

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Industries & Commerce Department – Incentives for setting up of New Industries
in Andhra Pradesh- Industrial Investment Promotion Policy for 2005-2010-
Comprehensive order - Issued.

INDUSTRIES AND COMMERCE (IP) DEPARTMENT

G.O.Ms.No.149

Dated: 20-06-2008

Read the following:

1. G.O.Ms.No.178, Ind. & Com. [IP] Department , dated 21-6-05.
2. G.O.Ms.No.327, Ind. & Com.(IP) Department. dated 13.12.2005.
3. G.O.Ms.No. 328, Ind. & Com.(IP) Department. dated 13.12.2005.
4. G.O.Ms.No.161, Ind. & Com.(IP) Department dated.22.06.2007.
5. G.O.Ms.No.163, Ind. & Com.(IP) Department dated.25.06.2007.
6. G.O.Ms.No.267, Ind. & Com.(IP) Department dated 06.10.2007
7. G.O.Ms.No.315, Ind. & Com.(IP) Department. dated 22.11,2007.
8. G.O.Ms.No.316, Ind. & Com.(IP) Department. dated 22.11,2007.
9. G.O.Ms.No.095, Ind. & Com.(IP) Department. dated 02.4.2008
10. G.O.Ms.No.104, Ind. & Com.(IP) Department. dated 22.4.2008
11. G.O.Ms.No.105, Ind. & Com.(IP) Department. dated 23.4.2008
12. G.O.Ms.No..143, Ind. & Com.(IP) Department. dated 11.6.2008
13. Govt. Memo. No. 14493/IP/A1/2007-1 I & C Dept. dt. 27-3-2008

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ORDER:

In G.O. 1st read, Government have issued orders approving various fiscal incentives to new industries under Industrial Investment Promotion Policy 2005-2010 (IIPP-2005-10).

2) In the G.O. 2nd read, Government have issued orders making the Ineligible line of activities defined in the Industrial Investment Promotion Policy 2005-2010 eligible in respect of the Scheduled Castes and Scheduled Tribe entrepreneurs.

3) In the G.O. 3rd read, Government have issued orders approving the operational guidelines for Industrial Investment Promotion Policy 2005-2010 (IIPP-2005-10).

4) In the G.O. 4th read, Government have issued orders extending special incentives to Scheduled Tribe Entrepreneurs for setting up of industries in Andhra Pradesh.

5) In the G.O. 5th read, Government have issued orders making Green field Integrated Steel Plants i.e. New Integrated Steel plant, which produces Steel Billets, Coils, Strips, Slabs or Alloy Steels through Blast Furnace route starting with iron ore and using the liquid metal produced from the Blast Furnace to make Billets, Coils, Strips, Slabs or other Steel Alloys without using Electric Arc Furnace or Induction Furnace eligible for incentives/concessions under Industrial Investment Promotion Policy 2005-2010.

6) In the G.O. 6th read, Government have issued orders extending special incentives to Scheduled Caste Entrepreneurs for setting up of industries in Andhra Pradesh.

7) In the G.Os. 7th and 8th read, Government have issued orders extending the incentive of reimbursement of power charges as covered in the Industrial Investment Promotion Policy 2005-2010 for a period of 5 years to all those units which commence commercial production on or before 31-3-2010.

8) In the G.O. 9th read, Government have issued operational guidelines for implementation of Special incentives extended to Scheduled Caste and Scheduled Tribe entrepreneurs.

9) In the G.O. 10th read, Government have issued orders withdrawing the incentive of reimbursement of power charges as covered in the Industrial Investment Promotion Policy 2005-2010 to the Green field Integrated Steel Plants i.e. New Integrated Steel plant, which produces Steel Billets, Coils, Strips, Slabs or Alloy Steels through Blast Furnace route starting with iron ore and using the liquid metal produced from the Blast Furnace to make Billets, Coils, Strips, Slabs or other Steel Alloys without using Electric Arc Furnace or Induction Furnace

10) In the G.O. 11th read, Government have issued orders that the 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 and margin money 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.

11) In the G.O. 12th read, Government have issued orders nominating APSFC as the Nodal Agency for implementation of the Scheduled Caste and Scheduled Tribe enterprises in the State and also to release the Investment subsidy after disbursement of Term Loan.

12) In the Memo. 13th read, Government have clarified that the line of activity of Proclainer is considered as eligible exclusively in case of Scheduled Caste / Scheduled Tribe entrepreneurs and incentive shall be extended under service activity.

13) In light of the above modifications to the Industrial Investment Promotion Policy 2005-2010 in the foregoing paras, Government have decided to issue comprehensive order incorporating all the modifications issued till now. Accordingly Comprehensive order is hereby issued.

14) Under the "Industrial Investment Promotion Policy 2005-2010", the Government approved the following fiscal incentives covering the categories of
a) Micro and Small Enterprises b) Medium enterprises & Large Scale Industries
c) Mega Projects d) SC and ST entrepreneurs and e) Women entrepreneurs:

15) Micro Small, Medium enterprise and Large industry means a unit having investment on plant and machinery upto the limit as defined by the Government of India from time to time. Investment limits for Micro, Small, Medium enterprises and Large industries prevailing as of now is given in the **Annexure-I**.

15.1.0 Micro and Small Enterprises:

- 15.1.1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 15.1.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings.
- 15.1.3. 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.
- 15.1.4. 25% rebate on land cost in IEs/IDA's limited to Rs.5.00 lakhs.
- 15.1.5. 15% investment subsidy on fixed capital investment will be given subject to a maximum of Rs.15.00 lakhs
- 15.1.6. 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. This incentive will be available for

5 (five) years to all those units which commence commercial production on or before 31-3-2010.

- 15.1.7 25% of the VAT / CST paid during one financial year will be ploughed back as a grant by the Government towards the payment of VAT / CST during next year. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.
- 15.1.8 3% interest subsidy on Prime Lending Rate (PLR) will be given on the term loan taken by new Micro and Small Enterprises subject to a maximum of Rs.5.00 lakh per year for a period of 5 years.
- 15.1.9 8% subsidy on capital equipment for technology upgradation limited to Rs.15.00 Lakhs.
- 15.1.10 50% subsidy on the expenses incurred for quality certification Limited to Rs. 1.00 Lakh.
- 15.1.11 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 15.1.12 50% subsidy on the expenses incurred for patent registration limited to Rs. 5.00 Lakhs.

15.2.0. Medium Enterprises & Large Scale Industries

- 15.2.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 15.2.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings.
- 15.2.3. 100% reimbursement of Stamp duty and Transfer duty paid by the industry on financial deeds and mortgages etc.
- 15.2.4. 25% rebate in land cost in IEs/IDA's limited to Rs.5.00 Lakhs.
- 15.2.5 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. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.
- 15.2.6 25% of the VAT / CST paid during one financial year will be ploughed back to the units as a grant by the Government towards the payment of VAT / CST during next year. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.
- 15.2.7 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.
- 15.2.8 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

15.2.9 25% subsidy on cleaner production measures limited to Rs.5 Lakhs.

15.2.10 50% subsidy on the expenses incurred for patent registration limited to Rs. 5 Lakhs.

15.3.0 Mega Projects

Mega Project means the Industrial unit which is set up with a capital investment of Rs.100 Crores and above.

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

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

15.4.0. Existing Micro, Small, Medium Enterprises and Large Scale Industries.

15.4.1 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.

15.4.2. 50% subsidy on the expenses incurred for patent registration limited to Rs. 5.00 Lakhs.

15.5.0. Existing Large Scale Industries and Mega projects

15.5.1 In order to address the specific problems of existing Large Scale industries, Government may offer special package of fiscal benefits on case to case basis. Exact fiscal benefits would be decided by State Investment Promotion Board (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 State Investment Promotion Board (SIPB).

15.6.0. Special Incentives to SC and ST Entrepreneurs:

15.6.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

15.6.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings.

15.6.3. 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.

15.6.4 33 1/3 % rebate on land cost in IEs/IDAs limited to Rs. 5.00 Lakhs for SC and ST Entrepreneurs

15.6.5 35% investment subsidy on fixed capital Investment will be given for Micro and Small Enterprises started 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 with a maximum limit for unit is Rs.50.00 Lakhs). 40% investment subsidy for the units set up in Scheduled areas

by ST entrepreneurs or ST women entrepreneurs with a maximum limit per unit is Rs.50.00 Lakhs.

- 15.6.6 Power cost will be reimbursed @ Rs.1.00 per unit for SC and ST Entrepreneurs 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. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.
- 15.6.7 50% of the VAT / CST paid during one financial year will be ploughed back as a grant by the Government for SC and ST Entrepreneurs. towards the payment of VAT / CST during next year. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.
- 15.6.8 5% Interest subsidy on Prime Lending Rate (PLR) will be given on the term loan and working capital taken by the Micro and Small Enterprises subject to a maximum of Rs. 5.00 Lakhs per year for a period of 5 years.
- 15.6.9 5% of project cost will be provided as seed capital assistance to New Micro and Small Enterprises as a grant which were sanctioned seed capital assistance by Prime Lending Institutions under National Equity Fund Scheme limited to Rs.5.00 Lakhs.
- 15.6.10 For Micro and Small Enterprises set up by SC and ST entrepreneurs, 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/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.
- 15.6.11 8% subsidy on capital equipment for technology upgradation limited to Rs.50.00 lakhs (applicable for setting up of Micro and Small Enterprises)
- 15.6.12 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.
- 15.6.13 25% subsidy on cleaner production measures limited to Rs.5.00 Lakhs.
- 15.6.14 50% subsidy on the expenses incurred for patent registration limited to Rs. 5.00 Lakhs.
- 15.6.15 The line of activity of Proclainer is considered as eligible exclusively in case of SC and ST entrepreneurs and incentive shall be extended under service activity.
- 15.6.16 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 and margin money 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.

15.6.17 Guidelines for release of Investment Subsidy to SC and ST entrepreneurs.

- a) The Andhra Pradesh State Financial Corporation, Hyderabad will act as Nodal Agency for implementation of Special Component Plan/Tribal Sub-Plan schemes;
- b) The Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad is authorized to sanction and release investment subsidy under Special Component Plan/Tribal Sub-Plan under the Budget Heads (2851-789-11-17, 2852-80-789-11-04, 2851-796-11-08, 2852-80-796-11-04) under Industrial Investment Promotion Policy 2005-10 to the Scheduled Caste/Scheduled Tribe entrepreneurs;
- c) The Scheduled Caste/Scheduled Tribe Entrepreneurs are eligible for investment subsidy only after term loan is sanctioned and disbursed. Investment subsidy portion to Scheduled Caste/Scheduled Tribe entrepreneurs will be released by Andhra Pradesh State Financial Corporation, only after term loan is sanctioned and disbursed to them;
- d) The Andhra Pradesh State Financial Corporation shall receive claim applications in the prescribed proforma of Industrial Investment Promotion Policy 2005-2010 from the Scheduled Caste/Scheduled Tribe entrepreneurs. The Andhra Pradesh State Financial Corporation will verify /Scrutinise these claims as per the guidelines of Industrial Investment Promotion Policy 2005-2010 scheme and obtain the approval of the State Level Committee/District Level Committee before release of investment subsidy to Scheduled Caste/Scheduled Tribe entrepreneurs. The Managing Director, Andhra Pradesh State Financial Corporation shall furnish the Utilization certificates for the sanctioned and disbursed amount to the Commissioner of Industries for record;
- e) In case of Scheduled Commercial Bank financing units, the Andhra Pradesh State Financial Corporation shall release investment subsidy directly to Scheduled Caste/Scheduled Tribe entrepreneurs after obtaining the detailed recommendations of the concerned Scheduled Commercial Bank to the extent that the Term Loan is already sanctioned and disbursed. The Andhra Pradesh State Financial Corporation shall also obtain the approval of the State Level Committee/District Level Committee before release of investment subsidy to Scheduled Caste/Scheduled Tribe Entrepreneurs;
- f) The Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad shall furnish a quarterly return of sanctions and disbursement of investment subsidy with details of the units to the Government/ Commissioner of Industries, Andhra Pradesh, Hyderabad; and
- g) The functioning of the Nodal Agency, the Branch Managers of Andhra Pradesh State Financial Corporation shall work in close coordination with the General Managers of District Industries Centres in creating awareness for the programme, identifying of suitable projects, guiding Scheduled Caste/Scheduled Tribe entrepreneurs, preparation of Project reports leading to effective implementation of programme.

15.6.18 The incentives extended to the Scheduled Tribe Entrepreneurs in G.O.Ms.No. 161 Industries. & Commerce (IP) Department.dated..22-6-2007 are eligible to the units which have commenced commercial production on or after the date of issue of G.O., i.e., 22-6-2007 (with prospective effect). Similarly the incentives extended to

Scheduled Caste Entrepreneurs in G.O.Ms.No.267 Industries & Commerce (IP) Dept. Dt. 6-10-2007 are eligible to the units which have commenced commercial production on or after the date of issue of G.O., i.e., 6-10-2007 (with prospective effect).

15.6.19 The Andhra Pradesh Industrial Infrastructure Corporation shall develop modern Industrial Estates in scheduled area. APIIC shall allocate 16.2% of number of plots to Scheduled Caste and 6% of number of Plots to Scheduled Tribe Entrepreneurs in new Industrial estates and in existing Industrial Estates, Scheduled Caste and Scheduled Tribe Entrepreneurs will get preferential allotment on application.

15.7. 0. Special Incentives to Women Entrepreneurs

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

15.7.1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

15.7.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings.

15.7.3. 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.

15.7.4 25% rebate in land cost in IEs/IDA's limited to Rs.5.00 Lakhs.

15.7.4 (a) 33 1/3 % rebate on land cost in IEs/IDAs limited to Rs. 5.00 Lakhs for SC and ST Women Entrepreneurs

15.7.5 20% investment subsidy on fixed capital investment will be given to Micro and Small Enterprises subject to a maximum of Rs.20.00 lakhs.

15.7.5 (a) 40% Investment subsidy on fixed capital Investment will be given to Micro and Small Enterprises started by SC Women and ST Women Entrepreneurs with a maximum limit per unit is Rs. 50.00 Lakhs.

15.7.6 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. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.

15.7.6 (a) Power cost will be reimbursed @ Rs.1.00 per unit for SC and ST Entrepreneurs 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 years level. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010.

15.7.7. Upto 25% of the VAT / CST paid during one financial year will be ploughed back to Industries as a grant by the Government towards the payment of VAT / CST during next year. However, such grant shall not remit in net cash outflow to Government. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010 irrespective of closure of the IIPP-2005-10 scheme.

- 15.7.7 (a) 50% of the VAT / CST paid during one financial year will be ploughed back as a grant by the Government for SC and ST Entrepreneurs towards the payment of VAT / CST during next year. This incentive will be available for 5 (five) years to all those units which commence commercial production on or before 31-3-2010
- 15.7.8. 5% of project cost will be provided as seed capital assistance to Micro and Small Enterprises as a grant which were sanctioned seed capital assistance by Prime Lending Institutions under National Equity Fund Scheme limited to Rs.5.00 Lakhs.
- 15.7.9. 5% interest subsidy on Prime Lending Rate (PLR) will be given on the term loan taken by new Micro and Small Enterprises subject to a maximum of Rs.5.00 lakh per year for a period of 5 years.
- 15.7.10. 8% subsidy on capital equipment for technology upgradation limited to Rs.20.00 Lakhs
- 15.7.11. 50% subsidy on the expenses incurred for quality certification limited to Rs. 1.00 Lakh.
- 15.7.12 25% subsidy on cleaner production measures limited to Rs.5.00 Lakhs.
- 15.7.13 50% subsidy on the expenses incurred for patent registration limited to Rs. 5 Lakhs.

15.8.0. Other benefits (to all categories)

- 15.8.1. Land conversion from Agriculture use to industrial use will continue to be automatic on payment required fee as per the rules in vogue.
- 15.8.2. All industrial units continue to be exempted from payment of NALA TAX
- 15.8.3. Government will ensure stable prices of Municipal water for 3 years for industrial use.
- 15.8.4. Reservation of 10% of water for industrial use from the existing projects as well as future projects will continue.

16) 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 is given in **Annexure II**, till further modifications of the list. However Scheduled Caste and Scheduled Tribe entrepreneurs setting up industries with the line of activities defined as ineligible in the Annexure-II shall be eligible for incentives.

17. A similar Comprehensive order reiterating all the orders issued with regard to Operational Guidelines for IIPP-2005-10 including Special Incentives to SC and ST entrepreneurs will be issued separately.

18. All Micro, Small and Medium Entrepreneurs shall obtain the Entrepreneurs Memorandum from the concerned General Managers under MSMED Act 2006 of Government of India for setting up the industry as a precondition for claiming incentives.

19. The Commissioner of Industries, A.P. Hyderabad, Managing Director, APSFC, Chairman & Managing Director, APIIC shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA RADESH)

B. SAMBOB,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION

To

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

Copy to:

The Principal Secretary to Government, Social Welfare Department.
The Principal Secretary to Government, Tribal Welfare 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),
Fathenagar, 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 Additional 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.
SF/Sc.

//Forwarded:: By order//

SECTION OFFICER

Annexure – I
(G.O.Rt.No. Industries & Commerce [IP] Department, dated:
20.6.2008)

- I. Classification of enterprises according the Micro Small and Medium Enterprises Development Act 2006:
 - A. In case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act. 1951
 - 1) a micro enterprise, where the investment in plant and machinery does not exceed rupees twenty five lakh;
 - 2) a small enterprise, where the investment in plant and machinery is more than rupees twenty five lakh but does not exceed rupees five crore.
 - 3) a medium enterprise, where the investment in plant and machinery is more than rupees five crore but does not exceed rupees ten crore
 - B. In case of the enterprises engaged in providing or rendering of services, as
 - a. a micro enterprise, where the investment in plant and machinery does not exceed rupees ten lakh;
 - b. a small enterprise, where the investment in plant and machinery is more than rupees ten lakh but does not exceed rupees two crore
 - c. a medium enterprise, where the investment in plant and machinery is more than rupees two crore but does not exceed rupees five crore
- II. Large Scale Industry: A Large Scale Industry, where the investment on plant and machinery is more than rupees ten crore but does not exceed rupees hundred crore.
- III. Mega Projects: For the purpose of providing Special Package of incentives by the Government of A.P., the Projects are considered as Mega Projects where the capital investment (Land, building & Plant and machinery) is rupees hundred crore and above.

B. SAMBOB,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION

ANNEXURE-II

(G.O.Rt.No. Ind. & Com. [IP] Dept. dated:20.6.2008)

LIST OF INELIGIBLE INDUSTRIES

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 & Murmura).
3. Coffee Roasting, Grinding.
4. Ice Cream, Ice Candy, Kulfy, Ice Fruit, Pepsy, Tuty Fruity etc.
5. Chacolates, Peppermints and Confectionery, Chewing gum except those having ISI, AGMARK or FPO Mark.
6. Aerated Waters including soft drinks.
7. Nut Powder including Raw nut processing, Chikini Power and Pan Masala.
8. Khandasari Sugar and Sugar Mills.
9. Powders of Chilly, Turmeric, Masala, Spices, Curry, Sambar etc.
10. Sweets.
11. Pickles & Chutnys other than 100% EOUs.
12. Beer and other Alcoholic Drinks.
13. Rectified Spirit (Alcohol) from out of Molasses.
14. Alcohol based Industries except Pharmaceuticals and Drug Industries.
15. Cotton Ginning Mills.
16. Cotton/Jute/Iron Scrap Bailing processes.
17. All table meat, animal rearing/farming like poultry, piggery etc.
18. Hatchery (Other than Duck hatchery).
19. Slab Polishing except Granite and Marble carving & Polishing.
20. Soap making units not operated by power driven machinery.
21. Manure mixing industry.
22. Chloral Hydrate.
23. Products of Camphor.
24. Naphthalene Balls.
25. Shampoos and other cosmetic items except those having ISI mark.
26. Tooth Powder/paste.
27. Distilleries, Breweries.
28. Varnishes and Thinners.
29. Lime Kiln / Burnt Lime/ Hyderabad Lime.
30. Treadle operated conventional printing presses including Off-set, litho etc.
31. Power laundries.
32. Beedi/ cigaratte manufacture and other tobacco products.
33. Tobacco barons/tobacco re-drying/processing.
34. Saw-mills and all types of wooden furniture manufacturing including wood based laminated products.
35. Road Metal/ Stone Crushing / Coal Pulverising/ Ready concrete wise.
36. Drinking Straws.
37. Cinematography/ Video Parlours /Theatres & Videography.
38. Book Binding/ Note Books / Exercise Note Books / Registers /Ledgers/ File Pads / Office files etc.
39. Tailoring other than readymade garments.
40. Steel Structural and fabrication works other than heavy structural.
41. Aluminum re-rolling rods, and utensils manufacturing.
42. Stainless Steel utensils.
43. Steel re-rolling mills, rolling rods, including Tor steel Angles, Channels, Flats etc.
44. G.I. Buckets, Gamelas, Boiling pans, Trunks, Spades, Mamotees, Shovels and Bins.

45. Steel furniture except units set up in town/village with population below 1,00,000 as per 1991 census.
46. Corrugated Sheets from GP/BP shets.
47. Hamilton poles and Tubular Poles.
48. Steel Gates/Grills and Bright bars.
49. Mangalore Tiles/Asbestos Products.
50. Hotels except (a) motels (b) Hotels set up in State Government approved tourist centres of Districts.
51. X-ray clinics and clinical/ pathological laboratories and scanning, M.R.I. Tests.
52. Photo Studios and colour Film Laboratories.
53. All industries of mobile nature like rigs, concrete mixing plants, road metal mixing, proclainer etc., including site oriented industries.
54. Servicing and/or Repairing units, excluding: a) Auto Servicing and/or repairing units; b) Retreading units; c) Industrial material testing laboratories; d) General engineering machining workshops; e) Common effluent treatment plants; f) CAD and/or CAM; g) Cold storage; h) Heat treatment, Electroplating and Galvanising units; i) Seed processing units; j) Xerox units set up with institutional finance only and k) Desk top printing units.
55. Composite units set up for manufacture of an eligible item along with ineligible item.
56. Mini Steel Plants.
57. Steel Ingots/Billets. except Green field Integrated Steel Plants i.e. New Integrated Steel plant, which produces Steel Billets, Coils, Strips, Slabs or Alloy Steels through Blast Furnace route starting with iron ore and using the liquid metal produced from the Blast Furnace to make Billets, Coils, Strips, Slabs or other Steel Alloys without using Electric Arc Furnace or Induction Furnace. However, these Greenfield Integrated Steel Plants shall not be eligible for reimbursement of power cost
58. Alloy Steel Castings Manufacturing units with induction furnace more than 500 KVA capacity.
59. Ferro Alloys Manufacturing.
60. Calcium Carbide and Silicon Carbide Manufacturing

Note: Scheduled Caste and Scheduled Tribe entrepreneurs setting up industries with the line of activities defined as ineligible in the above list shall be eligible for incentives.

B. SAMBOB,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION