

Andhra Pradesh New Industrial Development Policy – A Testimony for Commitment

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Abstract: The new state of Andhra Pradesh in India was formed on June 2nd 2014 by the Andhra Pradesh Reorganization Act. Andhra Pradesh has strong base in Cement industry, Paper industry, Food processing industry, Aqua culture, Steel industry, Fertilizer industry, chemicals and Petrochemical industry, textile industry, automobile industry and in ship building. Andhra Pradesh Government gave top priority to the development of industrial sector. The prime objectives of the Government are to make state, a centre for innovation and technology and also to make it a progressive and highly industrialised state. The Government had introduced its new Industrial Development Policy to make Andhra Pradesh most preferred destination for investors. The new policy aims at creating favourable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new policy aims to create a productive ecosystem thereby helping industries of Andhra Pradesh to become innovative and globally competitive. In this paper an attempt is made to explain incentives offered under the new Industrial development policy to Large Enterprises, MSMEs, Women Entrepreneurs and Incentives to Backward Class, SC and ST entrepreneurs.

Keywords: Incentives, Large Enterprises, MSMEs, Women Entrepreneurs, Industrial Development

I. INTRODUCTION

The new state of Andhra Pradesh in India was formed on June 2nd 2014 by the Andhra Pradesh Reorganization Act. It contains thirteen districts. The state is blessed with long sea coast. It is having a strategic advantage of being the Gateway to East and South-East Asia. It is having good water resources useful for industrial development with two perennial rivers. Andhra Pradesh has strong base in Cement industry, Paper industry, Food processing industry, Aqua culture, Steel industry, Fertilizer industry, chemicals and Petrochemical industry, textile industry, automobile industry and in ship building. Emerging industries include electronics, hardware and aerospace industries. Andhra Pradesh Government gave top priority to the development of industrial sector. The prime objectives of the Government are to make state, a centre for innovation and technology and also to make it a progressive and highly industrialised state and to make its population confident about its future. The Government had introduced its new Industrial Development Policy to make Andhra Pradesh most preferred destination for investors. The new policy aims at creating favourable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new policy aims to create a productive ecosystem thereby helping industries of Andhra Pradesh to become innovative and globally competitive. Government also laid emphasis on sustainable industrial development coupled with capacity building at the grass roots level. The incentives offered under the Andhra Pradesh new Industrial Development policy can be grouped into six heads. They include Incentives offered to Large Enterprises, Incentives to MSMEs, Incentives to Women Entrepreneurs, Incentives to Backward Class entrepreneurs, Incentives to SC and ST entrepreneurs and Incentives to Mega projects.

II. REVIEW OF LITERATURE

Somayajulu V. V. N. (1994) made a study on Industrial Development in Andhra Pradesh. His period of study is 1956-1980. He had examined role of parameters relating to structure in industrial development. Kambhampati (1996) made a study on microeconomic performance of the Indian industry. Her study was based on RBI data for fifteen years. She had examined the conduct, pattern of structure and performance of the industries during the study period. Narayanan (1998) had done a study in Indian Automobile Industry. He had analysed the effects of policy of deregulation on technology acquisition and competitiveness in the Indian automobile industry during the 1980s. Piplai (2001) carried out a study on the effects of liberalisation on the Indian vehicle industry. Katz and Shelanski (2004) had done a study on the developing role of innovation in merger policy of USA. Cecile Carpenter and Jean Marc Suret (2005) reviewed the taxation policy introduced by the government for the progress of the MSME sector. They suggested that there is an urgent need to introduce more result-oriented measures. Sharma (2006) conducted a study on the performance of the Indian auto industry with respect to the productivity growth. His study covered the data from 1990-91 to 2003-04. Venkateswararao.P, Siva Sree.Ch and Suryachandra Rao.D (2017) examined comprehensively the various

schemes introduced by the Government of India for the development of MSMEs. Venkateswararao.P had examined various aspects of MSME policy of Andhra Pradesh. Venkateswararao.P had reviewed tourism policy of Andhra Pradesh.

After doing extensive review of literature it was found that there was no study which exclusively dealt with new industrial Development Policy of Andhra Pradesh. Hence, this study was taken up.

Objectives

The main objective of this paper entitled “Andhra Pradesh New Industrial Development Policy – A Testimony for Commitment” to examine the new Industrial Development Policy of Andhra Pradesh. The specific objectives are the following

1. To explain incentives offered in new Industrial Development policy to Large Enterprises in Andhra Pradesh.
2. To elucidate incentives offered in new Industrial Development policy to MSMEs in Andhra Pradesh.
3. To spell out incentives offered in new Industrial Development policy to Women Entrepreneurs in Andhra Pradesh.
4. To throw light on Incentives offered to Back ward Class entrepreneurs and Incentives offered to SC and ST entrepreneurs in new Industrial Development policy of Andhra Pradesh.
5. To explicate Incentives offered to Mega projects

III. METHODOLOGY

The study namely “Andhra Pradesh New Industrial Development Policy – A Testimony for Commitment” is a descriptive and theoretical study. An attempt is made to review the existing literature on Industrial development and other related issues. After extensive survey of the literature it is found that there was no specific study which dealt with Andhra Pradesh New Industrial Development Policy. Hence, this study is made.

Incentives to Large Enterprises

1. The large industry means an Enterprise in which investment in plant and machinery is less than five hundred crores or any Enterprise other than MSMEs.
2. When the company purchases land for industrial purpose, hundred per cent of stamp duty and transfer duty paid by the company will be reimbursed by the Government. This will be reimbursed only one time on the land. It will not be reimbursed on subsequent transactions on the same land.
3. Hundred per cent of stamp duty will be reimbursed by the Government, for lease of land or shed or buildings, mortgages and hypothecations.
4. Government assures to provide uninterrupted quality power to all companies operating in the state.
5. For large companies fixed power cost at the rate of one rupee per unit will be reimbursed from the date of commencement of commercial production for a period of five years.
6. Fifty per cent of SGST will be reimbursed from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment with in the period.
7. Large companies which are engaged in waste recycling are exempted from the payment of sales tax.
8. If companies adopt specific cleaner production measures and are certified by the Andhra Pradesh Pollution Control Board (APPCB), they get a ten per cent subsidy on the cost of plant and machinery up to Thirty five lakhs.
9. Large companies also get Twenty Five per cent subsidy on total fixed capital investment of the project with a limit of Rupees Fifty Crores on adoption of green measures. Green measures include Waste water treatment, Green Buildings, use of renewable source of power, Installing Continuous Emission Monitoring System (CEMS) for red category industries and adopting rain water harvesting

Incentives to MSMEs

1. When the MSME purchase land for industrial purpose, hundred per cent of stamp duty and transfer duty paid by the MSME will be reimbursed by the Government. This will be reimbursed only one time on the land. It will not be reimbursed on subsequent transactions on the same land.
2. Hundred per cent of stamp duty will be reimbursed by the Government, for lease of land or shed or buildings, mortgages and hypothecations.
3. Government assures to provide uninterrupted quality power to all MSMEs operating in the state.
4. For MSMEs fixed power cost at the rate of one rupee per unit will be reimbursed from the date of commencement of commercial production for a period of five years.
5. Hundred per cent of SGST will be reimbursed for Micro and Small Enterprises from the time of commencement of commercial production for a period of five years.
6. Seventy Five per cent of SGST will be reimbursed for Medium Enterprises from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment with in the period.

7. MSMEs which are engaged in waste recycling are exempted from the payment of sales tax.
8. If MSMEs adopt specific cleaner production measures and are certified by the Andhra Pradesh Pollution Control Board (APPCB), they get a Thirty Five per cent subsidy on the cost of plant and machinery up to Thirty five lakhs.
9. MSMEs also get Twenty Five per cent subsidy on total fixed capital investment of the project with a limit of Rupees Fifty Crores on adoption of green measures. Green measures include Waste water treatment, Green Buildings, use of renewable source of power, Installing Continuous Emission Monitoring System (CEMS) for red category industries, adopting rain water harvesting and any other project of environment management approved by the concerned committee of secretaries.

Incentives to Women Entrepreneurs

Special Incentives apart from all other incentives are offered under the policy to units established by women entrepreneurs as sole proprietors or to units established as partnership or private limited companies having hundred per cent share of women entrepreneurs.

1. Twenty Five per cent subsidy with a limit of Thirty Lakhs per unit on fixed capital investment.
2. Fifteen per cent of Machinery cost will be paid as subsidy to first generation women entrepreneurs in the form of seed capital assistance. This will be deducted from investment subsidy given.

Incentives to Back ward class Entrepreneurs

Special Incentives apart from all other incentives are offered under the policy to units established by Back ward Class entrepreneurs as sole proprietors or to units established as partnership or private limited companies having hundred per cent share of Back ward Class entrepreneurs.

1. When the Back ward Class entrepreneur purchases land for industrial purpose, hundred per cent of stamp duty and transfer duty paid by the Back ward Class entrepreneur will be reimbursed by the Government.
2. Hundred per cent of stamp duty will be reimbursed Back ward Class entrepreneurs by the Government, for lease of land or shed or buildings, mortgages and hypothecations.
3. Fifty per cent rebate on land cost will be given to Backward Class Entrepreneurs in industrial estates or industrial parks to a limit of Rs. Twenty Lakhs.
4. Twenty Five per cent land conversion charges will be paid to Backward Class Entrepreneurs up to a limit of Rs. Ten Lakhs.
5. For Backward Class Entrepreneurs fixed power cost at the rate of one rupee Fifty paise per unit will be reimbursed from the date of commencement of commercial production for a period of five years.
6. Twenty Five per cent of Machinery cost will be paid as subsidy to first generation Backward Class Entrepreneurs in the form of seed capital assistance. This will be deducted from investment subsidy given.
7. With a maximum limit per unit of Rupees Seventy Five Lakhs, Thirty five per cent investment subsidy on fixed capital investment is offered to Backward Class Entrepreneurs and forty five per cent to Backward Class women Entrepreneurs
8. Hundred per cent of SGST will be reimbursed for Micro and Small Enterprises established by Backward Class Entrepreneurs from the time of commencement of commercial production for a period of five years.
9. Seventy Five per cent of SGST will be reimbursed for Medium Enterprises established by Backward Class Entrepreneurs from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment with in the period.
10. Fifty per cent of SGST will be reimbursed for Large Enterprises established by Backward Class Entrepreneurs from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment with in the period.
11. Interest subsidy on term loans taken was offered to Backward Class Entrepreneurs on fixed capital investment. This subsidy was offered for a period of five years from the date of commencement of commercial production. Here, Maximum reimbursement is up to Nine per cent and subsidy is given on interest rate in excess of three per cent.
12. Infrastructure facilities like road, power and water will be provided to stand alone enterprises established by Backward Class Entrepreneurs by bearing Fifty per cent cost subject to fulfilment of certain conditions.
13. Fifty per cent reimbursement of the cost will be done for Backward Class Entrepreneurs in case of skill up gradation and training of local manpower subject to a limit of Rupees five thousand per person.
14. Fifty per cent subsidy was offered to MSMEs established by Backward Class Entrepreneurs with a limit of Rupees three lakhs on the expenses incurred in patent registration and quality certification.
15. Apart from above Swachh Andhra incentives are also offered to Backward Class Entrepreneurs

Incentives to SC and ST Entrepreneurs

Special Incentives apart from all other incentives are offered under the policy to units established by SC and ST entrepreneurs as sole proprietors or to units established as partnership or private limited companies having hundred per cent share of SC and ST entrepreneurs.

1. When the SC and ST entrepreneurs purchase land for industrial purpose, hundred per cent of stamp duty and transfer duty paid by the SC and ST entrepreneurs will be reimbursed by the Government.
2. Hundred per cent of stamp duty will be reimbursed SC and ST entrepreneurs by the Government, for lease of land or shed or buildings, mortgages and hypothecations.
3. Fifty per cent rebate on land cost will be given to SC and ST entrepreneurs in industrial estates or industrial parks to a limit of Rs. Twenty Lakhs.
4. Twenty Five per cent land conversion charges will be paid to SC and ST entrepreneurs up to a limit of Rupees Ten Lakhs.
5. For SC and ST entrepreneurs fixed power cost at the rate of one rupee Fifty paise per unit will be reimbursed from the date of commencement of commercial production for a period of five years.
6. Twenty Five per cent of Machinery cost will be paid as subsidy to first generation SC and ST entrepreneurs in the form of seed capital assistance. This will be deducted from investment subsidy given.
7. With a maximum limit per unit of Rupees Seventy Five Lakhs, Thirty five per cent investment subsidy on fixed capital investment is offered to SC and ST entrepreneurs and forty five per cent to SC and ST women entrepreneurs. An additional Five per cent investment subsidy for ST entrepreneurs if they set up units in scheduled areas.
8. Hundred per cent of SGST will be reimbursed for Micro and Small Enterprises established by SC and ST entrepreneurs from the time of commencement of commercial production for a period of five years.
9. Seventy Five per cent of SGST will be reimbursed for Medium Enterprises established by SC and ST entrepreneurs from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment within the period.
10. Fifty per cent of SGST will be reimbursed for Large Enterprises established by SC and ST entrepreneurs from the time of commencement of commercial production for a period of seven years. This will be done up to realisation of fixed capital investment within the period.
11. Interest subsidy on term loans taken was offered to SC and ST entrepreneurs on fixed capital investment. This subsidy was offered for a period of five years from the date of commencement of commercial production. Here, Maximum reimbursement is up to Nine per cent and subsidy is given on interest rate in excess of three per cent. This benefit is offered to service sector units also.
12. Infrastructure facilities like road, power and water will be provided to stand alone enterprises established by SC and ST entrepreneurs by bearing Fifty per cent cost subject to fulfilment of certain conditions.
13. Fifty per cent reimbursement of the cost will be done for SC and ST entrepreneurs in case of skill up gradation and training of local manpower subject to a limit of Rupees five thousand per person.
14. Fifty per cent subsidy was offered to MSMEs established by SC and ST entrepreneurs with a limit of Rupees three lakhs on the expenses incurred in patent registration and quality certification.
15. Apart from above Swachh Andhra incentives are also offered to SC and ST entrepreneurs.

Incentives to Mega projects

Projects involving an investment of Rupees Five hundred crores or projects which provide direct employment opportunities to Two thousand persons are defined as Mega projects. The Government assured in the policy that tailors made benefits on case to case basis will be offered to Entrepreneurs of Mega projects. Factors to be considered while offering benefits include technology, project's importance to the state's industrial growth, pioneering nature, the gestation period, location aspects, revenues for the state and its ability to generate large scale employment for people

IV. CONCLUSION

The new Industrial Development policy of Andhra Pradesh aims to create a productive ecosystem thereby helping industries of Andhra Pradesh to become innovative and globally competitive. Government also laid emphasis on sustainable industrial development coupled with capacity building at the grass roots level. The incentives provided for large scale enterprises, MSMEs, Women entrepreneurs, Back ward Class entrepreneurs and SC and ST entrepreneurs in the policy is really a testimony for the commitment of the Government towards industrial development in Andhra Pradesh.

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