State of Karnataka since March 2020. During last week of March 2021 we have witnessed a rapid surge in the number of cases. The sudden surge had led to a phenomenal rise in the demand for liquid medical oxygen.

Currently, there are 6 oxygen suppliers in the State having 9 enterprises with a total manufacturing capacity of 815 MT oxygen and 5780 MT of oxygen storage capacity.

Keeping in mind the constantly increasing requirement of LMO for the corona virus patients not only in Karnataka but all over Country, the State has to be self reliant of oxygen. To encourage and attract investments to the State to set up new / expansion enterprises in the field of oxygen manufacturing, the State has to provide attractive incentives and concessions to the oxygen manufacturers and associated enterprises.

The Commissioner for Industrial Development and Director of Industries and Commerce vide letter dated 26.05.2021 referred above has submitted the Oxygen Policy / Scheme for approval of the Government, wherein some of the incentives and concessions are proposed in the draft policy.

Maharashtra, Tamil Nadu, Andhra Pradesh and Uttar Pradesh have extended special incentives to oxygen manufacturing and associated units.

Oxygen Manufacturing and Associated Enterprises are considered as essential commodities during this pandemic time, therefore, it is necessary to give more incentives & concessions than the New Industrial Policy 2020-25.

Because of additional incentives, the State's Healthcare System would be strengthened by increasing manufacturing and storage for becoming an oxygen self reliance State. With this scheme, it is proposed to increase the daily production capacity by 1,000 MT of oxygen.

The proposal of the Commissioner for Industrial Development and Director of Industries and Commerce has been examined in the Cabinet meeting held on 15.07.2021 and approved vide subject No. C.269/2021.

Hence this order.

GOVERNMENT ORDER NO. CI 177 SPI 2021, BENGALURE, DATED 23.07.2021

In the circumstances explained in the preamble, the Government is pleased to accord approval for the Scheme to provide special incentives for Oxygen Manufacturing and Associated Enterprises in Karnataka, which is enclosed as **Annexure**.

This order is issued with the concurrence of Finance Department vide its Note No. FD 214 Exp-1/2021, dated 01.07.2021 and Cabinet Approval vide subject No. C.269/2021, dated 15.07.2021.

By order and in the name of
Governor of Karnataka

G. Nagarathnamma.
(NAGARATHNAMMA G) 23/7/2021
Desk Officer (Technical Cell),
Commerce & Industries Department

To,

The Compiler, Karnataka Gazette, Bangalore for publication in the next issue of the Gazette.

1. The Principal Accountant General (G&SSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
2. The Principal Accountant General (E&RSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bengaluru-01.
3. The Principal Accountant General (A&E), Karnataka, Park House Road, Post Box No. 5329, Bengaluru-01.
4. The Additional Chief Secretary to Government, Finance Dept., Vidhana Soudha, Bengaluru-01.

5. The Additional Chief Secretary to Government, Energy Department, Vikasa Soudha, Bengaluru-01.
6. The Principal Secretary to Government, Revenue Department, MS Building, Bengaluru-01.
7. The Principal Secretary to Govt. (Disaster Management), Revenue Department, MS Building, Bengaluru-01.
8. The Secretary to Government (Mines, MSME), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
9. The Commissioner for Industrial Development and Director of Industries and Commerce, Khanija Bhavan Race Course Road, Bengaluru -01.
10. The Commissioner for Commercial Taxes, Vanijya Therige Karyalaya, Gandhi Nagar, Bengaluru-09.
11. The Director, MSME, Directorate of Industries and Commerce, Khanija Bhavan Race Course Road, Bengaluru -01.
12. All Deputy Commissioners of the State.
13. The Deputy Secretary to Govt., Cabinet Section, Vidhana Soudha, Bengaluru-01.
14. The Additional Director (P&P), Directorate of Industries and Commerce, Khanija Bhavan Race Course Road, Bengaluru -01.
15. The Managing Director, Karnataka Udyog Mitra, Khanija Bhavan Race Course Road, Bengaluru -01.
16. The Joint Director (Technical Cell), Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
17. The Under Secretary to Government, Finance Dept. (Exp-1 & Inv.), Vidhana Soudha, Bengaluru-01.
18. All Joint Director, District Industries Centers of the State.
19. PS to the Minister for Large & Medium Industries, Vidhana Soudha, Bengaluru -01.
20. PS to Additional Chief Secretary to Government, Commerce & Industries Department, Vikasa Soudha, Bengaluru-01.
21. Guard File / Spare Copies.

Annexure to Government Order NO. CI 177 SPI 2021,
Bengaluru, Dated 23.07.2021

SCHEME TO PROVIDE SPECIAL INCENTIVES FOR OXYGEN
MANUFACTURING AND ASSOCIATED ENTERPRISES
IN KARNATAKA

Introduction

The second wave of Covid-19 has highlighted the need to augment the medical infrastructure and medical oxygen production capacity across states including Karnataka to cater to increased oxygen demand as the active caseload increases.

In light of subsequent waves of Covid-19 expected in our country, the requirement of liquid medical oxygen (LMO) is expected to increase and it is important that Karnataka becomes self-reliant with respect to oxygen. It is forecasted that in subsequent waves the total oxygen requirement in the state shall be ~1500-2000 MT per day against the current capacity of 815 MT from 6 suppliers.

Therefore, the Government needs to play a key role here in planning and incentivizing industries to produce more oxygen. In this regard, to encourage more investments towards oxygen manufacturing, Government wishes to offer attractive incentives and concessions to the oxygen manufactures and associated enterprises as follows:

Special Incentives & Concessions:

1. Capital Subsidy

- **Capital subsidy of 25%** of Value of Fixed Assets (VFA) spread over 5 equal annual installments shall be provided subject to a minimum investment of Rs. 10 Cr.

For manufacturers setting up oxygen generation plants (Cryogenic Air Separation Unit / Pressure Swing Adsorption plant (PSA)), this incentive shall be applicable if total production capacity of oxygen is more than 25 MT.

2. Power Cost Subsidy

- **100% exemption from electricity duty for 3 years** shall be provided from the month of commencement of commercial production.
- For Oxygen generation plants (Cryogenic Air Separation units / PSA plant), additional power tariff subsidy **of Rs. 1000 per MT of oxygen supplied** to the Government shall be provided for 3 years from the month of commencement of commercial production.

3. Stamp duty exemption / reimbursement

- **100% stamp duty shall be exempted / reimbursed** for loan and land documents.

4. Concessional registration charges

- **The registration charges for all loan documents, lease deeds and sale deeds shall be at a concessional rate of INR 1 per INR 1000**

5. Reimbursement of Land Conversion Fee

- **100% of the land conversion fee** for converting the land from agricultural use to industrial use shall be reimbursed

Terms & Conditions for availing Special Incentives

- New / expansion units manufacturing the following shall be eligible for incentives under this policy:
 - Oxygen Generation Plants (Cryogenic Air Separation units / PSA)
 - Oxygen Cylinders manufacturing
 - Oxygen Concentrators manufacturing
 - Oxygen storage & transportation equipment manufacturing including cryogenic tankers & ISO tankers manufacturing
 - Oxygen Bottling and refilling units
- This policy shall come into force on the date of issue of Government Order in this regard and shall be valid up to 31st December 2021.
- The investment applications received on or before 31st December 2021 shall be eligible to avail incentives under this policy.

- The approved unit should commence their production on or before 31st December 2022 to be eligible for the incentives under this policy.
- The policy shall be applicable for investments made on or after 1st January 2021.
- Value of fixed assets (VFA) includes land, building, plant and machinery, utilities, tools and equipment and other such assets required to manufacture the end product within permissible investment period.
- The expansion enterprises should comply with the criteria of increase in production by 25% and increase in Fixed Capital Investment by 25%.
- Other definitions and terms & conditions not defined in this policy shall be as per Karnataka New Industrial Policy 2020-25.

G. Nagarathnamma.
(NAGARATHNAMMA G) 23/7/2021
Desk Officer (Technical Cell),
Commerce & Industries Department