

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

IT,E&C Department – Electronics Industry Promotions – Addendum to Andhra Pradesh Electronics Policy 2014-2020 – Inclusion of Electronic Manufacturing Clusters and Ultra-Mega Projects – Orders – Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(PROMOTIONS) DEPARTMENT

G.O.MS.No. 17

Dated: 27-09-2018

Read the following:

1. Blue Print for IT, Electronics & e-Governance 2014.
2. G.O.MS.No.16, IT,E&C (Promotions) Department, dated.09.09.2014.
3. G.O.MS.No.07, IT,E&C (Promotions) Department, dated.06.04.2015.
4. G.O.MS.No.20, IT,E&C (Promotions) Department, dated.22.09.2016.
5. G.O.MS.No.15, IT,E&C (Promotions) Department, dated.09.10.2017.
6. U.O.No.354/2018, G.A (Cabinet) Department, dated.10.09.2018.

ORDER:

The Government of Andhra Pradesh developed a blueprint “Re-Imagining Andhra Pradesh- Role of e-Governance, Electronics and IT” for the development of the Electronics and ICT industry in the State. It has laid out a vision to “develop AP as an Innovation Society of global repute, with a focus on enhancing the Quality of Life of its citizens, through high-quality Education and Healthcare, increased productivity in agriculture and allied activities, creation of employment by promoting Electronics and IT and above all, by providing good governance”.

2. In order to enable the setup of electronics companies in the State, Government has issued the Andhra Pradesh Electronics Policy 2014-2020 vide G.O 2nd read above and amended vide G.O 3rd read above. The policy aims to develop electronics industry as an important growth engine for the State through effective use of the talent pool, skill enhancement, promotion of innovation & future technologies and creation of excellent infrastructure. The policy was subsequently amended vide G.O 4th read above to simplify the incentive administration, encourage employment and support new electronics industries as well to support expansion of existing electronics ecosystem.

3. Andhra Pradesh is home to three Electronic Manufacturing Clusters (EMC) under Government of India’s EMC Scheme. Sri City EMC, EMC-1 and EMC-2 in Tirupati are spread over 811 acres and have been instrumental in providing dedicated land for establishing electronics manufacturing companies. The Government of India (GoI) EMC Scheme is no longer operational and Andhra Pradesh would like to develop additional EMCs for which nearly 6,000 acres of land is required to create 10 lakh jobs by 2023. Further, it is noted that Ultra-Mega projects are showing interest to setup operations in the State. Therefore, it has become imperative for State Government to extend incentives to developers of EMCs and Ultra-Mega Projects in Electronics Manufacturing, subsequently a need for addendum to the existing policy.

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4. Government after careful examination of the matter, hereby issued the following addendum to the Andhra Pradesh Electronics Policy 2014-2020 issued vide G.O 2nd read above:

ADDENDUM

The following shall be added in continuation of the policy of G.O 2nd read above:

7. Electronic Manufacturing Clusters (EMC):

7.(i). Definitions:

(a) Electronics industry includes companies involved in the manufacturing of electronic equipment for industries and consumer electronics products, such as computers, televisions and circuit boards. This also includes companies involved in manufacturing of IT/ Telecom hardware & equipment, electronic components, industrial electronics and consumer electronics.

(b) Electronic Manufacturing Clusters (EMC):

Definition as per AP Electronics Policy 2014-2020, G.O.MS.No.15, Dated.09.10.2017.	Read As
Electronic Manufacturing Cluster (EMC) means a geographical area or a region, so notified by the IT,E&C Department. This may include a Greenfield EMC or a Brownfield EMC.	EMC implies a dedicated area comprising of infrastructure for electronics manufacturing companies as well as social infrastructure, designed to encourage localization of such companies, thereby giving each the benefit of economies of scale. At the minimum, 50 acres of land is required for development of each EMC. This includes only Greenfield EMCs.

- (c) Basic development** – Boundary wall, internal roads, street lighting, storm water drains.
- (d) Essential services** – Government support office, effluent treatment plant, water treatment plant, sewage lines/ treatment, water disposal/ recycling/ harvesting, electricity substation/ distribution, backup power plant, warehousing, Solid Waste Management.
- (e) Support services** – Centre of Excellence, training facility/ ITI, auditorium and conference facility, video conference, IT infrastructure/ telecom
- (f) Government regulatory services** – Designated officers, tax filing, factory/ labour compliance support, pollution control
- (g) Manufacturing support** – Tool room, CAD/ CAM design house, plastic moulding, sheet metal stamping, packaging/ epoxy suppliers, testing and certification facility, component testing
- (h) Land Zoning:** Mixed purpose land usage will be allowed up to 30% of the total land area for developing shared infrastructure to provide welfare services such as employee hostels and mess, housing, hospitals, health centres, recreational facilities, crèches, shopping centres, restaurants, educational facilities etc.
- (i) Project construction:** Project construction includes all the components that the promoter proposes to develop in the EMC. The scope of construction may include development of basic infrastructure mentioned in points 7.(i).(a) – 7.(i).(e) as well as welfare services mentioned in point 7.(i).(h) above.

- (j) **Project Cost:** Project cost includes costs incurred towards items that the promoter proposes to construct, as per point 7.(i).(h) above.
- (k) **Implementation/Execution:** The project has to be executed by a “promoter” which may include an electronics manufacturing company, a consortium of electronics manufacturing companies, APIIC or any other government entity, an independent developer, or a consortium of developers, or through the formation of an SPV. The promoter shall be responsible for development, operations and maintenance of the EMC. The promoter shall submit a Detailed Project Report (DPR) along with the necessary applications to APEITA, for the purpose of developing land into an EMC.

7.(ii). In case the promoter submits a proposal requesting for allocation of land owned by APIIC, APIIC shall consider the application and if satisfied, may grant acceptance to the proposal and allocate land, as per the rate decided by the State Government. In such a scenario, the company/SPV or any other form of authority created to execute the project shall include on board at least one director nominated by the IT,E&C Department, GoAP from APIIC or any other Govt. Agency. In case the promoter does not request land from APIIC, the land has to be owned by the promoter and the same should have been converted to Industrial land as per Govt. norms.

7.(iii). Land Allotment to EMC Developers: The following criteria would be applicable for allocation of land for the purpose of setting up an EMC:

- (a) An electronics manufacturing company requesting for allocation of land for the purpose of setting up an EMC, can submit an application with the detailed project plan for setting up an EMC. However, in such a case, the company must have a net worth at least 1.5 times of its proposed equity contribution, as per the audited balance sheet of the previous financial year. The nodal agency shall consider such applications on a case-by case basis and if satisfied may grant acceptance to the proposal.
- (b) A group of electronics manufacturing companies can submit an application for setting up an EMC. However, in such a case, a minimum of seven electronics companies should be part of the consortium. The combined net-worth of all the member companies should be at least 1.5 times of the proposed equity contribution in order to ensure requisite contribution for the project, as per the audited balance sheets of the previous financial year, to be eligible for allocation of land. The consortium is required to obtain prior approval of the State Government in case of any change in its composition after submission of application.
- (c) Allotment of Government land or land held by APIIC for industrial development, to any other category of EMC promoter will be based on the condition that the promoter has prior experience of developing industrial or IT space with a cumulative revenue of at least INR 200 Cr., as per audited financial statements of the previous three financial years.
- (d) The land price would be as per decision of APIIC/SIPB/Cabinet and it varies from place to place on outright sale basis. Long term leasing is not permissible in case of the land provided by APIIC for EMC Projects.
- (e) Any additional Infrastructure development cost incurred for such land would be priced to the promoter and the same may vary from place to place.

7.(iv). Incentives for EMC Developers: The promoter shall be entitled to claim the following incentives from the State Government:

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- (a) The promoter can claim reimbursement of 100% of land conversion charges in converting agricultural land to industrial land subject to a maximum cap of INR 1 Cr. This claim is not applicable for land allocated by APIIC.
- (b) The promoter will receive Grant restricted to 30% of the project cost with a cap of INR 30 Lacs per acre. However, the cumulative quantum of such Grant shall not exceed INR 50 Cr.
- (c) A promoter who is eligible/ approved to receive incentive under any existing Schemes of the Central Government, will also be eligible to claim incentives under this policy. However, the total quantum of incentives pertaining to approved EMCs claimed under all policies of GOI and GoAP should not exceed 75% of the total project cost.
- (d) Investments in land made up to 6 months before the date of approval of a project will be considered for calculation of eligible incentives under the policy. However, subsidized land purchased from the State Government is not eligible to be considered a part of the project cost for claiming incentives.
- (e) The benefits of the AP Electronics Policy 2014-2020 shall continue to extend to units operating within EMCs.
- (f) The Grant will be paid/ released on basis of percentage of project completion and percentage of land sold or leased. The following timelines shall be applicable for release of incentives:

Sl. No.	% of Construction Completed	Ratio of land area sold/leased to ESDM companies to the proposed plottable area	Timelines	Eligible Grant on Total Project Cost	Cumulative Grant on Total Project Cost
1	25%	1:4	18 months	10%	10%
2	50%	1:2	24 months	10%	20%
3	100%	1:1	36 months	10%	30%

8. Ultra-Mega Projects:

8.(i). Definitions:

- (a) **Ultra-Mega Project:** Ultra-Mega Projects are the projects or the investment intents wherein the minimum total project cost is INR 1,000 Cr. in 3 years and create employment of more than 10,000 persons in a span of 6 years.

8.(ii). Fiscal Incentives for Ultra-Mega Projects: The Ultra-Mega projects would be given an option to choose between the following:

- (a) **SGST Reimbursement:** 100% tax reimbursement on SGST for a period of 15 years subject to a maximum of 100% of fixed capital investment other than land (such as building, plant, machinery, testing equipment, etc.).

In case a company opts for this option, they'll be eligible to claim all other fiscal and non-fiscal incentives applicable as per the Andhra Pradesh Electronics Policy 2014 – 2020.

(OR)

(b) Revenue Linked Incentive: The eligible units can claim as incentive, 1% of revenue realized in a financial year, for a period of 15 years, starting from the date of commercial production (DCP). In case a company opts for this option, they'll be eligible to claim all other fiscal and non-fiscal incentives, excluding SGST reimbursement, applicable as per the Andhra Pradesh Electronics Policy 2014 – 2020.

Also, the total quantum of revenue linked incentives disbursed in a financial year shall be capped at 1/15th of the fixed capital investment made in the project (excluding land). The cumulative revenue linked incentive disbursed shall not exceed 100% of the fixed capital investment made in the project (excluding land).

In case the revenue linked incentive claimed for the 1st, 2nd and 3rd years from DCP is less than that of the eligible incentive claim (1/15th of Fixed Capital Investment other than land), the balance shall be carried forward as accrual and can be claimed within 4th to 6th year of DCP. However, in case, the revenue linked incentive claim made for any other financial year (4th – 15th years) is less than the eligibility for that year, the balance unclaimed amount shall not be accrued as carry forward.

For claiming this incentive, the realized revenue in a financial year would be considered. The concerned unit has to submit proof(s) of sale(s) (such as bill, invoice etc.) and cash credit pertaining to those sale(s), accompanied with a certificate of cumulative realized revenue, issued by a Chartered Accountant.

9. A promoter developing an EMC and also setting up a manufacturing unit within the said EMC, shall be eligible for Grant on project cost as per the addendum to the policy as well as the incentives available to electronic manufacturing units as per Andhra Pradesh Electronic Policy 2014-2020 issued vide G.O 4th read above.

10. Eligibility conditions for availing of incentives mentioned in the Andhra Pradesh Electronic Policy 2014-2020 issued vide G.O 4th read above remains the same.

11. This Order shall be in force till 31st March, 2020 and co-terminates along with the AP Electronics Policy 2014-2020.

12. The following Govt. Agencies will take the respective responsibilities assigned herein:

- (a) APEITA will receive DPRs from EMC developers and process the same to check the eligibility and submit the eligible DPRs to the IT,E&C Department.
- (b) IT,E&C Department will act in implementation of EMC selections and approval.
- (c) IT,E&C Department or APIIC will act in allotment of land. Monitoring of EMC project implementation will be done by IT,E&C Department through APIIC or any other Agency.

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

**K.VIJAYANAND
PRINCIPAL SECRETARY TO GOVERNMENT**

To
All the Departments of Secretariat.
The Commissioner and I.G., Stamps and Registration, Vijayawada.
The Vice Chairman and Managing Director, APIIC, Vijayawada.

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The Commissioner, MA&UD Dept Vijayawada.
The Director of Industries, Andhra Pradesh, Vijayawada.
The Commissioner, Information and Public Relations, Andhra Pradesh, Vijayawada.
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh, Vijayawada.
The Chairman & MD, AP TRANSCO Vijayawada.
The Managing Director, APEPDCL Visakhapatnam /APSPDCL Tirupati.
The Commissioner, Labour, Andhra Pradesh Vijayawada.
The Vice Chairman, VUDA Visakhapatnam/TUDA, Tirupati /VGTMUDA Vijayawada.
The Commissioner CRDA Vijayawada.
All the District Collectors & Magistrates.
All the Municipal Commissioners, AP.
The Development Commissioner, VSEZ, Visakhapatnam.
The Development Commissioner, AP IT SEZs Visakhapatnam.
The Director, STPI, Andhra Pradesh.
The President, ITAAP, Andhra Pradesh.
The Regional Director, CII, Andhra Pradesh.
The President, AP Chamber of Commerce.
The President, ELIAP Member.
The President, VITA Member.
The Regional Chairman, ESC Member.
The CEO AP E&IT Agency, Visakhapatnam.
The CEO APIS , Tirupati.
The Regional Director, NASSCOM, Andhra Pradesh.

Copy to:

The Chief Minister's Office / Chief PRO to Hon'ble Chief Minister.
The Secretary to GOI, Ministry of Electronics & Information Technology (MeitY), New Delhi.
The Chief Commissioner, Customs & Central Excise, Hyderabad.
The OSD to Minister for I&PR, Information Technology, Andhra Pradesh.
The PS to Minister for Finance, Hyderabad.
The PS to Minister for Major Industries, Andhra Pradesh.
The PS to Minister for Revenue, Andhra Pradesh.
The PS to Minister for MA&UD, Andhra Pradesh.
The PS to Minister for Energy, Andhra Pradesh.
The PS to Minister for Labour, Andhra Pradesh.
The PS to IT Advisor, Government of Andhra Pradesh.
The PS to Chief Secretary to Government of Andhra Pradesh.
The OSD to Joint Secretary to CM Andhra Pradesh.
The PS to Spl CS Planning, Andhra Pradesh.
The PS to PFS, Andhra Pradesh.
The PS to Special Chief Secretary to CM & Advisor IT Promotions to Govt of AP.

// FORWARDED :: BY ORDER //

SECTION OFFICER