

GOVERNMENT OF ANDHRA PRADESH

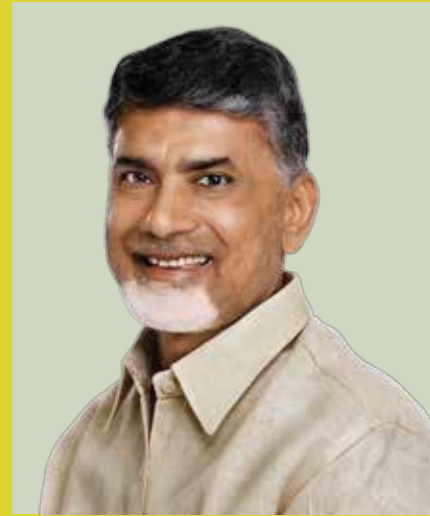


**INDUSTRIAL
DEVELOPMENT
POLICY
2015-20**



“Government of Andhra Pradesh accords high priority to industrial growth as a means to mitigate poverty and reduce unemployment.

The Industrial Development Policy 2015-20 aims to promote manufacturing, enhance inclusivity, foster innovation and create employment opportunities across sectors. Various best-in-class policy instruments and fiscal incentives have been offered to spur industrial growth.



Industrial development in Andhra Pradesh is predicated on robust infrastructure, including land banks, 24X7 power supply and providing conducive environment for innovation & industry to thrive. The State has undertaken series of measures to improve Ease of Doing Business such as strengthening Single Desk mechanism for expediting approvals and developing real-time project tracking tools, amongst others.

Recognizing the need to nurture talent pool and develop a strong base of skilled manpower, Industrial Development Policy 2015-20 places special emphasis on progressive labour policies and skill development initiatives.

Special package of incentives has been proposed for SC/ST, Backward Caste and women entrepreneurs to actively involve them in the economic development of the State. Sustainable industrial development is promoted through a host of incentives outlined under the aegis of 'Swachh Andhra'.

I am certain that the Industrial Development Policy 2015-20 would act as a strong foundation for the development of the State, and make it a leading destination for both domestic and global investment.

We look forward to welcoming you and forging strong partnerships as we embark on the growth trajectory of Sunrise Andhra Pradesh.

Nara Chandrababu Naidu

Hon'ble Chief Minister of Andhra Pradesh

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LIST OF CHARTS

Chart 1: Sector-wise major districts by output

07

LIST OF ABBREVIATIONS

APSSDC	Andhra Pradesh State Skill Development Corporation
APSFC	Andhra Pradesh State Finance Corporation
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APPCB	Andhra Pradesh Pollution Control Board
CBIC	Chennai-Bengaluru Industrial Corridor
CEMS	Continuous Emission Monitoring System
GRIHA	Green Rating for Integrated Habitat Assessment
GoAP	Government of Andhra Pradesh
GSDP	Gross State Domestic Product
IGBC	Indian Green Building Council
ITIR	Information Technology Investment Region
NIMZ	National Investment and Manufacturing Zone
NSDC	National Skill Development Corporation
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Region
PPP	Public-Private Partnership
R&D	Research and Development
SEZ	Special Economic Zone
SIPB	State Investment Promotion Board
SIPC	State Investment Promotion Committee
SIR	Special Investment Region
VCIC	Visakhapatnam-Chennai Industrial Corridor



01 PREAMBLE

On 18 February 2014, the Andhra Pradesh Reorganization Bill, 2014 was introduced in Lok Sabha by the Union Minister for Home Affairs. It provided for the reorganization of the State of Andhra Pradesh. This Bill was approved by the President of India and published in the Official Gazette. As per the Andhra Pradesh Reorganization Act,

2014 with effect from June 2, 2014, the new States of Andhra Pradesh and Telangana were formed. The new State of Andhra Pradesh has 13 districts – Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, West Godavari, Krishna, Guntur, Nellore, Prakasam, Kadapa, Kurnool, Anantapur and Chittoor.

ANDHRA PRADESH

Andhra Pradesh is strategically located on the Southeast coast of India and is a natural gateway to East & Southeast Asia. The State has a population of 4.93 crore (as per population census - 2011), accounting for 4% of Country's population, residing in 4.9% of country's geographical area.

Andhra Pradesh has abundant natural resources (Barytes, Limestone, Bauxite, and a number of minor minerals), fertile land and river basins, water resources, extensive canal system and conducive agro-climatic conditions. The State has the second longest coastline in India and is also one of the largest producers of marine products.

At current prices, the Gross State Domestic Product (GSDP) of Andhra Pradesh was ₹ 4,75,859 crore in 2013-14. Between 2004-05 and 2012-13, the average annual GSDP growth rate of Andhra Pradesh was 7.25% while the average per capita income at (current prices) increased from ₹ 46,345 in 2008-09 to ₹ 88,876 in 2013-14.

Andhra Pradesh, over the years, has established a strong presence in agro and food processing, textiles, chemicals & petrochemicals, pharmaceuticals, metallurgy, electronics and electrical engineering sectors.



Chart 1: Sector-wise major districts by output

02 POLICY APPROACH

Industrial development promotes higher capital formation, raises wage incomes and absorbs surplus workforce to bring about equitable development. Therefore the State Government has accorded top priority to industrial growth as a means to mitigate poverty and unemployment.

Andhra Pradesh Industrial Development Policy, 2015-20 aims to establish state-of-the-art infrastructure, promote manufacturing, enhance inclusivity, foster innovation and create employment opportunities across sectors. Various policy instruments have been detailed in this document to catalyze the same.

The State intends to be the most preferred destination for investors by providing favorable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new industrial policy focuses on creating a conducive eco-system which makes industries based in Andhra Pradesh innovative and globally competitive.

Government of Andhra Pradesh (GoAP) lays utmost emphasis on sustainable industrial development anchored by capacity building at the grassroots level.

02 POLICY APPROACH

I. POLICY VISION

“To make Andhra Pradesh a progressive and highly industrialized state... a State that is a centre of technology and innovation... And, a joyous population confident of its bright future...”

Nara Chandrababu Naidu

Hon'ble Chief Minister of Andhra Pradesh

II. POLICY OBJECTIVES

- a. To ensure sustainable & inclusive industrial growth
- b. To be among the top 3 states in terms of industrial investments by 2022
- c. To be the most preferred logistics hub and India's gateway to East and Southeast Asia by 2029
- d. To enhance the quantum and quality of skilled manpower and create significant employment opportunities

III. POLICY TARGETS

- a. Increase the contribution of manufacturing to GSDP from 9.95% (2013-14) to 15% by 2020
- b. Increase the contribution of industries to GSDP from 20.7% (2013-14) to 25% by 2020
- c. Attract investment to the tune of ₹ 2 lakh crore by the end of 2020
- d. Create employment opportunities for an additional 10 lakh people by the end of 2020

IV. POLICY VALIDITY

The Policy will be valid for 5 years from the date of notification.




V. STRATEGY & THRUST AREAS

GoAP's strategy of attracting sizeable industrial investment is predicated on the following factors:

VISIONARY LEADERSHIP
24X7 POWER SUPPLY
CONDUCTIVE BUSINESS ENVIRONMENT
INDUSTRIAL LAND BANK
FISCAL INCENTIVES
PROGRESSIVE LABOUR POLICIES
& SKILL DEVELOPMENT
ROBUST INFRASTRUCTURE
EFFECTIVE LAW AND ORDER

IN ADDITION, GOAP HAS IDENTIFIED 10 THRUST AREAS FOR GREATER FOCUS:

 Agro & Food Processing


 Life sciences (including Pharmaceutical, Biotechnology & Medical Equipment)

 Textile & Apparel

 Electronics & Information Technology

 Aerospace & Defence

 Automobiles & Auto Components

 Petroleum, Chemicals, (including Fertilizers) and Petrochemicals

 Energy

 Mineral based industry

 Leather



1 Pharma Hub
Srikakulam, Guntur & Visakhapatnam

2 Integrated Textiles
Visakhapatnam, Guntur, Krishna,
Anantapur & Kurnool

5 Electronic Clusters
Visakhapatnam, East Godavari,
Anantapur & Chittoor

6 Petro-chemical Complex
Krishna, East Godavari, Visakhapatnam

9 Food Processing Parks
All Districts

3 Automobile Hub
Nellore & Chittoor

4 Cement Plants
Guntur, Anantapur, Kurnool & Kadapa

7 Smart Industrial Townships
All Districts

8 Aerospace & Defence
Visakhapatnam / Chittoor/ Anantapur

I. Government land bank

The State of Andhra Pradesh has an identified land bank of 3 lakh acres and is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres. The consolidated land bank of 10 lakh acres would give the State a strategic edge in attracting investments. To achieve the same, government shall identify and acquire land through a transparent and farmer friendly land pooling / acquisition policy.

This land will be administered within the following framework:

1. Inventory of public/pooled/ acquired lands:

All such lands shall be surveyed and the information made available in the public domain. It is envisaged that GIS will be used to create land inventory and update information of land parcels on real time basis

2. Land Information System:

Key details and parameters about land parcels (e.g. soil type, distance from sea-ports, airports, railway stations etc.) will be made available online

HUGE LAND BANK



II. Land Pooling / Acquisition & Allotment

a. Land consolidation:

Consolidation of Industrial Land will be done by the Industries & Commerce Department following the state's land pooling / acquisition policy.

b. Land allotment:

Land shall be allotted on 99 years lease. SIPB may consider outright sale of land in the following cases:

- i. the investment is exceeding INR 100 crore;
- ii. the gestation period of the project is more than 5 years;

- iii. the industry is located in backward areas to be notified by the Government, for this purpose;
- iv. departments, PSUs and agencies of the Central Government;
- v. financial closure of the project requires a sale;
- vi. projects identified by the Government as critical and prestigious;
- vii. other categories to be notified by the Government from time to time;

04 EASE OF DOING BUSINESS

GoAP accords highest priority to improving 'Ease of Doing Business'. Timely clearances and responsive post investment facilitation services have been identified as the cornerstone for improving business environment and boosting investor confidence. To that end, the State shall provide both pre and post investment services to facilitate rapid industrialization through the following:

I. Single Desk Clearance

a. Single Desk

GoAP shall create an e-platform, for facilitating all necessary clearances for starting and operating an industry within 21 working days. This platform shall integrate requisite pre-establishment and pre-operation stage clearances provided by multiple agencies/ departments with provision for online filing and tracking.

II. Measures to simplify processes & procedures

Simplification of process and procedures at the Competent Authorities and Nodal Agencies associated with processing applications as part of the Single Desk mechanism has been based on review of applicable laws & regulations governing process / compliances required to set up new industrial units or expanding existing units.

i. **Spot Approvals:** Spot approvals shall be given in case of clearances / approvals which require only a scrutiny of basic documents. They include Registration under Professional Tax, Registration of Shops and Establishments, Registration of establishments deploying contractual workmen / interstate migrant workmen among others

ii. **Deemed Approval based on self-certification:** If select approvals and clearances are not granted within stipulated timelines, deemed approval for the same shall be provided to applicants based on self-certification provided by them. They include Building Permission from Gram Panchayat, Factory Registration among others

iii. **Assignment of Inspection to Private Technical Experts:** Based on a review of applicable laws & regulations governing approvals & clearances required to set up new industrial units or expanding existing units, provisions have been identified in select regulations where inspections are permitted to be conducted by technically qualified experts in the private sector. They include Boiler Registration among others

iv. **Parallel Processing of clearances:** Based on a review of applicable laws & regulations governing approvals & clearances, all intra-approval dependencies have been dispensed with and parallel processing of all clearances has been introduced to expedite closure of application process



SINGLE DESK CLEARANCE SYSTEM

STATE INVESTMENT PROMOTION BOARD

III. State Investment Promotion Board (SIPB)

a. SIPB

For creating an enabling structure to expedite decision making pertaining to industrial projects, SIPB has been constituted with the Chief Minister as the Chairman and the Chief Secretary to the Government as Member Convener. The SIPB shall meet once a month for taking final decision on investments / promotion activities and for approval of mega projects.

b. Empowered Committee of Secretaries

An Empowered Committee of Secretaries chaired by the Chief Secretary to the Government and convened by Secretary Industries shall meet every month to monitor and review the following:

- i. Performance of single desk system
- ii. Policy issues relating to investment facilitation and project grounding
- iii. Implementation of all large/mega ongoing projects
- iv. Screening of all mega project proposals

- v. Scrutiny of all issues/proposals which may merit consideration of the SIPB
- vi. Any other issue governing industrial environment proposed by Commissioner Industries

The Empowered Committee shall subsume all functionalities of the SIPC and the latter will cease to exist.

Members of the Empowered Committee shall include:

- i. Secretary, Finance
- ii. Secretary, Environment, Forest, Science & Technology
- iii. Secretary, Revenue (LA)
- iv. Secretary, Revenue (CT)
- v. Secretary, Employment & Labour
- vi. Member Secretary, Pollution Control Board
- vii. Secretary, Energy & Infrastructure
- viii. Secretary, MAUD
- ix. VC and MD, APIIC
- x. Secretary, Panchayati Raj
- xi. Commissioner, Industries
- xii. Any other secretary/HOD as required on case to case basis

ABUNDANT TALENT POOL

The Industrial Development Policy 2015-20 will follow a two-pronged approach to enhance labour capacity and promote employment generation. The policy will incentivize industries to:

- a. Generate additional employment
- b. Promote skill development

To achieve the above, following has been envisaged:

I. Skilling people to meet industry requirements

GoAP has set up Andhra Pradesh State Skill Development Corporation (APSSDC) on lines of the National Skill Development Corporation (NSDC), a not-for-profit company under the Companies Act, 2013.

APSSDC will provide funding to build scalable, for-profit vocational training initiatives. It will also enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships.

State will identify required quantum of skilled manpower, map industry specific skill sets and provide courses at different levels of education – matriculation and above.

Training institutions at divisional level shall be setup through PPP approach to facilitate industry wide initiatives aimed at enhancing the employability of unskilled/semi-skilled labour.

Special emphasis will be laid on skilling first generation entrepreneurs, women, minorities, SC/ST and backward class entrepreneurs.

II. Sector-specific and Market-driven Curriculum

Industries will be incentivized to participate actively in development of skilled manpower. Industries will be involved in drafting training curriculum to make it sector-specific, industry responsive and market driven. Institutional arrangements in the form of Industry-Academia will be encouraged.

III. Manpower Information System (MIS)

MIS would be developed and maintained to provide relevant and timely labour information. MIS would give information on labour availability across multiple skill levels/sectors, demographics and geographies. APSSDC will facilitate development of MIS in close coordination with Industries and Labour Department.

Fiscal incentives for skill development are sector specific and are included in respective sector policies

06 INTERNATIONAL DESKS

Assistance to Foreign Investors

Andhra Pradesh has traditionally been one of the favored destinations for overseas investors. The Industrial Policy aims to strengthen this trend and promote accelerated growth in foreign investments in the state.

A healthy business environment with predictable and non-discriminatory regime reduces the risk of doing business and is a major contributor to driving foreign investments. The Government is committed to provide world class infrastructure, state-of-art R&D centres and quality human capital to attract FDI inflows into the state.

Following support services will be provided to potential investors by select country specific desks:

- Provide bespoke investor facilitation
- Handholding services in the form of local information and expertise
- Comprehensive portal with business opportunity related information

ALWAYS
AT YOUR
SERVICE

07 FISCAL INCENTIVES

Investors will be eligible for applicable incentives announced by Government of India for setting up industries in the State of AP.

GoAP recognizes the need for sector specific fiscal incentives to improve the competitiveness of AP based firms and has made provision for various financial incentives. Further expansion/diversification projects will also be eligible for incentives mentioned in the Industrial Development Policy 2015–20. Eligibility criteria for expansion/diversification projects will be mentioned separately in the guidelines.

I. Project Category Definition



a. Micro, Small & Medium Enterprise (MSME):

GoAP follows the MSME definition laid out by Government of India as per MSMED Act 2006 (as updated from time to time)



b. Large Industrial Project

Large Project is a unit in which the investment on plant and machinery is less than ₹ 500 crore and more than the investment threshold for Medium enterprises as in MSMED Act. Further, for sectors such as Textiles, Food Processing, Biotech etc. definition of large projects may be different. Kindly refer to sector specific policies for project category definition



c. Mega Industrial Project

Projects with an investment of at least ₹ 500 crore or direct employment generation of 2,000 will be accorded mega industry status. Further, for sectors such as textiles, food processing, biotech etc. definition of mega project may be different. Kindly refer to sector specific policies for project category definition.

The Government will 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 or revenues for the State.

II. Power

- i. GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the State. Andhra Pradesh is one of the three states selected under the centrally-sponsored "Power For All" scheme.
- ii. The power capacity allocation to Andhra Pradesh (as on 2nd June 2014) was 8,037 MW. To meet the burgeoning industrial, commercial, institutional and domestic needs, the state intends to add around 16,484 MW in the next 5 years.
- iii. GoAP will provide fixed power cost reimbursement @ ₹ 1.00 per unit for a period of 5 years from the date of commencement of commercial production. The power cost reimbursement for certain specific sector/sub-sector may be higher. Kindly refer individual sector policies for details.

POWERING YOUR BUSINESS

III. Incentives for Large Industry Unit

a. Stamp Duty

- 100% of stamp duty and transfer duty paid by the industry on purchase or lease of land meant for industrial use will be reimbursed
- 100% of stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed
- Stamp duty will be reimbursed only one time on the land. Stamp duty will not be waived on subsequent transactions on the same land

b. VAT/CST/SGST

- For large Industry unit, 50% of net VAT/CST or SGST will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- For sector specific industries like apparel, food processing, biotech, automobile VAT/CST/SGST concession may be higher

IV. Incentives for MSME

GoAP places strong impetus on development of MSMEs.

The Government intends to offer a conducive eco-system and competitive fiscal incentives to MSMEs. Details of fiscal incentives pertaining to MSMEs will be charted in a dedicated MSME policy. Incentive with regards to stamp duty and VAT/CST/SGST are mentioned below:

a. Stamp Duty

- 100% of stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use will be reimbursed
- 100% of stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed

- Stamp duty will be reimbursed only one time on the land. Stamp duty will not be waived on subsequent transactions on the same land

b. VAT/CST/SGST

For micro & small enterprises, 100% of net VAT/CST/SGST will be reimbursed for a period of 5 years from the date of commencement of commercial production.

For medium industries, 75% of net VAT/CST/SGST will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.

For sector specific industries like apparel, food processing, biotech, automobile VAT/CST/SGST concession may vary.

**BEST-IN-CLASS INCENTIVES.
UNENDING SUPPORT.**

V. Incentives for Swachh Andhra

- i. To further its goal of Swachh Andhra, GoAP shall encourage companies engaged in recycling waste (includes mega, large and MSME projects) into environment friendly products/energy (such as waste to energy, waste to bio-gas, waste to manure) by bringing this industry under zero rated category schedule of the VAT Act.
- ii. GoAP will provide up to 35% subsidy on cost of plant & machinery for specific cleaner production measures limited to ₹ 35 lakh for MSME and up to 10% subsidy on cost of plant & machinery on specific cleaner production measures limited to INR 35 lakh for large enterprises, provided

the measures are certified by Andhra Pradesh Pollution Control Board (APPCB).

- iii. GoAP places significant thrust on adoption of sustainable green measures across industries in Andhra Pradesh. GoAP will provide 25% subsidy of total fixed capital investment of the project (excluding cost of land, land development, preliminary and pre-operative expenses and consultancy fees) for below mentioned green measures with a ceiling of ₹ 50 crore.

- a. Waste water treatment: Constructing effluent treatment plant and sewage treatment plant and using recycled water for industrial purpose, especially zero discharge systems
- b. Green Buildings: Buildings which obtain green rating under the Indian Green Building Council (IGBC/LEED Certification) or Green Rating for Integrated Habitat Assessment (GRIHA) systems
- c. Use of renewable source of power (erecting captive sun, wind and biomass plants etc.)
- d. Installing Continuous Emission Monitoring System (CEMS) for red

category industries. The information should be disseminated continuously to APPCB

- e. Adopting rain water harvesting; restoring water bodies by de-stilting defunct water bodies
- f. Any other environment management project approved by Empowered Committee of Secretaries.

The organization shall have to submit the application before the implementation of the project. The incentive can be availed only once during the 5 year tenure of the policy. Additional conditions to avail the incentive will be mentioned separately in guidelines.



CLEANER AND GREENER ANDHRA PRADESH

VI. Special Package of Incentives

Government of Andhra Pradesh is fully committed to the well-being of the Socially Disadvantaged Groups viz., the Scheduled Castes (SCs), the Scheduled Tribes (STs) Backward Class (BC) and Women. In order to actively involve them in economic development for inclusive growth, special package of incentives have been proposed. These units should be wholly promoted by SC/ST/BC and Women entrepreneurs, as the case may be.

a. Special Package for SC/ST Entrepreneurs

The provisions in the package are applicable to those units wherein the sole proprietor belongs to SC/ST category. SC/ST entrepreneurs can also set up industries covered in ineligible list of the policy to avail incentives in this policy.

- 100% reimbursement of Stamp duty and Transfer Duty paid by the industry on purchase of land meant for industrial use
- 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations
- 50% rebate in land cost limited to ₹ 20 lakh in Industrial Estates/ Industrial Parks
- 25% Land conversion charges for the industrial use limited to ₹ 10 lakh
- Fixed power cost reimbursement @ INR 1.50 per unit for 5 years from the date of commencement of commercial production
- Seed capital assistance to First Generation Entrepreneurs @ 25% of the Machinery cost, which will be deducted from the eligible investment subsidy
- 35% investment subsidy on fixed capital Investment by SC & ST Entrepreneurs and additional 10% investment subsidy for SC Women & ST Women Entrepreneurs, with a maximum limit per unit is ₹ 75 lakh (i.e. 35% for SC & ST Entrepreneurs and 45% for SC Women and ST Women entrepreneurs). Additional 5% investment subsidy for units set up in Scheduled Areas by ST entrepreneurs with a maximum limit per unit is ₹ 75 lakh
- Reimbursement of 100% net VAT/ CST/SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production
- Reimbursement of 75% net VAT/ CST/SGST to medium enterprises for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- Reimbursement of 50% VAT/ CST/SGST to large enterprises for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- Interest subsidy on the term loan taken on the fixed capital investment in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production. This benefit is also applicable to the Service Sector units set up under this policy
- 50% Reimbursement of cost involved in skill upgradation and training local manpower limited to ₹ 5,000 per person
- 100% subsidy on the expenses incurred for quality certification/ patent registration limited to ₹ 3 lakh for micro and small enterprises
- Incentives under Swachh Andhra (Para V) will be applicable for SC/ST entrepreneurs
- For enterprises set up by SC/ST entrepreneurs, infrastructure like roads, power and water will be provided at doorstep of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of ₹ 1 crore, subject to:
 - The location should be beyond 10 Kms from the existing Industrial Estates/IDAs having vacant land/shed for allotment
 - Cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas

Note: 50% of the budget will be allocated to manufacturing activities and 50% for service sector activities. However, in service sector high end vehicles (except taxies, lorries, tippers, water tanker etc. meant for self-employment) will not be allowed under the scheme.



b. Special Package for BC entrepreneurs

The provisions in the package are applicable to those units wherein the sole proprietor belongs to BC category.

1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use
2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations
3. 50% rebate in land cost limited to ₹ 20 lakh in Industrial Estates/ Industrial Parks
4. 25% Land conversion charges for the industrial use limited to ₹ 10 lakh
5. Fixed power cost reimbursement @ ₹ 1.50 per unit for 5 years from the date of commencement of commercial production
6. Seed capital assistance to First Generation Entrepreneurs @ 25% of the Machinery cost, which will be deducted from the eligible investment subsidy
7. 35% investment subsidy on fixed capital Investment by BC Entrepreneurs and additional 10% investment subsidy for BC Women Entrepreneurs, with a maximum limit per unit is ₹ 75 lakh (i.e. 35% for BC Entrepreneurs and 45% for BC Women entrepreneurs)
8. Reimbursement of 100% net VAT/ CST/SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production
9. Reimbursement of 75% net VAT/ CST/SGST to medium enterprises for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
10. Reimbursement of 50% VAT/CST/SGST to large enterprises for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
11. Interest subsidy on the term loan taken on the fixed capital investment in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production
12. 50% Reimbursement of cost involved in skill upgradation and training local manpower limited to ₹ 5,000 per person

c. Package for Women Entrepreneurs

The following incentives are applicable for 1st generation women entrepreneurs and are applicable for micro and small units only.

1. 25% investment subsidy on fixed capital Investment by women Entrepreneurs, with a maximum limit per unit of ₹ 30 lakh
2. Seed capital assistance to First Generation Entrepreneurs @15% of the Machinery cost, which will be deducted from the eligible investment subsidy
3. All other incentives as per Industrial Development Policy 2015-20
13. 50% subsidy on the expenses incurred for quality certification/patent registration limited to ₹ 3 lakh for micro and small enterprises.
14. Incentives under Swachh Andhra (Para V) will be applicable for BC | entrepreneurs
15. For enterprises set up by BC entrepreneurs, infrastructure like roads, power and water will be provided at doorstep of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of ₹1 crore, subject to:
 - a. The location should be beyond 10 kms. from the existing Industrial Estates/IDAs having vacant land/shed for allotment
 - b. Cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry

REALIZING YOUNG DREAMS



08 INCUBATION CENTRE FOR PROMOTING START-UPS

GoAP shall handhold setting up of world-class incubation centres to provide much needed thrust to promote startups and cultivate innovative ideas.

GoAP will encourage setting up of incubation centres in

Smart Industrial Township (SIT), premier educational institutes, Mega Industrial parks and startup villages. Additionally, an incubation centre will be set up in IIM Visakhapatnam on PPP basis.



HEADSTART TOWARDS
A GREAT FUTURE

09 PLANNED INDUSTRIAL DEVELOPMENT

GoAP shall encourage planned, responsible and sustainable industrial development. While setting up of industrial units in residential zones, fragile ecosystems etc. will be discouraged, impetus shall be laid on cluster based approach to planned industrial development.

GoAP will encourage setting up of multi-sector/sector specific Industrial parks by the Private sector on a PPP basis. For all such parks, GoAP will provide external infrastructure on a case to case basis.

I. Industrial Area Development Authority

GoAP will set up Industrial Area Development Authorities under the aegis of article 243 Q of the constitution to facilitate and

encourage investment into specific investment zones like SIRs, industrial parks, industrial corridor nodes etc.

II. Industrial Corridors



The Industrial corridors seek to create a strong economic base with a globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance investments and attain sustainable development.

Industrial corridors will be developed on node based approach. Funding of the node will be provided by multi-lateral agencies such as ADB / JICA. The proposed corridor nodes in the State are:

a) Under VCIC, the following nodes will be developed:

- a. Visakhapatnam (Phase I)
- b. Srikalahasti-Yerpedu (Phase I)

- c. Kakinada (Phase II)
- d. Gannavaram-Kankipadu (Phase II)

b) Under CBIC the following node will be developed:

- a. Krishnapatnam in Nellore Dist

c) Under PCPIR the following locations will be developed:

- a. Visakhapatnam
- b. Nakkapalli
- c. Kakinada

CLUSTER BASED APPROACH

III. National Investment and Manufacturing Zones (NIMZ)

Govt. of India has accorded in-principle approval for setting up two NIMZs:

- a. Chittoor
- b. Prakasam

These NIMZs would be developed as world class industrial regions with each spread over a minimum of 5,000 hectares. These regions will act as growth nodes for industrial development and employment generation in the State. Please refer to National Manufacturing Policy of GoI for NIMZ guidelines.

IV. Information Technology Investment Regions (ITIR)

ITIRs have been proposed in two districts:

- a. Visakhapatnam
- b. Chittoor

ITIR would be a combination of IT/ITES and Electronics Hardware Manufacturing Units; Public utilities, residential area, social infrastructure and administrative services. Such regions could include new integrated townships, SEZs, industrial parks etc.

ITIR would have a clear delineation between the IT/ITES areas and Electronic Hardware Manufacturing (EHM) areas. Each ITIR is expected to be a specifically notified investment region with minimum area of 40 sq.kms planned for IT/ITES and EHM Units.

V. Smart Industrial Township (SIT)

GoAP will facilitate setting up of SITs across various districts with local self-government status. Following external infrastructure for SIT will be provided by the government:

- a. Four lane road to the nearest national highway
- b. Dedicated feeder for uninterrupted power supply
- c. Dedicated water supply
- d. Right of way to create a connectivity to the nearest railway line and or port
- e. Fiber connectivity with no band width constraints

More details will be made available in a separate SIT policy.

VI. Special Economic Zones (SEZ)

SEZs aim to provide simplified clearances and controls, world class infrastructure and a stable fiscal regime to attract foreign investments in the state. Various incentives will be given to the tenants of SEZs as declared by the Government of India in SEZ Policy announced in April 2000. Currently there are 16 functional SEZs in AP and additional 4 SEZs with in-principle approval.

VII. Industrial Parks

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) has developed over 300 industrial parks (including SEZs) spread over an extent of about 1,21,655 acres. GoAP will develop new industrial parks and upgrade/maintain the existing ones.

SPECIAL ECONOMIC ZONES

10 FOCUS ON THRUST SECTORS

GoAP shall frame sector specific policies with a focus on State's position in the value chain, available and potential skill sets, locational advantages and strategic importance in socio-economic context. Instruments to facilitate the objectives are sector-specific parks, incentives, simplified clearances and skill development initiatives.

Note: Incentives mentioned in the Industrial Development Policy 2015-20 will be extended to industries as per guidelines to be notified separately.



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