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अब यूनिऑन बैंक ऑफ इंडिया  
Now UNION BANK OF INDIA

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

आन्ध्र बैंक ANDHRA BANK			
अमरावती सर्कल AMARAVATI CIRCLE			
20 AUG 2020		✓	
SH. No. 637			
DGM-1	DGM-2	AGM	CM-CR
CM-P&D	CM-R&D	SLBC	Sec. Officer

Industries & Commerce Department – "Andhra Pradesh Industrial Development Policy 2020-23 – Orders – Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No.39

Date:10.08.2020

Read the following:

1. G.O Ms. No.36, Industries & Commerce(IP&INF) Department. Dt.29.04.2015.
2. From Director of Industries, Vijayawada efile No. INC02-17035/9/2020-AD-SW&IIPCELL&MP-DOI.

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ORDER:

In the G.O 1<sup>st</sup> read above, Government have issued certain fiscal incentives to the categories of Micro/Small Enterprises, Medium Enterprises and Large Industries, Mega Industries, Schedule Caste/ Schedule Tribe Entrepreneurs and Women Entrepreneurs under AP Industrial Development Policy(IDP) 2015-2020, which was operated between 01.04.2015 to 31.03.2020.

2. In the reference, 2<sup>nd</sup> read above, Director of Industries, Vijayawada has informed that AP IDP Policy 2015-2020 was concluded on 31.03.2020 and therefore after detailed consultations with various stakeholders, proposed a new AP Industrial Development Policy 2020-2023.

3. Government after careful examination of the proposal hereby introduce the AP Industrial Development Policy 2020-2023. The detailed policy document is appended at Annexure.

4. Under the new "AP Industrial Development Policy 2020-23", the Government approved the following fiscal benefits covering the following benefits:

**Fiscal Incentives**

**1. Project Category Definition**

Micro, Small and Medium Enterprise (MSME): GoAP follows the MSME definition laid out by the Government of India as per the MSMED Act 2006 from time to time. The definition updated based on the notification released on 1<sup>st</sup> June 2020 is as follows

Classification	Criteria
Micro	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover: not more than Rs. 5 crores
Small	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover: not more than Rs. 50 crores

Medium	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover: not more than Rs. 250 crores
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**Table : MSME definition according to Govt. of India**

Large Industrial Project - A large Project is a unit which has investment and turnover thresholds more than the Medium enterprises as described in the MSMED Act,2006.

Mega Industrial Project- Projects with direct employment generation of 2,000 will be accorded a mega- industry status.

The Government may extend tailor-made benefits to mega projects to suit particular investment requirements on case to case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people, overall economic impact or revenues for the state.

The incentives mentioned in this section are applicable to General Industries as well as for Food Processing Industries

### **1.1 Incentives for Micro and Small Enterprises**

- a. Reimbursement of 100% stamp duty and Transfer duty paid by the industry on purchase of land meant for Industrial use.
- b. Reimbursement of 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations
- c. GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the state
- d. Fixed power cost reimbursement @ ₹1.00 per unit for a period of five years from the date of commencement of commercial Production
- e. Reimbursement of 100% of net SGST accrued to state for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- f. 15% Investment Subsidy on Fixed Capital Investment limited upto ₹20 lakh, whichever is lower. The subsidy will be released only after 3 years of continuous operation with atleast 80% efficiency in all parameters i.e employment, production etc.
- g. Interest subsidy of 3% on the term loan taken for fixed capital investment by new Micro and Small enterprises for 5 years from the date of commencement of commercial production
- h. Reimbursement of 25% land conversion charges for Industrial use limited to ₹10 lakh

- i. Water and Power will be delivered to door-step of the industry, if it is located in the designated Industrial Park

### **1.2 Incentives for Medium Enterprises, Large and Mega Industries**

- a. GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the state.
- b. 100% Reimbursement of net SGST accrued to the State for 5 years or 100% fixed capital investment, whichever is lower, from the date of commencement of commercial production, linked to employment

<b>Direct Employment generated</b>	<b>SGST reimbursement</b>
<1000	50%
1000 to 2000	75%
2000+	100%

- c. GoAP places significant thrust on adoption of sustainable green measures across industries in the state. Common facilities like Waste water treatment, Continuous Emission Monitoring System (CEMS) etc. would be setup in new APIIC Industrial parks.

## **2 Promotion of Entrepreneurship among Special Categories**

To promote entrepreneurship among SC, ST, BC and Minority Communities, following incentives would be provided.

### **2.1 Special Package for Women Entrepreneurs belonging to Scheduled Caste /Scheduled Tribe /Backward Classes /Minority Communities**

The provisions in the package are applicable for Women Entrepreneurs belonging to Scheduled Caste/Scheduled Tribe /Backward Classes /Minority Communities who establish manufacturing units as sole Proprietor or invariably having 100% share in Partnership/Private Limited Companies and provide employment to a minimum of 10 people.

- a. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- b. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings and mortgages and hypothecations.
- c. 50% rebate in land cost limited to 20 lakhs in Industrial Estates/Industrial Parks for MSEs.
- d. 25% Land conversion charges for the industrial use limited to 10 lakhs for MSEs.
- e. Fixed power cost reimbursement @ 1.25 per unit for 5 years from the date of commencement of commercial production.

- f. 35% investment subsidy on fixed capital Investment limited to Rs.50 Lakhs for MSEs. The subsidy will be released only after 3 years of continuous operation with atleast 80% efficiency in all parameters i.e employment, production etc
- g. Interest subsidy of 3% on the term loan taken on the fixed capital investment for a period of 5 years from the date of commencement of commercial production for MSEs.
- h. Reimbursement of 100% net SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- i. Reimbursement of 75% net SGST to medium enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- j. Reimbursement of 50% SGST to large enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier

## **2.2 Other Common Initiatives**

- a. 16.2% of plots for SC Entrepreneurs and 6 % of plots for ST Entrepreneurs in the industrial parks will be reserved and allotment will be done as per the APIIC allotment guidelines
- b. A dedicated cell for handholding special category entrepreneurs for all business issues/consultations will be constituted

5. This policy shall be applicable from 01.04.2020 till 31.03.2023. The Incentives mentioned in the policy will be extended to Industries as per the operational guidelines to be notified separately.

6. This order issues with the Concurrence of Finance (FMU,I&C,E and I&I) Department vide their U.O.No.FIN01-FMU0ASD(IC)/122/2020-FMU-IIEIC dt.13.07.2020.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**R.KARIKAL VALAVEN**  
**SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP**

To  
 The Director of Industries, Andhra Pradesh, Muthyalampadu, Vijayawada.  
 The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Mangalagiri, Guntur.  
 The Director of Handlooms and Textiles. Yerrabalem, Mangalagiri.  
 The Director of Mines and Geology, Ibrahimpatnam, Vijayawada.  
 The Managing Director, Andhra Pradesh State Financial Corporation, Tadepalli, Guntur.  
 The Principal Finance Secretary, AP Secretariat, Velagapudi.  
 The Special Chief Secretary to Government, Finance Department  
 The Secretary to Government, Social Welfare Department.  
 The Secretary to Government, Tribal Welfare Department  
 The Special Chief Secretary to Government, Revenue (CT/LA) Department.

The Special Chief Secretary to Government, Revenue (CT/LA) Department.  
The Special Chief Secretary to Government, Irrigation & CAD (Reforms) Dept.  
The Secretary to Government, Energy, I&I Department.

Copy to

The LET & F (Employment) Department.

The Accountant General, Andhra Pradesh, Hyderabad

✓ The Convener, State Level Banker's Committee.

The General Manager, Small Industry Development Bank of India, (SIDBI),

The Pay and Accounts Officer, Vijayawada.

All District Collectors through Director of Industries, Vijayawada.

All Heads of Departments through Director of Industries, Vijayawada.

All Departments of Secretariat.

All Govt. Companies/Corporations through Director of Industries, Vijayawada. The P.S. to  
Prl. Secretary to Chief Minister, AP.

The P.S. to Chief Secretary to Government, AP.

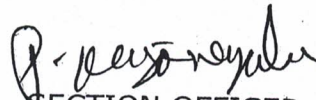
All Private Secretaries to the Ministers.

All General Managers, District Industries Centre in the State through Director of  
Industries, Vijayawada.

All Sections in the Department.

SF/SC.

// FORWARDED :: BY ORDER//

  
SECTION OFFICER



# ANNEXURE



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## 1. Introduction

Andhra Pradesh is a leading destination for industrial investment in India. The state boasts of the second longest coastline within the country and 6 operational ports. Additionally, Andhra Pradesh is blessed with abundant mineral resources, agricultural base, and surplus electricity. The state has a good industrial base in pharma, electronics, food processing, textiles, and automotive set up over several decades.

The Government of Andhra Pradesh intends to provide the best-in-class infrastructure, zero hassle setup, skilled labor availability and end to end handholding support for units to provide an industry-friendly environment at par with International standards. In addition, the focus of the Government is to reduce risk of doing business to the extent possible. In line with this, one of the key highlights of this policy is the proposal to setup a multi-faceted business enablement center: "YSR AP One" which will be a one stop shop offering business support services.

This document outlines the Andhra Pradesh Industrial Development Policy 2020-23 outlining the action plan for the Government for the next three years for all manufacturing sectors, including Food Processing Industries..

## 2. Definitions

### 2.1 Definitions

<b>API</b>	Activated Pharmaceutical ingredients Any substance or combination of substances used in a finished pharmaceutical product (FPP), intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings
<b>APIIC</b>	Andhra Pradesh Industrial Infrastructure Corporation It is a GoAP corporation for developing Industrial infrastructure within the state. Its main activities include identifying and developing potential industrial growth centers in the state fully equipped with developed plots/sheds, roads, water, power, and other infrastructural facilities; providing social infrastructure, like housing for workers near industrial zones; coordinating with the agencies concerned for providing communication, transport, and other facilities
<b>APTPC</b>	Andhra Pradesh Trade Promotion Corporation Its objectives are to promote trade in the State of Andhra Pradesh and India through Trade Fair Centres and Logistics Centres
<b>CPhi</b>	Convention on Pharmaceutical ingredients Global pharma fair uniting thousands of pharma professionals and suppliers from around the world under one roof
<b>FCI</b>	Fixed Capital Investment Fixed Capital Investment means investment as defined in the operating guidelines for this policy

<b>GDP</b>	Gross Domestic Product It is the monetary measure of the market value of all finished goods and services made within a country during a specific period
<b>GSDP</b>	Gross State Domestic Product GSDP is a monetary measure of the market value of all the final goods and services produced within each state or union territory and serves as a counterpart to the GDP
<b>GVA</b>	Gross value added Gross value added provides a rupee value for goods and services that have been produced in a country/state, minus the cost of all inputs and raw materials that are directly attributable to that production
<b>Industry 4.0</b>	Digital transformation of manufacturing/production and related industries and value creation processes by the intelligent networking of machines
<b>Intermediates</b>	Intermediates refer to a material produced during the synthesis of an API that must undergo further molecular change or processing before it becomes an API i.e. raw material used for producing an API
<b>KSM</b>	Key Starting Materials (a.k.a Fine Chemicals) Chemical substances prepared to a very high degree of purity for producing intermediates / APIs
<b>PPP</b>	Public-Private Partnership It is a cooperative arrangement between government(s) and business(es) that work together to complete a project and/or to provide services to the population
<b>SDP</b>	Single Desk Portal It is a Government of Andhra Pradesh initiative to promote conducive business processes through transparency and time-bound information/ clearances. It also helps an investor with all required services and support during the entire investment process for Ease of Doing Business in Andhra Pradesh

## 2.2 Abbreviations

<b>APTRANSCO</b>	Transmission Corporation of Andhra Pradesh
<b>APPCB</b>	Andhra Pradesh Pollution Control Board
<b>BC</b>	Backward Class
<b>CBIC</b>	Chennai-Bengaluru Industrial Corridor
<b>CFE</b>	Consent for Establishment
<b>CFO</b>	Consent for Operations
<b>EXIM</b>	Export-Import
<b>GoAP</b>	Government of Andhra Pradesh
<b>Gol</b>	Government of India
<b>ITI</b>	Industrial Training Institute

<b>KAM</b>	Key Account Manager
<b>MSE</b>	Micro and Small Enterprises
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>R&amp;D</b>	Research and Development
<b>RBF</b>	Ready Built Factory
<b>SC</b>	Scheduled Caste
<b>SGST</b>	State Goods and Service Tax
<b>SLA</b>	Service Level Agreement
<b>SOP</b>	Standard Operating Procedures
<b>SPV</b>	Special Purpose Vehicle
<b>ST</b>	Scheduled Tribe
<b>VCIC</b>	Vizag-Chennai Industrial Corridor

### 3. Advantage Andhra Pradesh

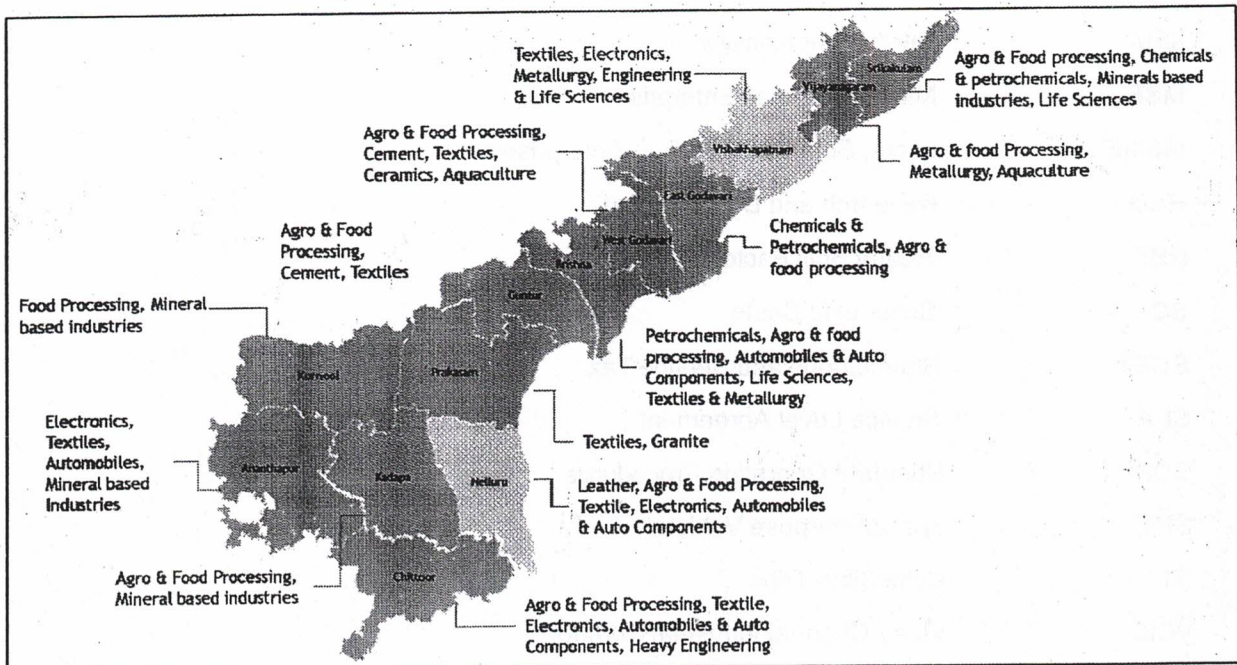
Andhra Pradesh has a vibrant fast-growing economy with a strong agriculture and industrial base. The state has the second longest coastline and number of ports. AP has significant water resources from the Godavari and the Krishna and abundant natural resources. The state also has surplus power, well connected roads and high availability of skilled labour. This section briefly details the industrial economy in the state.

#### 3.1 Economy

- The GDP of Andhra Pradesh at the current prices for year 2019-20 is estimated at 9,72,782 crores as per the socio-economic survey of Andhra Pradesh 2019-20. The growth in 2019-20 was 8.16% significantly higher than the All India GDP growth rate of 5.0% as per advance estimates
- The per capita income of Andhra Pradesh for 2019-20 at current prices has registered a growth of 12.14%, which significantly exceeds All India per capita income growth of 6.25% during the same period

#### 3.2 Industrial base

- The industry sector (excluding IT and ITES) contributes to ~23% of state GDP and has seen a growth of 5.67% in 2019-20
- Key industry segments in Andhra Pradesh include Agro and Food processing, Biotechnology, Bulk drugs and Pharmaceuticals, Electronics, Textile, Automotive and Auto components among others
- Andhra Pradesh currently houses over 300 Industrial parks with prominent ones like Sri City, APSEZ, Jawaharlal Nehru Pharma City, Brandix India Apparel City (BIAC), etc.
- The other major industrial projects that are currently in progress include Visakhapatnam- Chennai Industrial Corridor (VCIC) and Chennai Bengaluru Industrial Corridor (CBIC)
- Industrial sector exports from Andhra Pradesh in 2018-19 was Rs. 98,983 Cr. The major exports from the State are Drugs & Pharmaceuticals, Marine products, Agriculture produce, and Agro- based products, Handicrafts, and Engineering products



**Figure 1: Industrial hubs across the state**

### 3.3 Infrastructure

Andhra Pradesh has a robust infrastructure of roads, rail, and ports. It has the second largest coast line within the country with 6 operational ports. It has abundant supply of power and water. All these factors provide an excellent environment for industrial growth. The same are detailed below.

- Andhra Pradesh has a road network totaling 1,32,415 km including national highways, state highways, district, and rural roads. Major national highways include NH-16 with a total length of 1024 km covering all 9 Coastal Districts; NH-565 with a total length of 420 kms connecting Macherala, Markapuram, Kanigiri; NH-67 with a total length of 395 km connecting Krishnapatnam, Gooty, Nellore
- Andhra Pradesh has a coastline of about 974 kms with six operational ports at Visakhapatnam, Krishnapatnam, Gangavaram, Kakinada, and Rawa. Additionally, the state is also developing new ports to increase exports.
- The total rail network is 3,703 km and provides excellent connectivity to all the major metros in India
- Currently, there are 6 operational Airports in Andhra Pradesh that connect to major cities. One international airport at Bhogapuram is under development and some more Green field Airports are proposed to be developed.
- The total installed capacity of power is ~24,800 MW as of Jan 2020 and the state is committed to providing robust 24\*7 power to all the industrial and manufacturing units
- The total water resources (surface water and groundwater) of Andhra Pradesh is estimated to be over 108 BCM. The state envisages reserving 10% water for the industrial use both from the existing and upcoming projects

### 3.4 Skilled Labour pool

- Andhra Pradesh has abundant skilled manpower with over 500+ ITIs, 300+ Polytechnic Colleges, 450+ Engineering Colleges, about 400 Management Institutes, and 100+ Pharmacy Colleges. This is complemented by State Universities and colleges and other institutions
- Over 15+ Lakh people are expected to be added into the labour pool in the next 3 years across various sectors

#### 4. Objectives for Industrial Policy 2020-23

The objectives set for the policy are as follows

1. To create employment for the youth of the state
2. To match the national average in industrial GVA per capita
3. To plan balanced growth across regions and communities
4. To achieve environmentally sustainable growth

#### 5. Guiding Principles for Industrial Policy 2020-23

Industrial policy 2020-23 follows the guiding principles mentioned below

1	Equal focus on both existing units and prospective investors	<ul style="list-style-type: none"><li>• The policy lays significant focus on supporting existing units scale up and address the issues they face in addition to making state attractive to prospective investors</li><li>• GoAP believes that addressing issues of existing units is critical to industrial growth of the state</li></ul>
2	Ensure that the key unlocks for focus sectors are factored in the interventions	<ul style="list-style-type: none"><li>• The policy factors in all key interventions required to unlock the potential of the thrust sectors in Andhra Pradesh</li><li>• Detailed sector specific initiatives are incorporated into the policy</li></ul>
3	Focus on asset creation in both infrastructure and skill pool development	<ul style="list-style-type: none"><li>• The focus of the policy is on asset creation – providing ready built pre-cleared facilities and skill development centers which can serve as base for growth of state</li></ul>
4	Reduce upfront cost and time of setup	<ul style="list-style-type: none"><li>• The policy focuses on reducing cost and time to setup, by laying emphasis on making available ready built facilities at lower upfront cost</li></ul>
5	Focus on de-risking businesses through end to end handholding support	<ul style="list-style-type: none"><li>• The policy emphasizes on supporting units across entire value chain</li><li>• To this end, the policy to include interventions to support units address issues across strategy, financing, marketing, operations improvement etc.</li></ul>
6	Special support for socio-economic progress of SC/ST/BC and Minority Communities especially women	<ul style="list-style-type: none"><li>• The policy to lay special importance to encourage increased participation of SC/ST/ BC and Minority communities especially women</li></ul>

## 6. Summary of Key Interventions of Industrial Policy 2020-23

The core theme of industrial policy 2020-23 is to provide support to industries across the business value chain – from approvals to setup and going beyond setup, supporting in operations, and scaling up.

### Industrial policy defined across five themes covering entire business value chain

Key unlocks for major industries factored into each theme

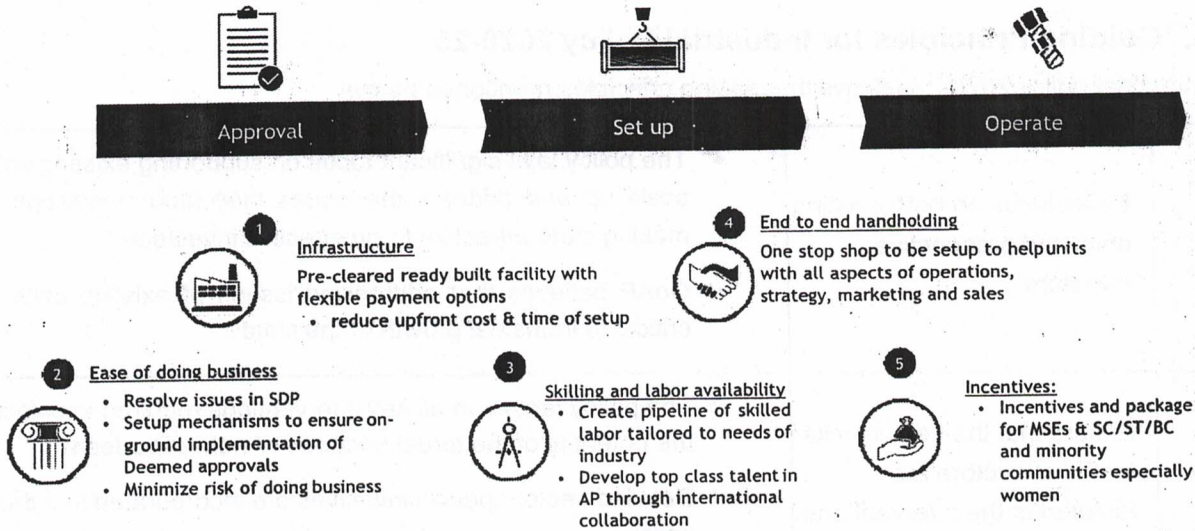


Figure 2: Key themes of Industrial Policy 2020-23

**Summary of interventions proposed under Andhra Pradesh Industrial Policy 2020-23**

<p><b>Infrastructure</b></p>	<ol style="list-style-type: none"> <li>1. To allot industrial plots, only post complete pre-clearance and zoning, in order to facilitate fast set up and risk-free operation.</li> <li>2. To develop MSME Parks.</li> <li>3. To offer Plug and play facility including ready built factory shell and all basic facilities in MSME parks, as per requirement.</li> <li>4. To develop mega industrial parks with common facilities tuned to the needs of target segments.</li> <li>5. To ensure availability of basic facilities at industrial parks             <ol style="list-style-type: none"> <li>a. To constitute Industrial Water SPVs, wherever required, to bring water to door steps</li> <li>b. To explore options to make available cheaper power in new industrial parks</li> </ol> </li> <li>7. To set up Incubation centers to encourage startups in hi-tech industries</li> <li>8. To replace existing lease and buy option in APIIC land policy, with 'Lease + Buy model' with low upfront payment and option to buy land post 10 years of successful operation</li> <li>9. To develop all industrial parks in an environmentally sustainable manner. Facilities to be made cyclone-proof in the areas of risk</li> </ol>
<p><b>Ease of doing business</b></p>	<ol style="list-style-type: none"> <li>10. To provide End to end deemed approvals to all Green category MSMEs in notified industrial parks with a condition to formalise all the approvals within three years.</li> <li>11. To make Single Desk Portal (SDP) robust by addressing identified issues</li> <li>12. To provide Central helpline for seamless on-ground implementation of the approvals</li> <li>13. To conduct regular district level industrial meetings under Dist. Collector to settle pending approvals &amp; grievances</li> <li>14. To conduct regular State Level Bankers Committee (Industrial sub-committee) to address issues with loan disbursals</li> </ol>
<p><b>Skilling &amp; Labour availability</b></p>	<ol style="list-style-type: none"> <li>15. To set up 30 skill development centers and 2 skill development universities.             <ol style="list-style-type: none"> <li>a. Curriculum to be developed based on industry needs</li> <li>b. High end Skill University to focus on cutting edge analytics and industry 4.0 (smart manufacturing using IoT, predictive maintenance)</li> </ol> </li> <li>16. To institute Global immersion programs for top talent in the state in topics like high-tech electronics, biotechnology, high-end leather and textile design, Petrochemical, and food technology</li> <li>17. To develop a Digital platform to match skilled labor in Andhra Pradesh with requirements of businesses.</li> </ol>

<b>End to End handholding of Entrepreneurs (YSR AP One)</b>	18.To integrate services from multiple state agencies under a multi-faceted business enablement center 'YSR AP One' which acts as one stop resource and support center for industries
<b>Incentives</b>	19. Offer adequate Incentives to Micro and Small Enterprises 20.To reimburse SGST for 5 yrs (capped to FCI) for Medium, Large and Mega industries linked to employment creation
<b>Measures for Special Categories</b>	21. To offer Special incentives for women entrepreneurs belonging to SC/ST/BC and Minority Communities 22. To reserve 16.2% and 6 % of plots in the APIIC parks for SC and ST Entrepreneurs respectively. 23. To set up a dedicated cell under "YSR AP One" for handholding SC/ST/BC/Minority category entrepreneurs

**Table 1: Key Interventions of Industrial Policy 2020-23**

## 7. YSR AP One: A multi-faceted end to end business enablement center

GoAP recognizes the utmost importance of the following for any new/existing investor for their success-

- Handholding during pre-establishment and setup of the unit
- Providing efficient post setup support
- Ensuring backward and forward linkages
- Accessing market and new technologies among others

To this extent, the government will integrate services from multiple state agencies under '**YSR AP One**', a central multi-faceted capability center which will offer the following 10 services to ensure that the investors are set up on the path for success

1. **Entrepreneurship Facilitation Cell** to maintain repository of business models and plans and support aspiring entrepreneurs in the state with knowledge support to start newventure
2. **Market Research Cell** to undertake market research, develop sector wise resource repository of market updates and new developments.
3. **Marketing and Branding Cell** to support businesses in marketing their products locally and globally. This cell also builds and promotes state specific brands (e.g. GunturChilly)
4. **Sales Support Cell** to connect units in state with potential buyers. This cell will operate as Key Account Managers (KAM) for various exporters, distributors, and retailer both in the country and across the world
5. **Scheme Support Cell** to support units in state in availing central and state government schemes.
6. **MSME Revitalization Cell** to proactively assess MSMEs and revive and reposition sick MSMEs. It also provides seed capital fund for MSMEs
7. **Business Enablement Cell** supports businesses in getting all approvals and addressing all grievances that may rise post setup



8. **Investor Reach-out Cell** with priority sector and geography desks for focus investor reach out
9. **Incentive Management Cell** to assess unit performance, estimate incentives and ensure timely disbursement of incentive
10. **Special Category Cell** to handhold SC/ST/BC/Minority entrepreneurs throughout the life cycle

The existing institutions under the Department of Industries – APEDB, APTPC, APIIC, APIDC, and MSME Corporation to be modified and restructured appropriately to incorporate the above functionalities

Providing plots at industrial parks with all key facilities at an affordable price is one of the major priorities of the Government. The key focus for the GoAP in infrastructure to be the following:

- Providing plug and play facilities to MSMEs across the state
- Developing mega industrial parks/ clusters along the three major corridors
- Pre-clearance of land parcels in parks in line with state environment plan
- Providing land and plug and play facilities at affordable upfront price

## 8. Industrial Zoning and Land allotment

### 8.1 Planned intervention in Industrial infrastructure through Zoning

The GoAP has identified Industrial Zoning as a key focus area to ensure a planned Industrial Development to provide a 'risk-free' investment-friendly environment for setting up and operating industries in the State and also to minimal impact on the environment.

- a. All industrial land in the state will be environmentally zoned as per the Environment Management Plan (EMP) and type of industries permitted will be notified. APIIC will complete the Environmental Impact assessment (EIA) for the notified industrial park before allotment of land. All necessary clearances to be completed before the allocation of industrial plots to Micro, Small & Medium Enterprises and Large Industries
- b. New MSMEs and Large Industries will be promoted only in the designated Industrial Parks /Estates as per the EMP, duly permitting only those categories which are permissible, as far as feasible.
- c. However, In case there is non-availability of industrial park in the region, or an industrial park cannot accommodate the size of the unit and the pollutant management capacity, units will be allowed to be set up in private lands, but in notified industrial zones, Besides this, Industries outside the Industrial parks and in notified industrial zones (private/APIIC) will be allowed in the following cases.
  - i. Industries, which has special requirements to be in standalone location or close proximity to the related sources and any other requirement
  - ii. Any project important to the Government in the Public Interest
  - iii. All micro white and green category cottage Industries

- d. Mega Industries will be allowed in the Industrial Parks and in independent locations as per the environment management plan. However, the Hazardous Industries and Bulk Drugs or API manufacturing will be permitted only in the Designated Park with Environment Protection.
- e. The Government, through the Andhra Pradesh Industrial Infrastructure Corporation (APIIC), will endeavour to develop the following multi-sector or sector-specific industrial parks in the notified industrial zones based on categories of industries permitted, raw material availability, market assessment, external infrastructure & connectivity, and skills available.
  - i. The theme of MSME Parks to be tuned to local needs. This could include concepts like food parks, mini life sciences parks, sea food parks, multi-modal logistics parks, multi-sector parks etc.
  - ii. Plug and play facilities will be provided in the MSME Parks, based on the need and requirement. All the MSME Parks are proposed to have the following features:
    - Basic facilities like road, water, and power
    - Common facilities tuned to the needs of potential units that can come up in the area
    - Ready-built factory shells.
  - iii. Large Industrial Parks and Multi- Sector Mega Parks to be developed to cater to the needs of thrust sectors such Bulk Drugs, Pharma, Textile, Electronics etc:
- f. Industrial parks are proposed to have common facilities in line with targeted segments. The common facilities to be developed in industrial parks through PPP modes with strict adherence to SLAs
- g. World-class incubation centers to be planned be setup in the state to promote start-ups and new ventures in the state
- h. GoAP to take up specific initiatives to ensure availability of basic facilities at the industrial parks – water, power, and connectivity
  - i. Industrial water SPVs to be constituted on lines of Vizag water company
  - ii. APIIC to explore options to source cheaper power for units in new industrial parks
  - iii. The industrial parks to developed along the Industrial corridors - Chennai Bengaluru Industrial Corridor (CBIC), and Vizag-Chennai Industrial Corridor (VCIC); necessary transportation infrastructure are proposed be made to connect the nodes with key highways, ports, rail lines, and airports

## 8.2 Land Allotment

GoAP intends to de-risk the businesses by reducing their upfront costs. To this end, the current lease and buy models for allotment is replaced with a composite Lease cum Buy model.

- Land will be given on lease for a period of 33 years, with an option to buy the land after 10 years of successful business operations.

The above-mentioned lease and buy model shall also apply to pre-built factory shells for MSMEs as well.

## **9. Ease of Doing Business (EoDB)**

Providing Corruption free transparent governance, timely regulatory clearances, and responsive post-investment facilitation services, have been identified as the cornerstone for improving the business environment and boosting investor confidence. To that end, the state to provide both pre and post-investment services to facilitate rapid industrialization through the following:

1. End-to-end Deemed approval for MSMEs: An MSME unit can start operations in notified industrial parks after getting an online acknowledgement by submitting 'declaration of intent' with a condition to formalise all the approvals within three years. This will not apply to enterprises coming under orange and red categories.
2. Online approval process in AP facilitates all necessary clearances for starting and operating an industry within 21 working days. This platform has integrated requisite pre-establishment and pre-operation stage clearances provided by multiple agencies/departments with provision for online filing and tracking. Strict SLA adherence with penalties would be followed for all approval and grievance redressal. The online approval process is to be made more robust by addition of the services like land allotment, land conversion, etc.
3. Central helpline is to be set up to ensure seamless on-ground implementation of the approvals
4. For improving the process efficiencies, GoAP proposes
  - Regular district level industrial meetings under District Collector to settle all pending approvals & grievances
  - Regular State Level Bankers Committee (Industrial Sub Committee) meetings to address issues with loan disbursals

## **10. Labor and Skill development**

The focus of the policy to be to create a pipeline of skilled labour tailored to the needs of industries.

The following interventions are proposed to this end:

1. 30 skill development centers are to be setup. The curriculum for the same to be developed along with industries and using skill gap mapping
2. 2 skill development universities are to be setup and one among them would provide high end skills like Artificial Intelligence, Robotics, Virtual Reality, Industry 4.0, etc.
3. GoAP to tie up with international agencies to provide immersion programs for meritocratic students in key thrust areas like electronics, pharma, food technology, leather technology, etc.
4. A digital platform to match skilled labour in Andhra Pradesh with requirements of Businesses, to be developed.
5. Mandatory apprenticeship training for all eligible.

## 11. Fiscal Incentives

### 11.1 Project Category Definition

Micro, Small and Medium Enterprise (MSME): GoAP follows the MSME definition laid out by the Government of India as per the MSMED Act 2006 from time to time. The definition updated based on the notification released on 1<sup>st</sup> June 2020 is as follows

Classification	Criteria
Micro	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover: not more than Rs. 5 crores
Small	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover: not more than Rs. 50 crores
Medium	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover: not more than Rs. 250 crores

**Table 3: MSME definition according to Govt. of India**

Large Industrial Project - A large Project is a unit which has investment and turnover thresholds more than the Medium enterprises as described in the MSMED Act,2006.

Mega Industrial Project- Projects with direct employment generation of 2,000 will be accorded a mega-industry status.

The Government may extend tailor-made benefits to mega projects to suit particular investment requirements on case to case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people, overall economic impact or revenues for the state.

The incentives mentioned in this section are applicable to General Industries as well as for Food Processing Industries

### 11.2 Incentives for Micro and Small Enterprises

- Reimbursement of 100% stamp duty and Transfer duty paid by the industry on purchase of land meant for Industrial use.
- Reimbursement of 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations
- GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the state
- Fixed power cost reimbursement @ ₹1.00 per unit for a period of five years from the date of commencement of commercial Production
- Reimbursement of 100% of net SGST accrued to state for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- 15% Investment Subsidy on Fixed Capital Investment limited upto ₹20 lakh, whichever is lower. The subsidy will be released only after 3 years of continuous operation with atleast 80%

efficiency in all parameters i.e employment, production etc.

- g. Interest subsidy of 3% on the term loan taken for fixed capital investment by new Micro and Small enterprises for 5 years from the date of commencement of commercial production
- h. Reimbursement of 25% land conversion charges for Industrial use limited to ₹10 lakh
- i. Water and Power will be delivered to door-step of the industry, if it is located in the designated Industrial Park

### 11.3 Incentives for Medium Enterprises, Large and Mega Industries

- a. GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the state
- b. 100% Reimbursement of net SGST accrued to the State for 5 years or 100% fixed capital investment, whichever is lower, from the date of commencement of commercial production, linked to employment

Direct Employment generated	SGST reimbursement
<1000	50%
1000 to 2000	75%
2000+	100%

- c. GoAP places significant thrust on adoption of sustainable green measures across industries in the state. Common facilities like Waste water treatment, Continuous Emission Monitoring System (CEMS) etc. would be setup in new APIIC Industrial parks

## 12. Promotion of Entrepreneurship among Special Categories

To promote entrepreneurship among SC, ST, BC and Minority Communities, following incentives would be provided.

### 12.1 Special Package for Women Entrepreneurs belonging to Scheduled Caste /Scheduled Tribe /Backward Classes /Minority Communities

The provisions in the package are applicable for Women Entrepreneurs belonging to Scheduled Caste

/Scheduled Tribe /Backward Classes /Minority Communities who establish manufacturing units as sole Proprietor or invariably having 100% share in Partnership/Private Limited Companies and provide employment to a minimum of 10 people.

- a. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- b. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings and mortgages and hypothecations.

- c. 50% rebate in land cost limited to 20 lakhs in Industrial Estates/Industrial Parks for MSEs.
- d. 25% Land conversion charges for the industrial use limited to 10 lakhs for MSEs.
- e. Fixed power cost reimbursement @ 1.25 per unit for 5 years from the date of commencement of commercial production.
- f. 35% investment subsidy on fixed capital Investment limited to Rs.50 Lakhs for MSEs. The subsidy will be released only after 3 years of continuous operation with atleast 80% efficiency in all parameters i.e employment, production etc
- g. Interest subsidy of 3% on the term loan taken on the fixed capital investment for a period of 5 years from the date of commencement of commercial production for MSEs.
- h. Reimbursement of 100% net SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- i. Reimbursement of 75% net SGST to medium enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- j. Reimbursement of 50% SGST to large enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier

#### **12.2 Other Common Initiatives**

- a. 16.2% of plots for SC Entrepreneurs and 6 % of plots for ST Entrepreneurs in the industrial parks will be reserved and allotment will be done as per the APIIC allotment guidelines
- b. A dedicated cell for handholding special category entrepreneurs for all business issues/consultations will be constituted

### **13. Sector-specific interventions**

The following ten sectors have been identified as thrust areas for the policy period:

1. Food Processing
2. Pharma and biotechnology
3. Textiles
4. Electronics
5. Footwear and leather
6. Toys and furniture
7. Petrochemicals
8. Aerospace and defense
9. Automobiles and components
10. Machinery, precision equipment, and mineral based industries

For these thrust sectors, the GoAP will undertake extensive investor outreach.

## **14. Conclusion**

The manufacturing sector, as an employment provider remains a high priority for the state. The Government of Andhra Pradesh will undertake structural reforms to accelerate industrialization in the state. GoAP believes that providing the right facilities at the right cost, offering transparent approvals is critical to the success of the industrial sector. In addition, the Government will also introduce "YSR AP one", a multi-faceted business enablement center that will act as one stop resource and support center for industrial units in the state.

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