

## GOVERNMENT OF ANDHRA PRADESH

### Industries & Commerce Department

#### **Incentives for setting up of New Industries in Andhra Pradesh Industrial Investment Promotion Policy for 2005-2010- Orders- Issued.**

#### **Introduction :**

- 1) After detailed examination and after having discussions with various industrial Organisations such as CII, FAPSIA, FICCI and taking into consideration of recommendations of Industrial Associations, a policy of various States viz., Karnataka, Maharashtra, Gujarat, West Bengal and to make a policy with emphasis on Creation of Quality Infrastructure, Incentivising Investments, Building Industrial Competency in Women, Quality Competitiveness, Export Promotion, Environmental Friendly Climate, Attracting Mega Investments, Attracting Foreign Direct Investment, Access to Market, Intellectual Property Rights, Fostering Industrial Clusters, Prevention of Industrial Sickness, Preventing Migration, Permitting Industries to Exit, towards better Regulation, Policy Measures, Thrust Sectors, the Government approved a new “Industrial Investment Promotion Policy 2005-2010” .
- 2) Under the new “Industrial Investment Promotion Policy 2005-2010”, the Government approved the following fiscal benefits covering the categories of a) SSI/Tiny units b) SC/ST Entrepreneurs c) Women Entrepreneurs d) Units other than SSI/Tiny (**Large & Medium Scale Industries**) and e) Mega Projects:

**Note :** For details please refer to INDUSTRIES AND COMMERCE (IP) DEPARTMENT G.O.Ms.No.178 Dated:21-06-2005 and also read the following:-

1. G.O.Ms.No.108, Industries & Commerce (IP) Department, Dated 20-5-96.
2. G.O.Ms.No.241, Industries & Commerce (IP) Department, Dated:15.7.98
3. G.O.Ms.No.9, Industries & Commerce (IP) Department, Dated:5-1-2001
4. G.O.Ms.No.141, Industries & Commerce(IP)Department,Dated:3-7-2004

**Contd.....**

**Index of categories covered for fiscal benefits under the new “ industrial Investment  
Promotion Policy 2005-2010”**

<b>SR NO.</b>	<b>NAME OF CATEGORIES</b>
1	SSI / Tiny units
2	Women Entrepreneurs
3	Units other than SSI/ tiny units (Large & Medium Scale Industries)
4	Mega Projects
5	Existing Tiny/ SSI/Large & Medium Scale Industries other than Mega Projects.
6	Existing Large Industries And Mega Projects
7	Other benefits ( to all categories)
8	Necessary information relating to the above

## **1. SSI/Tiny units**

Small Scale Industry (SSI) means a Unit having the investment on plant and machinery (Productive only) up to limit as defined by the Government of India from time to time. Tiny Industry means an industry in which Investment plant and machinery (Productive only) up to limit as defined by the Government of India from time to time. 3.1.1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

1.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings.

1.3. 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.

1.4. 25% rebate on land cost in IEs/IDA's limited to Rs.5.00 lakhs.

1.5. Power cost will be reimbursed @ Rs.0.75 per unit during the first year of the policy and thereafter for the remaining four years the rate of reimbursement would be so regulated on yearly basis, keeping in view of the changes in the tariff structures to ensure that power cost to the industry is pegged down to the first year's level.

1.6. 15% investment subsidy on fixed capital investment will be given subject to a maximum of Rs.15.00 lakhs

1.7. An additional investment subsidy of 5% on fixed capital investment limited to Rs.5.00 Lakhs for SC/ST entrepreneurs.

1.8. 25% of the tax paid during one financial year will be ploughed back as a grant by the Government towards the payment of tax during next year. Benefit will be available for 5 years from the date of commencement of production i.e., upto 6<sup>th</sup> year.

1.9. 3% interest subsidy on Prime Lending Rate (PLR) will be given on the term loan taken by new Tiny/SSI industrial units subject to a maximum of Rs.5.00 lakh per year for a period of 5 years.

1.10. 5% of project cost will be provided as seed capital assistance to SSI /Tiny Units started by SC/ST Entrepreneurs as a grant for industries, which were sanctioned seed capital assistance by Prime Lending Institutions under National Equity Fund Scheme limited to Rs.5.00 Lakhs.

1.11. 8% subsidy on capital equipment for technology upgradation.

1.12. 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

1.13. 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.

1.14. 50% subsidy on the expenses incurred for patent registration limited to Rs. 5.00 Lakhs.

## **2. Women Entrepreneurs**

Women entrepreneurs mean those units established as sole Proprietress or invariably having 51% share in Partnership/Private Limited Companies.

2.1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

2.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings.

2.3. 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.

2.4. 25% rebate in land cost in IEs/IDA's limited to Rs.5.00 Lakhs.

2.5. Power cost will be reimbursed @ Rs.0.75 per unit during the first year of the policy and thereafter for the remaining four years the rate of reimbursement would be so regulated on yearly basis keeping in view of the changes in the tariff structures to ensure that power cost to the industry is pegged down to the first year's level.

2.6. 15% investment subsidy on fixed capital investment will be given to SSI/Tiny Units subject to a maximum of Rs.15.00 lakhs

2.7 5% Additional Investment subsidy on fixed capital investment limited to Rs.5.00 Lakhs.

2.8 Another 5% investment subsidy on fixed capital investment limited to Rs.5.00 Lakhs for women belongs to SC/ST Community.

2.9. Upto 25% of the tax paid during one financial year will be ploughed back to Industries as a grant by the Government towards the payment of tax during next year. However, such grant shall not remit in net cash outflow to Government.

Benefit will be available for 5 years from the date of commencement of production i.e. upto 6th year.

2.10. 5% of project cost will be provided as seed capital assistance to SSI/Tiny Units as a grant for industries, which were sanctioned seed capital assistance by Prime Lending Institutions under National Equity Fund Scheme limited to Rs.5.00 Lakhs.

2.11. 5% interest subsidy on Prime Lending Rate (PLR) will be given on the term loan taken by new Tiny/SSI industrial units subject to a maximum of Rs.5.00 lakh per year for a period of 5 years.

2.12. 8% subsidy on capital equipment for technology upgradation.

2.13. 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

2.14. 25% subsidy on cleaner production measures limited to Rs.5.00 Lakhs.

2.15. 50% subsidy on the expenses incurred for patent registration limited to Rs. 5 Lakhs.

### **3. Units other than SSI/Tiny units (Large & Medium Scale Industries)**

Other than SSI/Tiny units (Large & Medium Scale Industries) means an industry in which the investment on plant and machinery (Productive only) less than Rs 100 crores except SSI Units.

3.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

3.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings.

3.3. 100% reimbursement of Stamp duty and Transfer duty paid by the industry on financial deeds and mortgages etc.

3.4. 25% rebate in land cost in IEs/IDA's limited to Rs.5.00 Lakhs.

3.5. Power cost will be reimbursed @ Rs.0.75 per unit during the first year of the policy and thereafter for the remaining four years the rate of reimbursement would be so regulated on yearly basis keeping in view of the changes in the tariff structures to ensure that power cost to the industry is pegged down to the first year's level.

3.6. 25% of the tax paid during one financial year will be ploughed back to the units as a grant by the Government towards the payment of tax during next year. Benefit will be available for 5 years from the date of commencement of production i.e. upto 6th year.

3.7. Infrastructure like roads, power and water will be provided at door step of the industry for stand alone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 Crore, subject to (a) the location should be beyond 10 kms from the existing Industrial Estates/IDA's having vacant land/shed for allotment and (b) cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

3.8. 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

3.9. 25% subsidy on cleaner production measures limited to Rs.5 Lakhs.

3.10. 50% subsidy on the expenses incurred for patent registration limited to Rs. 5 Lakhs.

#### **4. Mega Projects**

Mega Project means the Industrial unit, which sets up with a capital investment of Rs.100 Crores or above.

4.1. Mega projects i.e. projects with an investment of Rs.100 Crores and above are eligible for all the incentives available for Large and Medium Scale Industries.

4.2. Further, the Government will also extend tailor-made benefits to suit to particular investment requirements on case to case basis.

**5. Existing Tiny/SSI/Large & Medium Scale Industries other than Mega projects**

5.1. 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

5.2. 50% subsidy on the expenses incurred for patent registration limited to Rs. 5.00 Lakhs.

## **6. Existing Large Industries and Mega projects**

6.1. In order to address the specific problems of existing Large industries, Government may offer special package of fiscal benefits on case to case basis. Exact fiscal benefits would be decided by SIPB from time to time depending on the nature of the project, investment, location, employment etc. An Industrial Promotion fund with adequate provision will be created for the purpose. Guidelines and Modalities for operating the fund will be decided by the SIPB.



**7. Other benefits (to all categories)**

7.1. Land conversion from Agriculture use to industrial use will continue to be automatic on payment-required fee as per the rules in vogue.

7.2. All industrial units continue to be exempted from payment of NALA tax,

7.3. Government will ensure stable prices of Municipal water for 3 years for industrial use.

7.4. Reservation of 10% of water for industrial use from the existing projects as well as future projects will continue.

### **Necessary information relating to the above.**

To promote Andhra Pradesh as attractive and competitive destination for industrial investments, the State Government have offered various incentives/benefits to all eligible new industrial units set up in the State except in the Municipal Corporation limits of Visakhapatnam, Vijayawada and Hyderabad and **commence commercial production on or after 1.4.2005 but before 31-3-2010**. Projects involving substantial Expansion/ Diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the policy. The list of ineligible Industries/ activities as per G.O.Ms.No.9, Industries & Commerce (IP) Department, Dated: 5-1-2001 read with G.O.Ms.No.141, Industries & Commerce (IP) Department, Dated: 3-7-2004 is appended to, as Annexure II, till further modifications of the list.

Necessary amendments/ Orders will be issued by the concerned Departments. Detailed guidelines will be issued by the Commissioner of Industries separately.