

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

Industries & Commerce Department – Incentives for setting up of New Industrial Enterprises in Andhra Pradesh- Industrial Investment Promotion Policy (IIPP) 2010-2015- Orders-Issued.

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**INDUSTRIES AND COMMERCE (IP) DEPARTMENT**

**G.O.Ms.No. 61**

**Dated: 29-06-2010**  
Read the following:-

1. G.O.Ms.No.108, Industries & Commerce (IP) Department, Dated 20-05-96.
2. G.O.Ms.No.241, Industries & Commerce (IP) Department, Dated:15.07.98
3. G.O.Ms.No.9, Industries & Commerce (IP) Department, Dated:05-01-2001
4. G.O.Ms.No.141, Industries & Commerce(IP)Department, Dated:03-07-2004
5. G.O.Ms.No.178, Industries & Commerce(IP)Department, Dated:21-06-2005
6. G.O.Ms.No.161, Industries & Commerce(IP)Department, Dated:22-06-2007
7. G.O.Ms.No.300 Industries & Commerce (Tex) Department,Dated:08-11-2005
8. G.O.Ms.No.267, Industries & Commerce(IP)Department, Dated:06-10-2007
9. G.O.Ms.No.149, Industries & Commerce(IP)Department, Dated:20-06-2008
10. G.O.Ms.No.105, Industries & Commerce(IP)Department, Dated:23-04-2008
11. G.O.Ms.No.274, Industries & Commerce(IP)Department, Dated:16-10-2008
12. G.O.Ms.No.333, Industries & Commerce (IP)Department,Dated:20-12-2008
13. G.O.Ms.No.50, Industries & Commerce(IP)Department, Dated:11-02-2009
14. G.O.Ms.No.32, Industries & Commerce(IP)Department, Dated:13-04-2010
15. From the Commissioner of Industries Single File.No.30/1/2010/0959, dated.23.06.2010.

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**ORDER:**

Government is extending various Incentives for encouraging establishment of new industrial Enterprises in the State since 1961. In the reference 5<sup>th</sup> read above, Government have issued certain incentives to Tiny, SSI, Medium, Large & Mega industries under Industrial Investment Promotion Policy 2005- 2010, which was concluded by 31.03.2010. In respect of Mega projects which are under pipeline status, the date of commencement of commercial production was extended upto 31-03-2012 vide Government Order 13<sup>th</sup> read above. In the Government Order 14<sup>th</sup> read above, Government have accorded extension of the Industrial Investment Promotion Policy 2005-10 including policy for promotion of Scheduled Caste/Scheduled Tribe entrepreneurs, Service Sector for Scheduled Caste /Scheduled Tribe entrepreneurs and Pavalavaddi Scheme etc., for a further period of three months i.e., upto 30.06.2010 or till new Industrial Policy 2010-2015 comes into force whichever is earlier.

2. In order to bring out an attractive industrial policy by the Government for the next five years period, official teams from Industries Department were deputed to industrially developed States like Gujarat, Tamil Nadu and Maharashtra to study the policies and to identify the best practices. Extensive consultations were also held with Industrial Associations i.e., CII, FICCI, FAPSIA, FAPCCI, ALEAP, COWE, AP Spinning Mills Association, ASSOCHAM, etc to elicit their views in formulation of the New Industrial Policy.

P.T.O.

3. Series of meeting were conducted with number of industrial associations, line departments, Head of Departments concerned and finalised the draft Industrial Investment Promotion Policy 2010-15. A detailed study was made on the Draft Industrial Investment Promotion Policy 2010-15, covering the incentives being offered under the existing policy in comparison with industrial policies of other industrially developed states like Gujarat, Maharashtra, Tamilnadu etc. and the incentives proposed to be included in the new industrial policy. After careful examination, the Government approved the New Industrial Policy “Industrial Investment Promotion Policy (IIPP) 2010-2015” giving major emphasis for Creation of Quality Infrastructure, promotion of Manufacturing Investment Zones and Industrial Corridors, special focus on MSMEs, growth enabling incentives to create a level playing field, to tap the potential of ever expanding service sector related to industrial activity, fostering industrial clusters, promotion of anchor industries for creation of ancillary base, Capacity building and skill upgradation, inclusive development to build competency in Women and Scheduled Caste & Scheduled Tribe Entrepreneurs, Quality Competitiveness, Export Promotion, promotion of cleaner technology, leveraging existing strengths for value addition, special focus on thrust sectors, revitalization of MSMEs. The detailed policy document is appended at Annexure-I.

4. Under the new “Industrial Investment Promotion Policy (IIPP) 2010-2015”, the Government approved the following fiscal benefits covering the categories of (a) Micro/Small Enterprises (b) Medium Enterprises & Large Industries (c) Scheduled Caste & Scheduled Tribe Entrepreneurs (d) Women Entrepreneurs and (e) Mega Projects.

#### **4.1.0 Micro and Small Enterprises (MSE's)**

**Small Enterprise** means a Unit having the investment on plant and machinery up to limit as defined by the Government of India from time to time.

**Micro Enterprise** means a Unit in which Investment on plant and machinery up to limit as defined by the Government of India from time to time.

- 4.1.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 4.1.2 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations.
- 4.1.3 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/ Industrial Parks.
- 4.1.4 25% Land conversion charges for industrial use limited to Rs.10.0 lakhs.
- 4.1.5 Fixed power cost reimbursement @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff, the reimbursement will be reduced proportionately.
- 4.1.6 15% investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.
- 4.1.7 Reimbursement of 100% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Micro Enterprises**.

- 4.1.8 Reimbursement of 50% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Small Enterprises**.
- 4.1.9 Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by **New Micro and Small Enterprises 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.
- 4.1.10 Seed capital assistance to First Generation Entrepreneurs to set-up **Micro Enterprises @10%** of the Machinery cost, which will be deducted from the eligible investment subsidy.
- 4.1.11 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
- 4.1.12 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs for **MSE's**.
- 4.1.13 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs
- 4.1.14 To extend investment subsidy to the **identified service activities** related to industries setup in all Municipal Corporation limits in the state as per the list appended as **Annexure - II**.

#### **4.2.0 Medium Enterprises & Large Industries**

**Medium Enterprise** means an industry in which Investment on plant and machinery up to limit as defined by the Government of India from time to time.

**Large Industry** means an industry in which the investment on plant and machinery is less than Rs 250 crores except Micro, Small and Medium Enterprises.

- 4.2.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 4.2.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations.
- 4.2.3 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/Industrial Parks.
- 4.2.4 25% Land conversion charges for industrial use limited to Rs.10.0 lakhs only for **Medium Enterprises**.
- 4.2.5 Fixed power cost reimbursement @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff, the reimbursement will be reduced proportionately.
- 4.2.6 Reimbursement of 25% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production.
- 4.2.7 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.

- 4.2.8 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs only for **Medium Enterprises**.
- 4.2.9 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 4.2.10 Infrastructure like roads, power and water will be provided at door step of the industry for standalone 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.

#### **4.3.0 Scheduled Castes / Scheduled Tribe Entrepreneurs**

SC/ST Entrepreneurs mean those units established as sole Proprietor or invariably having 100% share in Partnership/Private Limited Companies vide Government Order 10<sup>th</sup> read above. Scheduled Caste and Scheduled Tribe entrepreneurs can also set up industries covered in the Annexure-III to avail incentives in this policy.

- 4.3.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 4.3.2 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations.
- 4.3.3 33 1/3% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/Industrial Parks.
- 4.3.4 25% Land conversion charges for the industrial use limited to Rs.10.0 lakhs.
- 4.3.5 Fixed power cost reimbursement @ Rs.1.00 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff, the reimbursement will be reduced proportionately.
- 4.3.6 Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @10% of the Machinery cost, which will be deducted from the eligible investment subsidy.
- 4.3.7 35% investment subsidy on fixed capital Investment for Micro and Small Enterprises by SC and ST Entrepreneurs and additional 5% investment subsidy for SC Women and ST Women Entrepreneurs, with a maximum limit per unit is Rs.50.00 Lakhs (i.e. 35% for SC and ST Entrepreneurs and 40% 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 Rs.50.00 Lakhs.
- 4.3.8 Reimbursement of 100% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Micro Enterprises**.
- 4.3.9 Reimbursement of 50% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Small Enterprises**.

- 4.3.10 Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by **Micro and Small Enterprises 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.
- 4.3.11 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
- 4.3.12 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs for **Micro and Small Enterprises.**
- 4.3.13 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 4.3.14 For Micro and Small Enterprises set up by Scheduled Caste and Scheduled Tribe entrepreneurs, Infrastructure like roads, power and water will be provided at doorstep 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/IDAs 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. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas.
- 4.3.15 The line of activity of Proclainer is considered as eligible exclusively in case of Scheduled Caste and Scheduled Tribe entrepreneurs and incentive shall be extended under service activity.
- 4.3.16 Joint venture industries of Scheduled Caste or Scheduled Tribe entrepreneurs should be owned 100% by Scheduled Caste/Scheduled Tribe entrepreneurs or a combination of Scheduled Caste and Scheduled Tribe promoters. In case of combined ownership the incentives will be determined basing on majority holding by Scheduled Caste or Scheduled Tribe promoters. Such majority Scheduled Caste/Scheduled Tribe share holding should continue for at least six (6) years from the date of production, failing which the special incentives allowed to Scheduled Caste/Scheduled Tribe entrepreneurs will be recovered.

#### **4.4 Women Entrepreneurs**

Women entrepreneurs mean those units established as sole Proprietress or invariably having 100% share in Partnership/Private Limited Companies vide Government Order 11<sup>th</sup> read above.

- 4.4.1 Additional 5% investment subsidy on fixed capital investment subject to a maximum of Rs.5.00 lakhs to **MSE's.**
- 4.4.2 All other benefits as per para No.4.1.0 (Micro & Small Enterprises under IIPP 2010-15).

#### **4.5.0 Mega Projects**

Mega Project means the Industrial unit, which sets up with a capital investment of Rs.250 Crores and above or a project that creates employment to more than 2000 persons.

4.5.1 Mega projects i.e. projects with an investment of Rs.250 Crores and above or a project that creates employment to more than 2000 persons are eligible for all the incentives available for Large Industries and Medium Scale Enterprises.

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

#### **4.6.0 Existing Micro/Small/Medium Enterprises Industries**

50% subsidy on the expenses incurred for quality certification limited to Rs. 2.00 Lakh.

#### **4.7.0 Infrastructure support:**

4.7.1 To provide Rs.100.00 crores of budget every year for promotion of quality infrastructure like roads, power, water, waste management etc. under Industrial Infrastructure Development Fund (IIDF) Scheme.

4.7.2 Promotion of National Manufacturing Investment Zone (NMIZ) along National Highways to capitalize the strengths in line with Government of India initiatives for value addition within the State.

4.7.3 Promotion of Industrial Corridors to leverage the existing strengths for optimum utilization of resources

4.7.4 Reservation of 30-40% of the land for MSMEs in the upcoming industrial estates developed by Andhra Pradesh Industrial Infrastructure Corporation (APIIC).

4.7.5 APIIC shall allocate 16.2% of number of plots to Scheduled Caste Entrepreneurs and 6% of number of plots to Scheduled Tribe Entrepreneurs in new Industrial Estate and preferential allotment to SC/ST entrepreneurs in Existing Industrial Estates

4.7.6 Andhra Pradesh Industrial Infrastructure Corporation (APIIC) shall allocate 10% of number of plots to Women Entrepreneurs in the new Industrial Estates.

#### **4.8.0 Other benefits (to all categories)**

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

#### **4.9.0 Facilitation of Industries**

4.9.1 Strengthening of existing Single Window System

#### 4.9.2 Creation of “Investment Promotion Cell”

A Cell would be created in the Commissionerate of Industries to facilitate the investors in effective manner with adequate infrastructure and outsourcing the support services to facilitate investors by providing pre-investment services and also to facilitate them to get requisite clearances under the Single Window Clearance System till the project is commissioned.

#### 4.10.0 Textile Sector

Government felt that there is a need for promotion of Textile industry in sustainable manner and also for value addition within the State for optimum utilization of the cotton available in the State.

- a. The eligibility period for Spinning/Weaving/Garmenting units commissioned during IIPP 2005-10 period is extended by another 3 years, making total eligibility period as 8 years (2005-13).
- b. To continue the benefits of existing incentives under Textile and Apparel Policy 2005-10 [G.O.Ms.No.300 Industries & Commerce (Tex) Department, dated.08.11.2005] by another 5 years.

5. To promote Andhra Pradesh as the best investment destination for investors in India, the State Government have offered various incentives/benefits to all eligible new industrial enterprises set up in the State except in the Municipal Corporation limits of Vijayawada, Greater Visakhapatnam Municipal Corporation and Grater Hyderabad Municipal Corporation excluding existing Industrial Estates/Parks, Industrial Estates **notified/ to be notified** and commence commercial production on or after 1.7.2010 but before 31-3-2015. However, the Industrial Enterprises **located in** Sanathnagar, Azamabad, Chandulal Baradari and Kattedan Industrial Estates of Hyderabad and Rangareddy Districts are not eligible for any incentives/concessions. However, the service activities set up in all Municipal Corporation limits as appended in Annexure–II are eligible only for investment subsidy and all other service / Business activities are not eligible for any incentives set up anywhere in the State. 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 is appended to, as Annexure III.

6. Scheduled Caste and Scheduled Tribe entrepreneurs can set up projects covered in the line of activities in Annexure – III and Annexure – IV to avail the incentives under the Industrial Investment Promotion Policy (IIPP) 2010-2015 in the State, however projects proposed to be set up in the Municipal Corporation limits of Vijayawada, Greater Visakhapatnam Municipal Corporation and Grater Hyderabad Municipal Corporation shall obtain pollution clearances wherever necessary. Service Sector projects set up by the Scheduled Caste/Scheduled Tribe entrepreneurs will be limited to 50% of the Budget provision in order to encourage the remaining 50% for the manufacturing sector.

7. The activities indicated in the Annexure-II, Annexure-III and Annexure-IV will be reviewed from time to time for any revisions required.
8. Necessary amendments/ Orders will be issued by the concerned Departments. Detailed operational guidelines will be issued by the Commissioner of Industries separately.
9. This order issues with the concurrence of Finance (Exp.I&C) Department, vide Peshi No.8440 of Principal Finance Secretary (FP) dated.26.6.2010.
10. Copy of this order is available on Internet and can be accessed at address <http://goir.ap.gov.in>.

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

**B. SAM BOB  
PRINCIPAL SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad.  
The Vice Chairman & Managing Director, Andhra Pradesh Industrial  
Infrastructure Corporation, Hyderabad.  
The Managing Director, Andhra Pradesh State Finance Corporation, Hyderabad.

Copy to:

The Principal Secretary to Government, Social Welfare Department.  
The Principal Secretary to Government, Tribal Welfare Department  
The Revenue (CT/LA) Department.  
The Irrigation & CAD (Reforms) Department.  
The Energy Department.  
The LET & F (Employment) Department.  
The Law Department.  
The Finance (Expr.Inds & Com.) Department  
The Accountant General, Andhra Pradesh, Hyderabad  
The Convener, State Level Banker's Committee.  
The General Manager, Small Industry Development Bank of India, (SIDBI), Hyderabad.  
The Pay and Accounts Officer, Hyderabad.  
All District Collectors through Commissioner of Industries, Hyderabad.  
All Heads of Departments through Commissioner of Industries, Hyderabad.  
All Departments of Secretariat.  
All Govt. Companies/Corporations through Commissioner of Industries, Hyderabad.  
The P.S. to Spl. Secretary to Chief Minister.  
The P.S. to Chief Secretary to Government  
All Private Secretaries to the Ministers.  
All General Managers, District Industries Centre in the State through Commissioner of  
Industries, Hyderabad.  
All Sections in the Department.  
S F/Sc .

//Forwarded :: By order//

**SECTION OFFICER**



## ANNEXURE-I

**(G.O.Ms.No. Industries & Commerce (IP) Department, dated.29.6.2010)**

### **1.0 INTRODUCTION:**

- 1.1 Andhra Pradesh is strategically located on the south-eastern coast of India and is considered as gateway to East & South East Asia. It is fourth largest state in the country spread over an area of 2,76,754 sq. kms and fifth largest by population. The State capital is Hyderabad. Andhra Pradesh, situated south of the Vindhyas, is surrounded by Madhya Pradesh, Orissa, the Bay of Bengal in the east and Tamil Nadu and Karnataka in the south and by Maharashtra in the west.
- 1.2 **Andhra Pradesh State** Powered by its robust economic growth over the decade and more particularly its spectacular growth of Nine percent and more in the last four years – Andhra Pradesh acquired national prominence and international recognition. A State that was considered an agrarian state, a few decades back, has transformed and emerged into a veritable hub of knowledge and a vibrant and fast growing industrial powerhouse. Andhra Pradesh is the third largest economy in the country. It is among the top three States in attracting investments from domestic and foreign investors. The contribution of industrial sector to the State GDP, last year at 25.1 percent, was higher than that of agriculture. Industry has grown at an average annual rate of 8.6 percent in the past five years, recording a double-digit growth in 2007-08.
- 1.3 The State considers industrial growth as a means to mitigate poverty and unemployment. Industrial development promotes higher capital formation; raises wage incomes to higher levels; and absorbs surplus workforce, bottled up in rural areas, to industry. To realize these benefits and hasten up the socio-economic changes, industrial development is accorded top priority by the State government. The Andhra Pradesh “Industries Investment Promotion Policy, 2010-15 (IIPP 2010-15) is aimed at “advancing the cause of inclusivity, distributive justice, and creating employment opportunities across different skill sets”.

### **EXCELLENT ENDOWMENT OF RESOURCES:**

- 1.4 Andhra Pradesh has bountiful natural resources (coal, limestone, bauxite, and a number of minor minerals), fertile land, water, fertile river basins and extensive canal system, and conducive agro-climatic conditions. The State is agriculturally prosperous. It is known as the “Rice Bowl of India”. The State also has the second longest coastline (972 km) among all the States in India and it is also the largest producer of marine products with 40% share in country’s exports.
- 1.5 Andhra Pradesh is well connected with the rest of the world through its seaports on the eastern coast and its international airport, which is ranked as the fifth best airport in the world. A well-established road and railway network link it to the rest of India. Vast Natural Gas reserves found in Krishna–Godavari basin, which is one of the largest Gas discoveries in India in the Eastern Region has opened up immense possibilities for environment-friendly industrial development with greater efficiency and cost effectiveness in Andhra Pradesh. The Natural Gas find of 62 million standard

cubic metres per day has already been exploited, while further exploration is in full swing The State has abundant water resources from its river system and Reservoirs.

- 1.6 *Andhra Pradesh holds the first rank in area and production of Rice, Citrus, Chilly, Oil Palm, Prawn, Egg, Broiler, Meat. It is second in Fish, Mango, Tomato & Coriander, third in cotton, cashew; fourth in flowers and fifth in grapes, banana, ginger, and guava. There is large potential for production of variety of processed products.*
- 1.7 The State is a home to more than 50 prestigious central and state Research & Development laboratories. With the presence of renowned research institutions like Centre for Cellular and Molecular Biology, Centre for DNA Fingerprinting and Diagnostics, Indian Institute of Chemical Technology, National Institute for Nutrition, International Crops Research Institute for the Semi-Arid-Tropics (ICRISAT), National Geophysical Research Institute (NGRI). These facilities offer immense opportunities to Pharmaceuticals, Biotechnology, and fine chemicals sectors in the State.

#### **AN ATTRACTIVE INVESTMENT DESTINATION:**

- 1.8 Andhra Pradesh is today a competitive and attractive investment destination for foreign and domestic investments. Goldman Sachs remarked, “Andhra Pradesh, the most attractive state we visited, has adopted an innovative approach to attract foreign investments and benefits from a stable, strong and reformist government”.
- 1.9 Hyderabad enjoys a pride of place in the World Bank survey. Its report “Doing Business in India – 2009” has ranked Hyderabad as the 2nd best Metro city in India. CII in its survey has rated Andhra Pradesh as the best performing State in the manufacturing sector among the four Southern States.
- 1.10 With the robust growth of the Economy and the Industry in the State and the attendant strengths of a dynamic industrial economy, Andhra Pradesh is the attractive destination for investments and offers a right choice for any business endeavor. Its strength lies in its fully diversified industrial base. The State has strong and growing presence in a) knowledge-based and high-technology sectors such as information technology, biotechnology and pharmaceuticals, aviation and space technology, b) resource-based industries such as mining, cement, steel, textiles, agro-industry and food processing, and c) labour-intensive industry such as garments, leather products.
- 1.11 There is a resurgence of engineering industry in Andhra Pradesh: machine tools, foundry, forge, electrical machinery, precision machining and engineering, and transport equipment.
- 1.12 The presence of Defense Research and Development Laboratories has laid the foundation for the development of precision machine tools, special purpose machines and has led to development of host of small and medium Industries catering to the needs of Atomic Energy, Defense, and Space, etc. Andhra Pradesh earned the distinction that many of the components and sub-assemblies used in PSLV Chandrayan, atomic submarine are made in Andhra Pradesh. The State is thus well known for its Engineering Industry and earned a pride of place in the industrial map of India.

- 1.13 Andhra Pradesh is the leader in Cement Production with an installed capacity of 32.89 Million TPA, with large deposits of the limestone and coal in the State. The Cement production in the next 3-4 years is going to be doubled, as many more Cement Plants are coming up in the State.
- 1.14 The State stands at the apex in the country in paper production, with an existing capacity of 5.50 lakh TPA. Another 5.0 lakh tons are going to be added in the next 3 years.
- 1.15 The State is an important producer of steel, with another Rs.40,000 crores of investment under active implementation. This will increase the steel production by another 10 million tonnes. Wide variety of building materials, like Granites, Slate, Marbles are found in the State.
- 1.16 Hyderabad, which accounts for one-third of India's total bulk drug production, is the bulk drug capital of the country. A large number of bulk drug units are located in and around Hyderabad with good infrastructure and trained manpower.
- 1.17 Textiles is yet another area, which is growing rapidly in the State. The state of Andhra Pradesh has well developed spinning and processing sector in the textile industry. In fact, the state is the 3<sup>rd</sup> leading producer of cotton in the country. Major investments are taking place in this sector and soon AP will emerge as the textile hub of the country.
- 1.18 Andhra Pradesh is the second largest in the power generation in the country. It has the lowest energy deficit in the country with a deficit of 2 percent when compared to the national average of 9.3 percent. It has an installed capacity of 13,300 MW and additional 15,000 MW is going to be added with an investment of Rs.64,000 crores in the next 5 years.
- 1.19 Andhra Pradesh offers power at the lowest cost compared to any of the industrially developed states. Vast natural gas reserves of Krishna-Godavari basin have opened up immense possibilities for environment-friendly industrial and economic development of the state.

#### **PERFORMANCE UNDER INDUSTRIAL INVESTMENT PROMOTION POLICY (IIPP) 2005-10**

- 1.20 The strides made under IIPP 2005-10 during the past five years have been truly outstanding and the state had implemented an investment of Rs.40,120 Crores providing employment to 4,57,900 people. Of which, Rs. 29, 152 crores pertains to Large Scale Sector and the remaining Rs. 10,968 Crores pertains to MSME's sector.
- 1.21 The policy for the next five years (2010-2015), will consolidate the achievements of the past five years and pipe line investments thereby further expanding the opportunities for development.

## **2.0 VISION**

**“To build a strong and vibrant industrial economy that spins off large capital formation in the State and advances the inclusive development of all sections of people and all sectors of the industry, and that creates increasing employment opportunities, and raises wage incomes to higher levels through skill up-gradation so as to improve the quality of life of citizens in the State.”**

### **2.1.0 OBJECTIVES**

- 2.1.1 To promote Andhra Pradesh as “THE BEST” investment destination
- 2.1.2 To increase manufacturing growth rate from 12% to 17%
- 2.1.3 To Create additional employment of 5 Lakh persons per year – 2 lakh directly and 3 Lakh indirectly
- 2.1.4 To achieve Rs. 15,000 Crores of investment per year in the manufacturing sector
- 2.1.5 Special focus on Micro, Small and Medium Enterprises with emphasis on Food Processing
- 2.1.6 Inclusive development by facilitating enterprise creation and their growth by building up their industrial competence in socially disadvantaged groups.
- 2.1.7 To enhance the knowledge, skills of human resources for better productivity and global competitiveness.
- 2.1.8 To create enabling environment for ensuring maximum value addition to the abundantly available resources.
- 2.1.9 To build conducive ecosystem for sustained growth of industry

### **2.2.0 STRATEGIES**

- 2.2.1 Creation of quality infrastructure in the Industrial Clusters, Industrial Estates, SEZs.
- 2.2.2 Promotion of National Manufacturing Investment Zones (NMIZ) and Industrial Corridors to capitalize the locally available resources and strengths like availability of Natural Gas and Ports, Road network, Rail linkages for accelerating growth of manufacturing industries.
- 2.2.3 Leveraging the existing strengths of potential sectors such as Pharma, Textile, Cement, Paper, Steel, granite etc and Natural resources such as Agricultural, Horticultural, Mineral deposits, Marine, Natural Gas etc.
- 2.2.4 Dovetailing the GOI schemes for optimum utilization.
- 2.2.5 Skill Development Programmes to enhance the skill sets and to cater to the needs of industry.
- 2.2.6 Provide technical consulting services, technical know-how and technology transfer.
- 2.2.7 Provide platforms for access to markets through interaction between enterprises and global markets.
- 2.2.8 Creation of Investment Promotion Cell to provide pre-investment services and also handholding services.
- 2.2.9 Strengthening and revitalization of District Industries Centers to provide effective services.
- 2.2.10 Encouraging anchor industries.
- 2.2.11 Emphasis on revitalization of MSME sector.
- 2.2.12 Incentivizing investments in manufacturing sector including the service activities related to industries.
- 2.2.13 Conduct road shows, trade fairs to showcase State’s strengths

### **3.0 Applicability of the Policy**

- 3.1 In order to achieve the objectives envisaged, various incentives/benefits are offered to all eligible enterprises set up in the State except in the Municipal Corporation limits of Vijayawada, Greater Visakhapatnam Municipal Corporation and Greater Hyderabad Municipal Corporation excluding existing Industrial Estates/Parks, Industrial Estates notified, and to be notified. The industries / enterprises must commence commercial production or after 01.07.2010 but on or before 31.03.2015. However, the Industrial Estates existing in erstwhile Municipal Corporation limits of Hyderabad and Kattedan Industrial Estate in Rangareddy District are not eligible for any incentives.
- 3.2 The eligible service activities set up in all Municipal Corporation limits as appended in Annexure-II are eligible only for investment subsidy and all other service / Business activities are not eligible for any incentives set up anywhere in the State.
- 3.3 Projects involving substantial Expansion / Diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the policy.
- 3.4 The list of ineligible Industries/ activities as Annexure III.
- 3.5 Operational guidelines of the policy will be notified separately.
- 3.6 Under the IIPP 2010-15, the Government proposes the following fiscal benefits to eligible Manufacturing and Service enterprises covering the categories of (a) MSME's (b) Large Enterprises (c) SC/ST Entrepreneurs (d) Women Entrepreneurs (e) Mega Projects (f) Sector specific incentives

### **4.0 POLICY INTERVENTIONS**

#### **4.1.0 Infrastructure Initiatives**

##### **A. Land**

- 4.1.1 Government will create land banks for industrial parks. Industrial Parks will be developed across the State over the next 5 years. The land banks will also meet the land requirements of anchor industries which have huge employment potential. Efforts will be made to identify waste/barren/dry lands in different parts of the State.
- 4.1.2 Development of quality infrastructure for industrial growth has been given highest priority in the Policy. In line with this objective, Government of Andhra Pradesh would provide Rs.100.00 crores in State budget every year for promotion of industrial estates in the state with quality infrastructure like roads, power, water, waste management etc., and also to provide external infrastructure to Special Economic Zones (SEZ's).
- 4.1.3 Infrastructure Authority (IA) has been constituted for the rapid development of physical and social infrastructure in the State through private participation in the Designing, Financing, construction, operation and maintenance of infrastructure projects.
- 4.1.4 Provide Infrastructure assistance to standalone units set up in remote locations under Industrial Infrastructure Development Fund (IIDF) @ 50% on the infrastructure cost limited to Rs.1.00 Crores.

- 4.1.5 Upgradation and maintenance of infrastructure in the existing industrial estates /parks on priority basis.
- 4.1.6 100% reimbursement of stamp duty and transfer duty paid by the industry on purchase of land, lease of land/shed/buildings, mortgages and hypothecations meant for industrial use.
- 4.1.7 Reimbursement of 25% land cost limited to 10.00 lakhs to the units in Industrial Estates/Industrial Parks developed by APIIC.
- 4.1.8 25% reimbursement of land conversion charges limited to Rs.10 Lakhs for MSME's
- 4.1.9 Reservation of 30-40% of the land for Micro and Small enterprises in the existing and upcoming industrial estates / parks developed by APIIC.
- 4.1.10 Promotion of Ancillary Industries - Andhra Pradesh Industrial Infrastructure Corporation (APIIC) will create adequate infrastructure facilities near the Anchor Industries like NTPC – BHEL Joint Venture for manufacturing Power Plant Equipment and other Major industries for promotion of cluster of ancillary industries.
- 4.1.11 Promotion of Gas based Industries** – Vast natural gas reserves found in Krishna–Godavari basin with 62 million standard cubic metres per day already being exploited, which is one of the largest Gas discoveries in India in the Eastern Region has opened up immense possibilities for environment-friendly industrial development with greater efficiency and cost effectiveness in Andhra Pradesh.
- 4.1.12 In order to take maximum advantage of the Natural Gas potential in the KG basin, Government of Andhra Pradesh is involved in the Exploration and Production in the KG Basin through 'A.P. Gas Infrastructure Corporation Limited (APGIC)' with the participation of the APIIC and APGENCO.
- 4.1.13 APGIC, as a part of consortium has participated in New exploration and Licencing Policy (NELP) – VIII round bidding for all 5 – blocks (1- Deep Water Block , 4- Shallow Water Blocks ) in KG basin and won 4- blocks (1- Deep Water Block , 3- Shallow Water Blocks).
- 4.1.14 **Gas Transmission Grid** - East-west Pipeline Kakinada-Maharashtra-Gujarat has already been laid and it is in operation. Further 3 more pipelines are awarded to different agencies for laying pipeline in the State, which include :
- i. Kakinada-Haldia
  - ii. Kakinada-Chennai
  - iii. Central India Pipeline : Kakinada-Madhyapradesh (via Bhilwara)

Thus the entire State of Andhra Pradesh can be covered with pipeline network and City Gas Distribution (CGD) network.

4.1.15 **Pipe Line Network and CGD** : Keeping above gas Transmission Grid in view, APGIC has already taken action fully tab the potential and initiated the following action:

- MECON has been selected has a Technical Consultant to study and prepare feasibility report for laying extensive “Pipeline Network” within the State
- 18 Geographical Areas (GAs) have been identified for City Gas Distribution (CGD) for transport, domestic, commercial and Industrial use. Proposals for 7 geographic areas are submitted to Petroleum and Natural Gas Regulatory Board (PNGRB) and 11 more are under preparation. The major districts covered in the first 7 geographic areas include :
  - Visakhapatnam, Vizianagaram, Srikakulam, Krishna, East Godavari, West Godavari, Khammam, Warangal, Karimnagar, Ranga Reddy and Medak District and the remaining districts will also be covered under the proposed 11 GAs.

4.1.16 APGIC is also a partner in Bhagyanagar Gas Ltd. (BGL), which has already taken up the City Gas Distribution in 3 major cities of Hyderabad, Vijayawada and Kakinada.

## **B. Power**

4.1.17 The State has emerged as a key player in the country's power sector and has an energy deficit of 2% when compared to the national average of 9.3%.. At national level, the state stands first in the generation of hydroelectric power and is also looking to take the lead in clean technologies such as wind, solar and bio-mass. The state is also looking to utilize the vast natural gas reserves found in Krishna-Godavari basin.

4.1.18 To make available power at most competitive rates, the Policy provides for fixed power cost reimbursement @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production. In case of decrease in Power Tariff, the reimbursement will be reduced proportionately.

4.1.19 Promote merchant power plants through the PPP models to reduce power shortage in the state .

4.1.20 Provide dedicated feeders to units located in industrial estates / parks and industrial areas for uninterrupted power supply.

4.1.21 APTRANSCO will convert feeders having more than 50% of the industrial load as dedicated/express feeders.

4.1.22 Efforts will be made to ensure un- interrupted power supply to the industrial units in coordination with Energy Department.

4.1.23 Associated needs like Solar Power, Wind Power etc. will be taken up by facilitation and interaction with other departments.

4.1.24 Encourage new captive power plats for self-consumption and will examine providing Electricity duty exemption.

## **C. Water**

- 4.1.25 The State is called “a River State” as it is blessed with major River systems like Godavari, Krishna, Pennar, Vamsadhara and 36 others.
- 4.1.26 As of now there is 2746 TMC of dependable availability of water in the State, of which 2092 TMC of water is being utilised.
- 4.1.27 In addition to the above, plenty of ground water resources are also available in the State.
- 4.1.28 Reservation of 10% of water for industrial use from the existing projects as well as future projects would be continued.

## **D. Airports**

- 4.1.29 First green field International Airport of the country at Hyderabad is one more feather in the cap of Andhra Pradesh, which is ranked as the **5<sup>th</sup> best Airport in the World**. Proximity to International Airports at Chennai, Bangalore from several districts of Andhra Pradesh just adds to the overall industrial growth in the state.
- 4.1.30 The other airports in the state are Visakhapatnam Airport, Vijayawada Airport, Rajahmundry Airport and Tirupati Airport. The Government also has plans to construct airports in eight other cities: Guntur, Ongole, Nellore, Warangal, Kadapa, Tadepalligudem, Kurnool and Ramagundam.

## **E. Ports**

- 4.1.31 Andhra Pradesh has one major port at Visakhapatnam. It is one of the country’s largest and busiest ports. It is known as East Coast Gateway of India. It is the only Indian port having three International accreditations -ISO9001, ISO14001, OHSAS18001. The highlights of the port include :
- i. Record cargo throughput of 64.60 MMT during 2007-08
  - ii. Highest annual Railway traffic among major ports - 35.5 MMT in 2007-08.
  - iii. Highest Import of coking coal among major ports - (30%)
- 4.1.32 The state has completed numerous projects under the Public Private Partnership (PPP) and has the credit of being the first state for development of ports in the private sector at Krishnapatnam, Gangavaram, Nizampatnam and Kakinada, rapidly fueling the industrial growth in the state. Details of Krishnapatnam and Gangavaram are as detailed below:
- 4.1.33 Krishnapatnam Port is situated at a distance of 24 km from Nellore in Nellore District, the southernmost coastal district in the state and 200 kilometer north of Chennai. Krishnapatnam Port is connected to the National Highway-5 through a state highway. It has handled 8 million tonne of cargo in its first 8 months of operations. Four deepwater berths are operational at the port now, (for coal, iron ore and general cargo) and 2 breakwaters. It will soon have additional berths, with facilities to handle containers.



4.1.34 Gangavaram Port has been developed as all weather, multipurpose, deepest port in India with a depth up to 21 meters capable of handling Super Cape size vessels of up to 200,000 DWT. Gangavaram Port with its deep draft berths will act as the gateway port to existing and Greenfield projects planned in the hinterland. Its ability to handle larger vessels efficiently will result in substantial savings to trade and port users. It will be able to provide efficient cargo handling services for a variety of bulk cargo groups including Coal, Iron Ore, Fertilizer, Limestone, Food Grains, Steel products, Petrochemicals etc. The Port, its related facilities and material handling system have been planned to meet the highest standards in terms of pollution prevention and safety.

4.1.35 The State also has minor ports at Mutyalampalem, Bhavanapadu, Kalingapatnam, Bhimunipatnam, Narsapur, and Vodarevu.

## **F. Road Network**

4.1.36 The State has an excellent road network which connects the state with rest of the country through National Highway. A total of 1,88,568 km of road are maintained by the State, of which State Highways comprise 10,231 km, National Highways 4,647 km and District Roads 32,222 km.

## **G. Rail Network**

4.1.37 The State has excellent rail connectivity, connecting important growth nodes country

## **H. National Manufacturing Investment Zones**

4.1.38 The state would take advantage of National Manufacturing Investment Zones (NMIZs) initiatives of Government of India and suitably facilitate creation of required infrastructure in PPP mode duly identifying the areas to declare as NMIZ for optimum utilization of available resources and sub-region strengths like road network, rail network, ports etc.

## **I. Industrial Corridors**

4.1.39 State will make efforts on the following lines:

- i. **Government of India Corridors** – Efforts will be made to bring at least two Industrial corridors (1) Visakhapatnam to Chennai (via) Vijayawada (2) Hyderabad (via) Renigunta joining the Chennai to Bangalore Corridor for all-round development of the State.
- ii. **State Corridors** – Promote Industrial Corridors along the National Highways to capitalize the locally available resources and infrastructure facilities.

## **J. Petroleum, Chemicals & Petrochemical Investment Region (PCPIR)**

4.1.40 PCPIR between Visakhapatnam - Kakinada, the largest PCPIR in India is spread over an area of 604 Sq.Kms has been approved by the Government of India and A.P is the first State to sign Memorandum of Understanding (MoU) with Government of India on 1<sup>st</sup> October 2009. Later, the same has been notified by the Government of Andhra

Pradesh. The objective of PCPIR is to create world class infrastructure like widening National Highways and State Highways, rail links, upgradation of airports, seaports, power supply and water supply, which would attract global investments leading to large scale employment generation in the State.

- 4.1.41 The cost of total infrastructure for the project is approved at Rs. 19,031 crores. The role of the Government of India is to ensure availability of external infrastructure linkages including Rail, Road, Ports, Airports. Government of India will provide necessary viability gap funding through PPP to the extent possible for creation of infrastructure. The role of the State Government is to acquire the land necessary for the infrastructure, processing and non-processing areas and to ensure that after notifying the area, all physical infrastructure and utility linkages are provided within a stipulated time.
- 4.1.42 The total investment expected is above 3 lakh crores over a period of 7-10 years and employment projected is 12 lakhs (Direct 5.25 lakhs and Indirect 6.75 lakhs). Till date, the committed investment is about Rs.1,74,654 Crores.

#### **4.2.0 Focus on MSMEs**

- 4.2.1 Recognizing the importance of MSMEs in creating a multiplier impact on the economic growth, through large scale employment generation, exports and supplying mass consumption goods, a special focus is given to aggressively develop the MSME sector in the State. The following initiatives are proposed taking Prime Ministers Task Force Committee recommendations as the guiding principle.

#### **A. Strengthening and Revitalization of District Industries Centres(DICs):**

- 4.2.2 District Industries Centers would be strengthened and revitalized for providing support services, which include:
- i. Preparation of District-wise detailed plans
  - ii. Comprehensive information on policies/schemes
  - iii. Project profiles on viable activities
  - iv. Marketing support
  - v. Organising entrepreneurship and skill development programmes.
  - vi. Credit support
  - vii. Facilitating revival/rehabilitation of sick MSMEs

#### **B. Other Growth Enabling Incentives MSEs :**

- 4.2.3 As a support measure, MSEs will be provided investment subsidy and tax incentives in the initial stages as indicated
- i. 15% investment subsidy limited to Rs.20.00 lakhs to MSE's
  - ii. Reimbursement of 100% VAT/CST or SGST for a period of 5 years to Micro Enterprises
  - iii. Reimbursement of 50% VAT/CST or SGST for a period of 5 years to Small Enterprises

## **C. Credit Support**

4.2.4 The State will extend the following support for credit flow to MSMEs:

- a. Interest rebate reimbursement under Pavalavaddi scheme on Prime Lending Rate on the term loan to an extent of 9% over and above 3% to MSEs for a period of 5 years
- b. Popularize the collateral free loan scheme - CGTMSE actively take measures which will enhance the loan rendering capacity of banks
- c. APSFC will provide loans to MSMEs inline with Commercial Banks under SIDBI -CGTMSE scheme
- d. Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @10% of the Machinery cost and the same be deducted from the eligible investment subsidy.

## **D. Marketing Assistance:**

4.2.5 Government of Andhra Pradesh is formulating a new Marketing Policy to safeguard the interests of local Micro and Small Enterprises. The policy highlights include:

- i. Tender Forms will be made available free of cost.
- ii. Exemption from payment of Earnest Money Deposit (EMD) and Security Deposit (SD).
- iii. Bill discounting facility will be made available on Government orders.
- iv. 10% price preference i.e. where the bid of Micro and Small Enterprises are within 10% of L1, the local Micro and Small Enterprises will be given an offer of reasonable part of the order at L1.
- v. Reimbursement of cost incurred for quality certification/ patent registration @ 50% limited to Rs.2.00 lakhs for MSMEs.
- vi. Provide platforms for interaction between Enterprises in Andhra Pradesh and potential domestic and global markets through Trade Fairs, Road shows.
- vii. Encourage the SMEs to participate in national and overseas business fairs & exhibitions, and international delegations.
- viii. Consider to create A Facilitation Council – a quasi-judicial body to redress the problems being faced by the local MSEs in marketing their quality products
- ix. Setting-up a permanent Exhibition-cum-convention Centre exclusively display of MSME products

## **E. Technology Up-gradation, Research & Development**

4.2.6 Enhancing productivity through technological up-gradation is one of the key drivers of high economic growth. With globalization and increased competition, the survival of Industries using outdated technologies is challenged. Therefore, to survive, grow and win, there is a pressing need for SME's to infuse technological innovations in their production processes, marketing and management functions. The initiatives include:

- i. Create Technology Facilitation Cell in the Commissionerate of Industries with the help of APTDC, TIFAC, CII, CSIR and local chamber of commerce to help MSMEs.

- ii. Continue to provide necessary budget for the Technology Development Fund.
- iii. APTDC and ISB are entrusted to study Food Processing, Engineering, Electronics, Precision Instrumentation, Bulk drugs / Pharmaceuticals sectors to identify the technological gaps and to prepare an action plan.

#### **F. Revitalization of Sick Industries:**

- 4.2.7 The Sick Industries Revival and Rehabilitation Scheme of Andhra Pradesh has been widely acknowledged and appreciated all over India.
- 4.2.8 Government of India is in process of finalization of a Scheme for Rehabilitation of Sick Micro, Small and Medium Enterprises by setting up a Rehabilitation Fund. Accordingly, the State would suitably modify its Scheme, taking advantage of the Sick units Revival and Rehabilitation scheme of Government of India.

#### **G. Other Incentives to Medium and Large Industries:**

- 4.2.9 Reimbursement of 25% VAT/CST or SGST paid for a period of 5 years to Medium Enterprises and Large Industries
- 4.3.0 **Capacity Building/Skill development programme:**
  - 4.3.1 The abundant availability of technical /skilled manpower, due to a large number of engineering colleges, polytechnics and ITI Educational Institutions producing 6,00,000 technical people per annum – highest in the country is a great asset of the State.
  - 4.3.2 State has already initiated number of measures to make them ‘Job Ready’ viz. Jawahar Knowledge Centre (JKC), which provides interaction between Academic Institutions and Industry. Opportunity will be further provided to the industry to adopt more number of Technical Institutions to build an Industry ready knowledge based skilled workforce.
  - 4.3.3 Public Private Partnership will be encouraged for imparting training.
  - 4.3.4 Existing training assets in ITI’s, Polytechnics will be utilized for organizing more number of training programmes.
  - 4.3.5 The Confederation of Indian Industry (CII) prepared a plan on “**Mapping of Human Resources and Skills in Andhra Pradesh 2015**”, indicating the available man power, skill gaps and training needs.
  - 4.3.6 In addition to the above, State has also launched a skill development programme under the banner of “Rajiv Udyog Sri”, wherein large number of Departments namely Rural Development, Labour, Employment & Training, Technical Education, Youth Services, Municipal Administration are imparting training to enhance the employability of literate and semi literate workforce.
  - 4.3.7 50% Reimbursement of cost incurred in skill up-gradation and training the local manpower limited to Rs.2,000/- per person as one time grant.
  - 4.3.8 Efforts are to be made to bring in better coordination between various organizations for skill development.

#### **4.4.0 Industrial Clusters**

- 4.4.1 Cluster based approach is increasingly being recognized as sustainable, cost-effective and an inclusive strategy to ensure competitiveness and improvement of Micro, Small and Medium Enterprises (MSMEs). Considering the importance, the Government gives special emphasis on cluster development approach in the new Policy, which will enable the MSMEs to build their capacities in the clusters and gain from emerging global opportunities.
- 4.4.2 Accordingly, Cluster Advisory Committee (CAC) will be constituted with Industrial Associations, NI-MSME, MSME-Development Institute (MSME-DI) etc as members for promotion of clusters by tapping the funds under various cluster development schemes of Government of India.

#### **4.5.0 Service Sector**

- 4.5.1 The MSMED Act 2006 of Government of India changed the nomenclature of Industry as Enterprise. To capture the ever expanding potential of Service, it is proposed to encourage service enterprises related to industrial activities in all Municipal Corporations. The policy provides for investment subsidy to the eligible service activities related to industries as appended in **Annexure-II**.

#### **4.6.0 Inclusive Development:**

- 4.6.1 Facilitating social equality and outreach to traditionally disadvantaged social groups including women to start economic activity in industrial/service sectors.

#### **A. Women**

- 4.6.2 Currently only five percentage of enterprises are managed by women. There is a need to improve the contribution of women entrepreneurs in starting enterprises in the next five years. Enterprises started by woman entrepreneurs as a sole proprietary concern/partnership/private limited companies or cooperatives which have 100% women participation in the enterprise will be eligible for the benefits under the policy. To facilitate creation of women enterprises in the State, the proposed initiatives include:

- i. 5% additional investment subsidy limited to Rs.5.00 lakhs (totaling to 20%)
- ii. Another 5% additional subsidy for SC/ST Women (totaling to 40%)
- iii. All other benefits as per the IIPP 2010-15
- iv. Reservation of 10% of land in the Industrial Estates/Parks developed by APIIC.
- v. Encourage Exclusive industrial estates for Women Entrepreneurs.
- vi. Organise special Entrepreneurship Development Programmes (EDPs) / Skill Development programmes exclusively for Women.
- vii. Constitution of Special awards to Women Entrepreneurs

#### **B. SC/ST Entrepreneurs**

- 4.6.3 Andhra Pradesh is the first State in the country to have an exclusive policy for SC/ST Entrepreneurs for inclusive development of the State, which has been acknowledged as a path breaking initiative and resulted in enterprises creation and industrial capacity

building in them. To take forward this initiative, the incentives offered in IIPP 2005-10 would be continued in the Industrial Investment Promotion Policy (IIPP) 2010-15.

4.6.4 SC/ST entrepreneur means those units established as sole proprietor or invariably having 100% share in Partnership/Private Limited companies. SC/ST entrepreneurs setting up industries in the ineligible list are also eligible for incentives.

- i. 100% reimbursement of Stamp Duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- ii. 100% reimbursement of stamp duty for Lease of Land/Shed/Building and also mortgages and hypothecations.
- iii. Reimbursement of 25% Land Conversion charges for the industrial use limited to Rs.10.00 lakhs.
- iv. Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises 10% of the Machinery cost, which will be deducted from the eligible investment subsidy
- v. Interest subsidy under Pavalavaddi Scheme on the term loan on the fixed capital investment by New Micro and Small Enterprise in excess of 3% per annum subject to a maximum reimbursement of 9% annum for a period of 5 years.
- vi. APIIC shall allocate 16.2% of number of plots to Scheduled Caste Entrepreneurs and 6% of number of plots to Scheduled Tribe Entrepreneurs in new Industrial Estate and preferential allotment to SC/ST entrepreneurs in Existing Industrial Estates.
- vii. 35% subsidy on fixed capital investment, Additional 5% subsidy for SC/ST Women and additional 5% Investment Subsidy for the units set up in the scheduled areas by ST entrepreneurs. Maximum limit per unit is Rs. 50.00 lakhs.
- viii. 33 1/3 % rebate on land cost in IEs/IDAs limited to Rs. 10.00 Lakhs.
- ix. Power cost will be reimbursed @ Rs.1.00 per unit for 5 years as per guidelines.
- x. 100% reimbursement VAT/CST or SGST paid for a period of 5 years from date of commencement of production for Micro Enterprises.
- xi. 50% reimbursement VAT/CST or SGST paid for a period of 5 years from date of commencement of production for Small Enterprises.
- xii. 25% reimbursement VAT/CST or SGST paid for a period of 5 years from date of commencement of production for Medium and Large Industries.
- xiii. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas.
- xiv. 8% subsidy on capital equipment for technology upgradation limited to Rs.50.00 lakhs (for MSE s).
- xv. Reimbursement of 50% subsidy on the expensed incurred for quality certification / patent registration limited to Rs.2.00 Lakhs for MSEs.

#### **4.7.0 Mega Projects**

4.7.1 Large Industries with high capital investment and economies of scale will have multiplier effect by creation of ancillaries and SMEs and also for large scale employment generation.

4.7.2 All general projects with Rs.250 Crores and above Investment will be classified as a mega project and they will be considered for tailor-made benefits on case to case basis based on the kind of technology they are bring in, employment potential, location of the unit etc. However, if any project creates employment to more than 2000 persons, it will be considered as Mega Project. As being employment intensive industries - Spinning/Weaving/Garmenting projects with an investment with Rs.125 Crores and above will be classified as Mega Project.

4.7.3 All Mega projects will be facilitated through Single Window for obtaining requisite clearances and will provide handholding services till the project take-off.

#### **4.8.0 Leveraging Existing Resources for value addition**

4.8.1 The State will focus on thrust sectors like Food Processing, Pharmaceuticals/Bulk Drugs, Auto Components, Defense & Aerospace, Electronics, Apparel and Textiles, Semi Conductors, Solar PV Manufacturing etc. for further industrial growth.

4.8.2 Special focus will be given to each of the thrust areas for achieving the set growth in manufacturing sector by value addition within the State.

#### **4.9.0 Textile Sector**

4.9.1 Andhra Pradesh is the 3rd largest producer of cotton in India and produces about 58 lakh bales of cotton. But, only 34 lakh bales are being consumed by the Spinning Mills in the State and the rest is being sent to other states. There is a need for value addition in the Textiles Industry, within the State of Andhra Pradesh.

4.9.2 There is a need to capitalize existing strengths and for optimum utilization of available resources, the sector needs to be given further impetus to take A.P. ahead in the value chain in the textiles sector for sustainability of the existing industries as well as for large employment generation and value addition.

4.9.3 The eligibility period is extended from 5 years to 8 to Spinning/Weaving/Garmenting units commissioned during the IIPP 2005-10.

4.9.4 To continue the existing incentives of Textile & Apparel Policy 2005-10 to the new Textile industries for 5 years.

#### **4.10.0 Food Processing Sector:**

4.10.1 Andhra Pradesh ranks first and second in the production of various fruits, vegetables and other commodities, but only 1-2% of it is being processed and there is a need to utilize these resources for value addition within the state.

4.10.2 To declare food processing as seasonal industry, where ever necessary and eligible to enable the industry to get relief from minimum electricity charges during the closure (non-seasonal) period.

4.10.3 To continue Fixed Power Cost reimbursement @ Rs.1.00 per unit on the revised rates for 5 years as per the guidelines

#### 4.10.4 Mega food parks setup as per Food Processing Policy of Government of India

- i. To reimburse 25% cost of external infrastructure for power, water, approach roads and other infrastructures limited to Rs.2.00 crs
- ii. To provide VAT/Sales Tax reimbursement for Mega Food Parks during the construction period for a period of 2 years limited to a maximum Rs.2.00 Crores.
- iii. The Food Parks sanctioned under Mega Food Park scheme of Government of India will be considered for Tailor-made benefits on case to case basis

#### 4.11.0 Biotechnology

4.11.1 Biotechnology is growing consistently and rapidly in India and the State is the leading centre for Biotechnology. The major strength of the state is in Research and Development with the presence of institutions like the Centre for Cellular and Molecular Biology, Centre for DNA Fingerprinting and Diagnostics, National Institute of Nutrition, International Crop Research Institute for Semi-Arid Tropics (ICRISAT) etc Major Global players have already set-up their base in the State. To tap the potential of this sector, special focus will be given to Bio-technology for further development of this sector.

#### 4.12.0 Adoption of Clean Technologies

4.12.1 Industries will be facilitated in getting assistance from the funding agencies like NEDCAP, IREDA etc in implementing the clean technology projects using the various Government of India Schemes for the state.

4.12.2 Provide incentives on specific cleaner production measures adopted in new industries @ 25% limited to Rs.5 lakhs

4.12.3 Monitor carbon emission and encourage the industries to go for carbon auditing.

4.12.4 Facilitate all industries in obtaining carbon credit.

4.12.5 Facilitate setting up of effluent treatment plants and hazardous waste treatment plants in various industrial estates and cluster with private sector participation.

#### 4.13.0 Export Promotion and Special Economic Zones (SEZ)

4.13.1 The exports from Andhra Pradesh are growing consistently year after year. During 2008-09, the State has exported goods and services worth of Rs.77, 605 Crs, recording a growth of 35% during 2008-09 over the previous year. The growth is led by software exports (Rs.32,509 Crs), Engineering items (Rs.13,783 Crs), Agro forest products (Rs.5,799 Crs), Mineral and Mineral products etc.

4.13.2 The State aims to double the exports of goods and services from the present value of Rs.71,000 Crores to Rs.1,42,000 Crores, inline with Government of India Foreign Trade Policy 2009-14.

4.13.3 In order to broaden the export base of Andhra Pradesh by strengthening its presence in traditional markets and expanding into new markets with value added innovative products, the policy proposes certain initiatives, which include:



**A. Promotion of Special Economic Zones (SEZs) for effective and competitive export infrastructure**

4.13.4 The state has a great potential to build industrial capacity and attract FDI through SEZs. To enhance foreign investment and promote exports from the country and to create a level playing field to the domestic enterprises and manufacturers to be competitive globally, SEZs are being promoted by Government of India as engines of economic growth, supported by world class infrastructure and attractive fiscal benefits. In line with the initiative of Government of India, 110 SEZs have been approved in the State of Andhra Pradesh and of which, 73 SEZ's are notified across the Sectors, which is the **highest in the country**, which include :

Multi Product	04
Pharma/Formulations	05
Biotechnology	04
Textile / Apparel	03
Footwear/Leather	02
Gems & Jewellery	01
Semiconductor/ Electronic	02
Multi Services	02
Kisan SEZ	01
Food Processing	01
Paper	01
Aerospace	01
Alumina	01

4.13.5 These SEZ's are spread over all the parts of the State linking with various industrial clusters. This will trigger a large flow of foreign and domestic investment in SEZs, in infrastructure and productive capacity, leading to generation of additional economic activity and creation of employment opportunities, leveraging the local resources and manpower. Efforts would be made to create basic infrastructure for SEZ's to realize its potential and to attract number of firms into them. On completion of these SEZs, they would be able to generate a total employment (direct & indirect) for over 25 lakh persons, with an investment of over 70,000 crores.

4.13.6 As of Now, 20 SEZs are fully operational in the State with an investment of Rs.11.305 crores of investment providing employment to 72,029 persons. The exports from these SEZs is about Rs.5665 Crores. The list of operational SEZs is tabulated below.

SEZ	Activity
APIIC SEZ, Visakhapatnam	Multi Product
Divi's Laboratories, Visakhapatnam	Pharmaceuticals
Ramky Pharma SEZ, Visakhapatnam	Pharmaceuticals
Brandix, Visakhapatnam	Textiles
Gems & Jewellery, Hyderabad	Gems & Jewelry
Apache, Nellore	Foot Wear
Sri City SEZ, Nellore	Multi Product
IT & ITEs SEZ's (13 Nos) throughout the State	IT&ITES

## **B. Other Export initiatives:**

- 4.13.7 Organise national and international Exhibitions.
- 4.13.8 Organise Buyers and Sellers meet in India and Abroad.
- 4.13.9 Creation of infrastructure for export oriented units for optimum utilization of ASIDE funds.
- 4.13.10 Support export oriented units to participate in national and international Trade Fairs.
- 4.13.11 To establish Cell in Dr. MCRHRD to familiarize and create awareness about WTO rules and regulations.

## **4.14.0 Industrial Facilitation:**

### **A. Single Window System**

- 4.14.1 The State enacted Single Window Clearances Act in 2002, with an aim to provide requisite clearances to entrepreneurs at a single point, within fixed time frame. “Deemed Provision” in certain cases, if the competent authority fails to communicate decision with the time frame. The proposals of industries with investment upto Rs.5 Crores will be processed at the District Industries Centres level and all other proposals at Commissionerate level.
- 4.14.2 District Level Committee, State Level Committee, Empowered Committee and State Board to review the progress. Efforts will be made to further strengthen the Single Window systems
- 4.14.3 To provide efficient, effective, transparent and citizen friendly interface, a system is being developed for providing the services related to Industries Department on-line/Electronically.

### **B. “INVESTMENT PROMOTION CELL”**

- 4.14.4 Creation of “INVESTMENT PROMOTION CELL” in the Commissionerate of Industries with adequate infrastructure and outsourcing the support services to facilitate investors by providing pre-investment services and also to provide hand holding Service

### **C. Investment Promotion:**

- 4.14.5 **State Investment Promotion Board (SIPB)** - State Investment Promotion Board (SIPB) was constituted under the Chairmanship of Hon’ble Chief Minister of A.P. with the respective Hon’ble Ministers as Members to achieve speedy and quick decision making in the matters related to industrial projects.
- 4.14.6 **State Investment Promotion Committee (SIPC)** - State Investment Promotion Committee (SIPC) was constituted under the Chairmanship of Chief Secretary to Government of A.P. to facilitate redressal of issues pertaining to various Departments connected with the industrial development and also facilitate the functioning of the State Investment Promotion Board (SIPB) for taking a decision on the industrial projects

**D. Exit Policy:**

4.14.7 Industries will be facilitated to exit from their business as per the proposed Exit Policy of Government of India.

**E. Business Continuity**

4.14.8 The State would take effective measures from time to time to ensure that the industrial establishments in Andhra Pradesh will run their businesses in secure and peaceful industrial environment.

**9.15.0 Simplification of Regulatory Framework**

9.15.1 Regulation also affects the investment climate through its impact on competition. Challenge of regulatory improvement is an ongoing process and requires continuous efforts to review in line with changes. State also reviews regulations periodically with an aim to create a congenial environment for industrial growth. In line with this objective, the state introduced the following measures:

- i. Self Certification concept for all industrial units except hazardous industries as notified by the Government of India from time to time in respect of labour and factories regulations
- ii. Common Annual return in place of multiple returns
- iii. Maintenance of only two registers – Wage Register and Attendance Register
- iv. Systematization of labour inspections and introduction of joint annual inspections with a prior intimation to the industry
- v. Flexible women working hours.
- vi. Export oriented units and units in parks declared as public utility services
- vii. All industries having installed capacity of power upto 75 HP are exempted from obtaining prior Factory Plan approval from Factories Department.
- viii. All MSEs other than 66 Polluting industries are exempted from obtaining CFE/CFO from APPCB and the Pollution Acknowledgement issued by DIC will be treated as CFE/CFO.
- ix. In Andhra Pradesh, the validity periods for renewal of CFO have been increased as indicated:

	<u>Normal Industry</u>	<u>ISO certified</u>
Green	4 years	5 years
Orange	3 years	4 years
Red	2 years	3 years

- x. The state government is contemplating to authorize chartered engineers possessing requisite qualifications to perform the duty of Inspector of Boilers with regard to registration, inspection and renewal

**4.16.0 Entrepreneurship Development**

4.16.1 Entrepreneurship development is critical for the state to maintain its growth trajectory. The state intends to foster entrepreneurship through a systematic approach by leveraging existing industrial facilities, educational facilities and linking them with existing incubation centers by providing required financial support, mentoring. The following are the proposed interventions for entrepreneurship development.

4.16.2 Create new enterprises and growth of existing businesses by setting up local entrepreneurship cells across the state in partnership with academic institutions, private sector and financial institutions. The local cells apart from providing training and mentorship will also provide the necessary access to financial capital to the entrepreneurs.

- i. Entrepreneurship cell will organize regular entrepreneurship development programmes and Government will extend support to these programmes dovetailing with Government of India Schemes.
- ii. Loan Melas will be organized in each district at regular interval inviting the National Banks and Financial institutions for credit linkage
- iii. Encourage Center for Entrepreneurship Development (Association of Lady Entrepreneurship of Andhra Pradesh) to collaborate with recognized regional, national and international organizations involved in entrepreneurship development

#### **4.17.0 Incubation Centres**

4.17.1 **K-hub Incubator** – Government of A.P. encouraged Indian School of Business (ISB) to set up Knowledge hub (k-hub) incubator to support the start-ups and growth of high Technology Ventures with the following motives:

- a. Mentor entrepreneurial success
- b. Unify a range of business development and professional services
- c. Providing access to a global knowledge network

4.17.2 **ICRISAT Incubator** - Agri-Business Incubator was established at ICRISAT with the support of the National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology, Government of India and Government of Andhra Pradesh, to provide:

- a. Opportunities for entrepreneurs to incubate agriculture technologies so that they become effective agri-business ventures.
- b. Business consultancy.
- c. Facilitation of funding.
- d. Infrastructure and facilities access in the Incubator.

4.17.3 **Bio-Technology Incubator (BTIC)**– with the support of Government of Andhra Pradesh Indian Institute of Chemical Technology (IICT) has setup a Biotechnology incubation centre to accelerate the commercialization of new technologies, nurture the emerging ventures, assist new enterprises to forge appropriate link with other biotech companies, academia and government.

4.17.4 On similar lines, National Level R & D centers in the State would be encouraged to set up Incubation Centers to encourage innovation by the youth and for development for knowledge based and high technology end products.

#### **4.18.0 Marketing of Andhra Pradesh**

To showcase Andhra Pradesh as the best investment destination by focusing the potential strengths of the state, natural resources and opportunities by organising regular road shows/trade fairs and delegations.

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## ANNEXURE-II

**(G.O.Ms.No. Industries & Commerce (IP) Department, dated. .06.2010)**

### **List of Service Enterprises related to industry, Eligible for Investment subsidy**

S.No	Activity
1.	Industrial / Material testing laboratories
2.	R&D Centres related to industry
3.	Printing presses offset printing press, Flexi/Vinyl Printing, Flexo printing
4.	Machine operated Seed grading services
5.	Industrial Training Centres with necessary machinery and equipment.
6.	Power Laundries
7.	Ready made Garments units with investment more than 5.00 lakhs on Plant & Machinery
8.	Auto servicing and /or repairing units with investment more than 5.00 lakhs on Plant & Machinery
9.	Packaging activity with investment more than 10.00 lakhs on Plant & Machinery
10.	General Engineering and Fabrication
11.	Machine operated Book binding Enterprises and Note Books with investment more than 5.00 lakhs on Plant & Machinery
12.	Any other Service Enterprises notified by the State Level Committee for inclusion in this list from time to time.

**Note:**

- 1) Service Sector projects set up by the entrepreneurs will be limited to 50% of the Budget Provision in order to encourage the remaining 50% for the manufacturing sector.
- 2) The above service activities set up in all Municipal Corporation limits are eligible only for investment subsidy and all other service / Business activities are not eligible **for any incentives.**

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**ANNEXURE-III****(G.O.Ms.No. Industries & Commerce (IP) Department, dated. .06.2010)****LIST OF INELIGIBLE INDUSTRIES**

Sl.No.	ACTIVITY
1.	All process of Edible Oil Seeds/Cakes viz., 1. Groundnut 2. Sesam 3.Safflower 4. Rape Seed/Mustard 5. Coconut (both tender & dry) 6.sunflower, Niger Cotton Seed. (All processes include Decorticating, Expelling, Crushing, Roasting, Parching, Frying)
2.	Rice, Dall and Flour Mills including Roller Flour Mills, Modern Rice Mills and Parboiled Mills, Idli Rava, Parched/Flaked Rice (Poha & Murrura).
3.	Coffee Roasting, Grinding.
4.	Ice Cream, Ice Candy, Kulfy, Ice Fruit, Pepsy, Tuty Fruity etc. except those having ISI, AG Mark or FPO Mark.
5.	Chocolates, Peppermints and Confectionery, Chewing gum except those having ISI, AG Mark or FPO Mark.
6.	Packaging Drinking water & Aerated Water including soft drinks.
7.	Nut Powder including Raw nut processing, Chikini Power and Pan Masala and Tobacco based chewing products.
8.	Khandasari Sugar and Sugar Mills and Jaggery making.
9.	Powders of Chilly, turmeric, Masala, Spices, Curry, Sambar etc. except those having ISI, AG Mark or FPO Mark.
10.	Sweets.
11.	Distilleries, Breweries, Beer and other Alcoholic Drinks except Winery
12.	All table meat, animal rearing/farming like poultry, piggery etc.,
13.	All types of Hatchery
14.	Rectified Spirit (Alcohol) from out of Molasses.
15.	Alcohol based Industries except Pharmaceuticals and Drug Industries.
16.	Varnishes and Thinners.
17.	Cotton/Jute/Iron Scrap Baling processes.
18.	Cotton ginning except Modern ginning as per the norms of Technology Mission on Cotton, Ministry of Textiles ,Government of India.
19.	Chloral Hydrate.
20.	Lime Kiln / Burnt Lime/ Hydrated Lime.
21.	All types of printing presses
22.	Book binding / Note Books / Exercise Note Books / Registers / Ledgers / File Pads / Office Files etc.
23.	Tobacco barons/tobacco re-drying/processing, Beedi /Cigarette manufacturing and other tobacco based products
24.	All types of Saw-mills, all types of wooden furniture including wood based laminated products.
25.	Road Metal/ Stone Crushing / Coal Pulverizing / Rock Sand.
26.	Soap making units not operated by power driven machinery
27.	Shampoos and other Cosmetic items except those having ISI Mark
28.	Manure mixing industry
29.	Cinematography/ Videography / Video Parlours /Theatres/ Photo studios and colour film laboratories.
30.	All industries of mobile nature like rigs, concrete mixing plants, road metal mixing, readymade concrete mixing etc., including site oriented industries.

31.	Tailoring other than readymade Garments
32.	Mining and Quarrying
33.	All types of Generation, Transmission and Distribution of Electricity.
34.	X-ray clinics and clinical/pathological laboratories and scanning, MRI Tests
35.	Servicing and /or repairing units activities excluding a) Auto servicing and/or repairing units; b) Tyre Retreading units c) Industrial material testing laboratories d) General engineering machining workshops e) common effluent treatment plants f) Cold storage g) Heat treatment , electroplating and Galvanizing units h) Seed processing units
36.	Calcium carbide and Silicon carbide manufacturing.
37.	Ferro Alloys Manufacturing.
38.	Steel Rerolling mills, rolling of rods including Tor steel angles, channels, Flats etc.
39.	Steel Structural and fabrication works other than heavy structurals.
40.	Steel gates/grills and Bright bars.
41.	G.I.Buckets, Gamelas, Boiling Pans, Trunks, Spades, Mamotees, Shovels and Bins
42.	Hotels and Motels.
43.	Composite Units setup for manufacture of an eligible items along with in-eligible items except when the proportion of in-eligible items in the total production is less than 10% in value of the total turnover
44.	Any other industry notified by the State Government for inclusion in this list from time to time.

Note: All types of Integrated Steel Plants are not eligible for Power cost reimbursement.

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**ANNEXURE-IV**

**( Applicable only for the Scheduled Castes & Scheduled Tribe Entrepreneurs)**

The line of activities for industrial concern under Section 2 (c) of the State Financial Corporations Act, 1951

1. the manufacture, preservation or processing of goods;
2. mining or development of mines;
3. the hotel industry;
4. the transport of passengers or goods by road or by water or by air or by ropeway or by lift;
5. the generation or distribution of electricity or any other form of power;
6. the maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels or motor boats or trailers or tractors;
7. assembling, repairing or packing any article with the aid of machinery or power;
8. the setting up or development of an industrial area or industrial estate;
9. fishing or providing shore facilities for fishing or maintenance thereof;
10. providing weight bridge facilities;
11. providing engineering, technical, financial, management, marketing or other services or facilities for industry;
12. providing medical, health or other allied, services;
13. providing software or hardware services relating to information technology, telecommunications or electronics including satellite linkage and audio or visual cable communication;
14. setting up or development of tourism related facilities including amusement parks, convention centres, restaurants, travel and transport(including those at airports), tourist service agencies and guidance and counseling services to the tourists;
15. construction;
16. development, maintenance and construction of roads;
17. providing commercial complex facilities and community centres including conference halls;
18. floriculture;
19. tissue culture, fish culture, poultry farming, breeding and hatcheries;
20. service industry, such as altering, ornamenting, polishing, finishing, oiling, washing, cleaning or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal;
21. research and development of any concept, technology, design, process or product, whether in relation to any of the matters aforesaid, including any activities approved by the Small Industries Bank; or
22. such other activity as may be approved by the Small Industries Bank .

Explanation 1:- The expression 'processing of goods' includes any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical, chemical, electrical or any other like operation.



Explanation 2:- If any doubt arises as to whether a concern is industrial concern or not, the same shall be referred to the Small Industries Bank for its decision and the decision of the Small Industries Bank thereon shall be final. The Small Industries Bank means the Small Industries Development Bank of India established under section (I) of section 3 of SIDBI Act, 1989 (39 of 1989).

**Note: Service Sector projects set up by the SC/ST entrepreneurs will be limited to 50% of the Budget Provision in order to encourage the remaining 50% for the manufacturing sector.**

**B. SAM BOB  
PRINCIPAL SECRETARY TO GOVERNMENT AND  
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