

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

ITE&C Department– IT Promotion - Administration of Incentives to the eligible IT/ITES units/companies in Andhra Pradesh under the New/Expansion categories within the framework of the AP Information Technology Policy 2014-20 (Amended) - Operational Guidelines for implementation – Orders - Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(Promotions Wing) DEPARTMENT**

G.O.MS.No.20

Dated: 16.11.2017

Read the following:

1. G.O.Ms.No.13, ITE&C (Promotions) Department, dated: 31.07.2010.
2. G.O Ms.No:13, ITE&C Dept, dated: 11.08.2014.
3. Go Ms. No: 24, ITE&C Dept, dated: 05.11.2016
4. Go Ms. No: 23, ITE&C Dept, dated: 05.12.2014.
5. Go Ms. No: 21, ITE&C Dept, dated: 22.09.2016.

ORDER

In order to achieve the objective of promotion of Information & Communications Technology Sector as a prime growth engine for employment generation and overall socio economic development of the State of Andhra Pradesh, Government after due consideration, issued orders vide G.Os 1st to 4th read above.

2. Further to enable IT/ITES Industry to set up, sustain, function and grow their operations in an investment-friendly, proactive, conducive and hassle free environment in the State, while identifying specific Focus Areas, Government has also pronounced certain incentives and facilitation measures in the said Andhra Pradesh IT Policy 2014-2020.

3. Government has issued orders including amendments vide G.O 5th read above to AP IT Policy 2014-20 issued vide 2nd read above.

4. Taking into consideration the feed-back of IT/ITES Industry and in continuation of the orders issued vide 5th read above, Government hereby issues the following operational guidelines for transparent administration of various incentives to the eligible IT/ITES industry/companies as applicable.

5. Operation Guidelines for disbursement of Incentives

I. Background

- a. Andhra Pradesh Information Technology Policy 2014-20 herein after called 'Policy' to encourage investments in the IT/ITeS sector in the state was notified vide G.O.Ms.No. 21 dated 22.09.2016.
- b. As per the said notification, to provide ample clarity to the IT/ITES industry and for effective functioning of the CCITI, the following guidelines are being laid down.

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II. Definition

- a. Applicant: Applicant for the purpose of the policy is a legal entity registered in India as per companies act (1956 & 2013) that is;
 - i. Proposing to invest in a project under one of the verticals of Information Technology and submitting Application (Proposal) for land.
 - ii. An existing IT/ITES unit in Andhra Pradesh applying for incentives under existing AP IT policies 2014-2020.
- b. Approved Project: Approved Project means a project approved by Information Technology, Electronics and Communication (ITE&C) department, Government of Andhra Pradesh under the policy based on an application.
- c. Fiscal Incentive per Employment: Incentive claimed by IT/ITES units for employment generation with the support of list of employees who are on rolls of the IT/ITES unit (applicant) for more than 12 months at the time of submission of such claims.
- d. Detailed Project Report: Detailed Project Report (DPR) for the purpose of the policy means a report submitted by the applicant seeking approval for a land. The report should be in a prescribed format containing requisite information along with supporting documents.
- e. Financial Year: Financial year begins on the 1st April of a year, and ends on 31st March of the following year.
- f. Project: Project under the policy would be a new business enterprise or expansion of an existing enterprise which an applicant intends to implement as per an application submitted under the policy. The business enterprise could be carried out at one or more locations.
- g. SEZ location: SEZ location means an area which is designated as Special Economic Zone under the provisions of the Special Economic Zones Act, 2005 (28 of 2005) and rules made there under.
- h. Non-SEZ location: Non-SEZ location means an area which is not suitable within designated SEZ area.
- i. ITIRs: Information Technology Investment Regions means an area which is designated as ITIRs under the provisions of GoI's ITIRs Policy, 2008 and rules made there under.
- j. Cost Accountant: The members of the Institute of Cost Accountants of India and having a 'Certificate of Practice' issued by the said institute.
- k. Chartered Accountant: The members of the Institute of Chartered Accountants of India and having a 'Certificate of Practice' issued by the said institute.
- l. Date of commencement of operations (DOC) means date on which commercial operations of the company has commenced as indicated in the UAM/ EM Part – II /Part B of IEM in respect of Micro, Small & Medium Enterprises and Large Industries respectively or DOC certified by chartered accountant.

- m. SC/ST enterprises are those IT/IES companies, having a stack of 100% shareholding by SC/ST entrepreneurs, in the said IT/ITES unit.
- n. Women enterprises are those IT/IES companies, having a stack of 100% shareholding by women entrepreneurs, in the said IT/ITES unit.
- o. MSME IT/ITES units are those units that have an annual turnover of less than Rs. 25 Crs.
- p. SME IT/ITES units are those units that have an annual turnover of Rs. 25 Crs or More.
- q. Mega Projects are the projects or the investment intends that can create employment of 5000 or more in the span of 5 years.

III. Claim for Incentives

- a. The incentives can be claimed up to 31st March -2020.

IV. Allotment of Land

- a. IT/ITES units with IT/ITES employee strength of 250 and annual turnover above Rs.25 cr. in previous financial year will be eligible to apply for land.
- b. Subsidized land, whether by the way of concession or otherwise, by Government of Andhra Pradesh or of its agencies is not eligible for rebate of land subsidy computation.
- c. Extent of land allotment will be based on employment to be created over 6 years, where for every 500 employees, 1 acre of land will be allotted and proportionately thereof. Similarly per acre minimum built up area has to be 50,000 sq. ft.
- d. Application for land allotment can be made to the APIIC once the project has been approved by the CCITI.
- e. Following timelines have to be adhered to in case of Government allotted land to avail subsidy
 - i. start operations within 90 days
 - ii. start construction within 180 days
 - iii. employment fulfillment in 3 years - 30%
 - iv. employment fulfillment in 5 years - 70%
 - v. employment fulfillment in 6 years - 100%
- f. All eligible IT enterprises shall submit their claims in the prescribed application form for reimbursement of land cost after completion of one financial year from start of date of commercial operations.
- g. All eligible IT/ITES units will be reimbursed land cost as per quantum of subsidy mentioned in policy from the DOC till policy is in force. The cost of land for computation of incentives will be, lower of, actual cost paid or market value as per stamps and registration department.
- h. Employment subsidy on land will also be governed at para no. 5.V of this guideline.

- i. The reimbursement of land cost shall be applicable to all IT/ITES units got land recommended from CCITI, subject to fulfillment of the conditions stipulated at para no. 5.IV of this guideline.

V. Employment Incentive

- a. All IT/ITES units shall submit their claims in the prescribed application form for employment incentive after completion of one year from issue of G.O.Ms.No.21, date: 22.09.2016.
- b. IT/ITES units that commenced operations after 22.09.2016 should complete minimum of one year operations to claim incentives.
- c. All eligible companies will be reimbursed employment incentive as per quantum of subsidy mentioned in policy as per G.O.Ms.No.21, date: 22.09.2016.
- d. Fiscal incentives for the employment generation after 22.09.2016 can be claimed with the supporting list of employees who are on rolls of the IT/ITES unit (applicant) for more than 12 months at the time of submission of such claims.
- e. The incentive can only be claimed on the additional and permanent employment generated where all statutory obligations such as provident fund, etc are met and does not include:
 - i. Replacement of old positions
 - ii. Employment increase because of acquisition of other companies that availed employment incentive.
 - iii. Employment through related parties (as per Indian Accounting Standard (Ind AS) 24 issued by ICAI)
 - iv. Contractual/outsourced employment
 - v. Internships
- f. IT/ITES unit should meet the following condition to apply for employment incentive for second time onwards;
 - i. By an increase in the number of employment by more than 10% over the previously claimed employment or 10 additional employment, whichever is higher.
- g. The employment incentive to all eligible IT/ITES units will be approved by CCITI, subject to fulfillment of the conditions stipulated at para no. 5.V of this guideline.

VI. Training Companies

Any autonomous institution promoted by Government/Public Sector Undertakings or private sector with a substantive background of IT/ITeS industry or skilled manpower development, that proposes to set up a training institution for skilling in new age IT technologies shall file an application with the department, duly enclosing the detailed project report, background note and financial discloser of the promoter/training company.

Department will discuss the proposals received in detail in CCITI meeting and will approve for subsidies subject to complying with the laid down criteria;

- a. All training companies, as per the policy, are eligible for investment subsidy of 50% or Rs. 1 crore, whichever is lower. Investment subsidy for this policy would mean investment made on the items, as detailed in Annexure-1 of this guideline.
- b. The eligible institute/industry/Enterprises shall submit their claims in the prescribed application form along with the required documents mentioned in the application
- c. Project cost will cover Fixed Capital Investment in equipment and machinery (including installation cost), electrification, furniture and other miscellaneous investment required for setting up training facilities, excluding land and building cost.
- d. Training Centers which avail investment subsidy shall remain in continuous operations for a minimum period of 3 years.
- e. Training Companies that started commercial operations (DOC) after issuing amended IT Policy (G.O.Ms.21 dated: 22-09-2016) are eligible for claiming investment subsidy.
- f. Reports on training activities would be taken from the company for 3 years from DOC. In case of failure, sanctioned incentives will be recovered from the company.
- g. Company has to submit the half yearly reports on training activities and employment (if any) in prescribed format given by the department.
- h. Investment subsidy will be limited to Rs. 1 Cr across A.P.
- i. Only training companies can claim incentives under this category. Companies with IT/ITES business activity are not eligible to claim this investment subsidy. Conversely, training companies are not eligible for applying employment incentive.
- j. Investment subsidy for one company in one location/ premises can be claimed only once.
- k. Training Companies want to claim for investment subsidy shall submit the following documents;
 - i. Certificate of Incorporation
 - ii. MOA, AOA or Audited Statement Mentioning the current share holding pattern and current directors of the company
 - iii. Supporting Invoices and payments/ receipts made for the items mentioned in Annexure -1, duly certified by chartered accountant.
 - iv. Business plan

VII. Applicability of IT policy

- a. Andhra Pradesh Information Technology Policy 2014-20 in the state was notified vide G.O.Ms.No. 13 dated 11.08.2014 herein after called 'First Policy'.
- b. Andhra Pradesh Information Technology Policy 2014-20 in the state was notified vide G.O.Ms.No. 21 dated 22.09.2016 herein after called 'Second Policy'.
- c. IT/ITES units commenced operations on or after 22.09.2016 are mandated to choose amended IT Policy by which they want to claim incentives under Second Policy.

- d.IT/ITES units operating and claiming or eligible for incentives as per First Policy will have one time option to avail either one of the policies (G.O.Ms. 13 or G.O.Ms.21) mentioned above for claiming incentives.
- e.IT/ITES units which were in eligible for incentives as per First Policy, would now become eligible to claim incentives only as per Second Policy, based on the new employment generated after 22.09.2016.
- f. For scenario as mentioned in para 5.VII.d, IT/ITES units to avail incentives under new policy will have to present their case in front of CCITI in the prescribed format. CCITI after careful examination may permit for migration to new policy.

VIII. Furnishing of Statement of account/information by eligible Enterprises

IT/ITES units, which obtain incentives under the scheme, shall furnish certified copy of audited accounts including Balance Sheet before 30th June of the succeeding year to the department. Such statement should be furnished for a period of three (3) years. Further, IT/ITES units should also furnish details of sales, employment, export etc., in the proforma prescribed to the department concerned as an Annual Return before 30th June of the succeeding year and obtain acknowledgment thereof. However, IT/ITES units which are released employment subsidy not exceeding Rs.1, 00,000/- may furnish only the Annual Performance Report in the proforma prescribed to the department concerned as an Annual Return before 30th June of the succeeding year and obtain acknowledgment thereof for a period of Six (6) years may be after going into commercial operations. In case if any entrepreneur fail to submit the certified audited accounts including Balance Sheet or Annual Performance Report in time, the recurring incentives in future will be stopped.

IX. Interpretations

When any matter arises for the purpose of interpretation on which CCITI could not take a decision or in case where any suggestions are made outside the scope of CCITI in regard to implementation of the policy, such matters shall be referred to the Government in Information Technology, Electronics & Communication Department, Government of Andhra Pradesh for decision.

X. Penalties

Without prejudice to anything included in para VII, it is hereby ordained that any willful misrepresentation of facts, action/inaction on behalf of an entrepreneur leading to irregular sanction/disbursement of incentives under the above policies will invite civil and criminal action as per extant laws besides recovery of the amount irregularly disbursed, if any, and debarring of the unit from claiming incentives in the future.

- 6. Process , release and monitoring of incentives are, if need be, subject to verification of authenticity of information furnished on turnover, investment, employment from the statutory agencies, such as, APEITA, STPI, SEZ Commissioner, NASSCOM or any other appropriate/concerned statutory agency etc.

7. In case it is found at any point of time that any particular incentive is claimed by any IT/ITES units through misrepresentation of facts/furnishing of false information and in case it is found that the respective company is not eligible for the incentive so sanctioned or claimed, Government can seek the refund of the same from the company and initiate, any other penal action as is deemed fit.

8. The interpretation and decisions of the Government is final with regard to applications made by the IT/ITES units for any of the incentives available as per AP IT Policy 2014-2020. Government shall not entertain any correspondence against its decision nor can the matter be subjected for any challenge in any court of law at any point of time.

9. Recoveries of Incentives Sanctioned under the Policy

Incentives/concessions granted to IT/ITES units shall be liable to be recovered under the following circumstances.

- a. If the incentives/concessions are obtained by the IT/ITES units by misrepresentation of essential facts or by furnishing of false information or suppressions of material/ immaterial facts or by submission of false/fake documents etc. In addition to recovery of the incentives granted, penalty will be levied @ 2 times of the sanctioned and disbursed amount and barred from availing incentives in future.
- b. If the IT/ITES units fails to furnish the prescribed statements and/ or information when it is called upon to furnish.
- c. If the IT/ITES units effects change of management without prior approval from the financing institution concerned and the CCITI.
- d. If the whole or part of the company is sold without the prior approval of the financial institutions/CCITI.
- e. If the IT/ITES unit enters into a contract of any nature whatsoever by transferring the Management, without the prior approval of the financial institutions/CCITI.
- f. In the event of recoveries for reasons arising mentioned above, they shall be recovered treating them as arrears of Land Revenue under A.P. Revenue Recovery Act, 1864 and ITPOs will be designated as recovery officers by suitable Government Orders.

10. IT/ITES units shall visit <http://itecinvest.ap.gov.in> to apply for incentives for their eligibility criteria.

11. The operational guidelines issued for administration of Incentives available under AP IT Policy 2014-2020 to the eligible IT/ITES units as mentioned above shall be in force and co-terminus with the validity period of the AP IT Policy 2014-2020.

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

**K.VIJAYANAND
PRINCIPAL SECRETARY TO GOVERNMENT**

To
All the Departments of Secretariat
All the District Collectors & Magistrates, AP
The CEO, APEITA
The CEO, APNRT
The Commissioner and I.G., Stamps and Registration, Andhra Pradesh
The Vice Chairman and Managing Director, APIIC, Vijayawada

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The Commissioner, Industries, Andhra Pradesh
The Commissioner, Information and Public Relations, Andhra Pradesh
The Commissioner, Labour, Andhra Pradesh
The Vice Chairman, VUDA/TUDA/VGTMUDA
All the Municipal Commissioners, AP,
The Development Commissioner, VSEZ, Visakhapatnam
The Director, STPI, Andhra Pradesh
The President, ITAAP, Andhra Pradesh
The Regional Director, NASSCOM, Andhra Pradesh,
All the G.M, DIC

Copy to:

The OSD to Hon'ble Minister for Information Technology, Andhra Pradesh
The PS to Principal Secretary to CM Andhra Pradesh
The PS to IT Advisor
The PS to Prl. Secretary, ITE&C Department
The CEO, APEDB
The CEO, AP Innovation Society

// FORWARDED :: BY ORDER //

SECTION OFFICER

ANNEXURE-1

Investment Subsidy for Training Companies

Companies shall furnish the support documents (invoices/receipts) for the following items while applying for investment subsidy;

S.No	Item Description
1	Servers with OS
2	Software/Software tools and Hardware per license cost for training activities
3	Networking Equipments (Switches, Routers, Firewalls, Voice/Video Conferencing Gateways for e-learning, Audio & Video Equipment etc)
4	Workstations (Desktop, Laptop, Tablets, Headsets)
5	License cost for data storage in Cloud for training activities
6	Power backup (UPS)
7	Printer, Copier, Scanner & Projector
8	Fire & Security Items (CC TV Cameras / Monitoring Systems)
9	Workstation Furniture (Tables, Chairs, Sofa Sets etc) & Interior designs by Interior Decorators/self
10	Electrical wiring & fittings
11	Bio-Metric Devices
12	Central Air-conditioning equipment, air-conditioning System
13	Captive Diesel Generating Set and transformer of capacity commensurate with the actual requirement of the unit, solar power/ Non conventional Energy Generation Set
14	Other misc. goods not exceeding 5 % of the total cost of above items

Note: Any item not covered above shall be discussed and sanctioned by CCITI.

**K.VIJAYANAND
PRINCIPAL SECRETARY TO GOVERNMENT**