



Jagananna Y.S.R Badugu Vikasam

Special Industrial Policy for
SC and ST Entrepreneurs 2020-23



జగనన్న వై.ఎస్.ఆర్
బడుగు వికాసం

షెడ్యూల్డ్ కులములు మరియు షెడ్యూల్డ్ తెగల
ఔత్సాహిక పారిశ్రామికవేత్తలకు
ప్రత్యేక పారిశ్రామిక విధానం 2020-23



Foreword

Promoting Entrepreneurship amongst the Marginalized for Inclusive Growth and Development

We believe in promoting sustainable industrialization in our state. We are on a path in which nature and ecological balance are protected, wealth generated is equitably distributed, and the weaker sections of the society are better off.



Our New Industrial Development Policy 2020-23 launched recently is centred on balancing growth across regions and communities. With a vision to provide additional thrust to the entrepreneurs among the underprivileged communities, particularly Scheduled Castes, Scheduled Tribes, through policy measures and institutional network, we are announcing this special policy for SC and ST entrepreneurs.

I strongly believe that this policy is a strong step forward in attaining social equality through entrepreneurship and capacity building. The policy has a strong focus to reach the objectives through various interventions to optimize the impact.

This policy will be corner stone on our government's efforts to provide conducive environment for attaining equitable and inclusive development along with bringing a real change at the grass-root level.

Shri Y. S. Jagan Mohan Reddy
Hon'ble Chief Minister,
Government of Andhra Pradesh

Foreword

I'm delighted to present to you the Special Industrial Policy for SC and ST 2020-23. Economic growth and inclusive development through seamless business facilitation is our key priority. The industrial development policy 2020-23 bears testimony to this by focusing on market linkages, credit availability and developing one stops shops. We intend to provide additional support to the weak and marginalized and hence have come out with this special industrial policy for SC and ST 2020-23



The policy has soft interventions in the form of skilling and training, entrepreneurship development programmes, improving credit access, creating market linkages and creation of a dedicated investment facilitation cell. We are also providing seed capital assistance to support entrepreneurs start up quickly and providing incentives on power, GST, and Interest to reduce the operating cost and provide support.

I believe this policy will be a successful step forward in achieving equitable development through stoking entrepreneurial spirits across the lowest socio-economic strata also

Sri Mekapati Goutham Reddy
Hon'ble Minister for Industries, Commerce,
Investments, Infrastructure, IT, and
Skill Development & Training

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Special Industrial policy for SC and ST entrepreneurs 2020-23.

1.

Preamble

Andhra Pradesh has always been at the forefront of economic growth in India and facilitation of business set-up has always been a priority. Government of Andhra Pradesh is committed to provide conducive business environment for investors by developing strong regulatory framework through Ease of Doing Business and robust industrial infrastructure to propel the state on the path of rapid industrialization.

Under the dynamic leadership of Hon'ble Chief Minister, the State is set to address the deep-seated problems that are hindering industrial growth. Focus is to reduce difficulties experienced by industry in areas such as seeking permissions, approvals & clearances with a paramount importance to credibility and reliability

Andhra Pradesh has accorded high priority to industrial growth to mitigate poverty and reduce unemployment. The Industrial Development Policy aims to promote manufacturing, enhance inclusivity, foster innovation and create employment opportunities across the identified focus sectors.

Government has also extended various Incentives for encouraging establishments of new industrial enterprises in the State under New Industrial Development Policy of Andhra Pradesh issued vide G.O. Ms No. 39, dated 10.08.2020.

With a vision to provide additional thrust to the aspiring entrepreneurs, especially among the underprivileged communities, particularly scheduled castes, Scheduled Tribes, through policy measures and institutional network, this special industrial policy is being introduced. The Policy will provide an added focus on strengthening pre-establishment support, improving market linkages, credit facilities and economic development.

2.

Need for the Policy

On an average, Rs 50 Crores per year were provided to SC Entrepreneurs and Rs. 15 crores per year to ST Entrepreneurs during 2008-09 to 2020-21. Slow growth among underprivileged community despite government's best efforts. It is seen that the SC/ST population has not seen a major spurt in entrepreneurs coming forward to set up industrial units in manufacturing and service sectors despite having several supportive provisions under the various state industrial policies consecutively. The same is evident from the fact that during the period 2008-2009 to 2020-2021, only 14,894 claims pertaining to SC Entrepreneurs and 5445 claims pertaining to Scheduled Tribe were sanctioned incentives.

During the development of New Industrial Development Policy, series of consultations were organized across the State with Sectoral Experts, Industrial Associations to understand their views, challenges and suggestions on multiple areas. The Government of Andhra Pradesh with its special focus on weaker sections has decided during the deliberations to come up with a Special Policy on Industrial development for Scheduled Caste and Schedule Tribes to ensure focused industrial growth amongst these weaker sections.

On an average, Rs 50 Crores per year were provided to SC Entrepreneurs and Rs. 15 crores per year to ST Entrepreneurs during 2008-09 to 2020-21

In view of the above, Government also desired to encourage increased participation of SC/ST Entrepreneurs by providing special package of incentives, to promote the manufacturing and service sector activities among the socially disadvantaged communities to create greater economic impact. Hence, a Special Package of Incentives is proposed for Entrepreneurs belonging to Scheduled Caste and Scheduled Tribe, who are establishing manufacturing units and specified service activities as sole Proprietor or have 100% share in Partnership/Private Limited Companies.

3. Vision

To enable a conducive ecosystem which supports the growth through pro-active administration, enabling policy and planned balanced growth across regions and communities ably supporting the SC and ST entrepreneurs

4. Definitions

'**Proprietary unit**' - a unit where SC/ST Entrepreneur owns hundred (100) percent stake

'**Partnership firm**' - a firm where SC/ST partners have hundred (100) percent stake in the firm.

'**Private limited**' - where Promoter & Director are from SC/ST community and have hundred (100) percent controlling stake in the Company.

5. Applicability and Coverage

The Scheme shall be applicable to all manufacturing units, specified service activities and transport sector.

6. Validity

This special scheme will be co-terminus with the validity of Industrial Development Policy 20-23

7. Making land easily available

- The APIIC allotment guidelines shall be redesigned to provide at least 16.2% and 6% of the developed land reserved for SC/ST Entrepreneurs respectively in the industrial parks. Further, allotment will be done as per the APIIC allotment guidelines.
- A special cell within the DICs/ZM Offices and APIIC HQ will be created to handhold SC/ST entrepreneurs coming forward for land along with helping them on preparation of the project reports.
- A low upfront payment for lands allotted in industrial parks at 25% is kept for SC/ST entrepreneurs in order to easing the entry barriers with an option to pay after date of commercial production. The balance 75% amount can be paid by the entrepreneurs over a period of 8 years with a nominal interest rate of 8% p.a. till payment.

8. Dedicated Investor Facilitation cell under YSR AP One

The government proposes to establish a dedicated SC/ST entrepreneur facilitation cell at all District Industrial Centers for handholding SC/ST entrepreneurs for quick grounding of the projects

Key functions of the cell shall be as follows

- To ascertain growth of SC/ST entrepreneurs across different sectors
- Ensure credit linkages with banks and
- To understand and extend support for setting up of unit during pre-establishment
- To provide after care services
- To act as a facilitator for B2G interactions
- To ensure backward and forward linkages
- To ensure the entrepreneurs have access to market and new technologies
- To ensure functional and operational capacity building of the entrepreneurs
- To act as a liaison for quick resolution of grievances and challenges
- The cell will also handhold the entrepreneurs on aspects of Project identification, preparation of project reports, facilitation in getting financial assistance/loans from banks, establishing the unit and hand holding the unit till attaining the sustainability.

9. Entrepreneurship Development Programme (EDP)

Entrepreneurship Development Programme (EDP) aims to support in developing the entrepreneurial ability. The Programme will focus to provide necessary capabilities and help the entrepreneur to acquire skills for being an effective entrepreneur through structured training process.

Andhra Pradesh accords high priority EDP Programme which not only imparts knowledge through training modules but is responsible for transformation of a common man into an entrepreneur. The objectives of the programme are as follows

- To identify the needs of the people in relation to satisfaction of basic needs, local resource development and human resource development blending harmoniously with the environment;
- To select technologies relative to the needs and resource endowments of chosen habitat;
- To choose reputed organizations (i.e. voluntary organization, autonomous bodies, state government departments) to be used as a pipeline conduit for the technologies to the end users.

- Government will introduce customized and separate training modules to improve and make an entrepreneur capable to scan existing market scenario and environment. These training programmes will be created with a vision that trained individuals successfully establish their businesses and are competent enough to run their businesses smoothly.
- The modules will be specifically designed to impart knowledge on various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, bookkeeping, marketing etc.

10. Capacity Building and Skill Development Training Programs

The government in consultation with various Industrial Experts, Successful Entrepreneurs and Industrial Associations shall devise roadmap for training the Entrepreneurs in the State. APSSDC through the skill colleges will train the SC/ST entrepreneurs on the sectors where the sectoral studies will be done for future ready investible opportunities like Furniture, electronics etc... This will help in development of Capacity building and Skill Development Training Programmes for the benefit of SC/ST entrepreneurs. The objective of the programmes will be to make them aware and identify various marketing opportunities and to upgrade their knowledge and skill in respective sectors.

11. Separate Provisions for Release of Incentives

Separate Head of Accounts will be maintained to release the sanctioned incentives under Scheduled Castes Component Plan (SCP) and Scheduled Tribes Component Plan (STC).

12. Fiscal incentives for eligible units under the scheme:

- **Stamp Duty**
 - a. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
 - b. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings and mortgages and hypothecations.
- **Land Allotment**
 - a. 50% rebate in land cost limited to 20 lakhs in Industrial Estates/Industrial Parks for MSEs.
 - b. 25% Land conversion charges for the industrial use limited to 10 lakhs for MSEs.
- **Power**

Fixed power cost reimbursement @ 1.50 per unit for 5 years from the date of commencement of commercial production.

■ **Investment Subsidy**

Area	Women	Men
Manufacturing	45% on FCI limited to Rs.1.00 Crore	45% on FCI limited to Rs.1.00 Crore
Service and Transport	45% on FCI limited to Rs.75.00 Lakhs	45% on FCI limited to Rs.75.00 Lakhs

■ **Interest Subsidy**

Interest subsidy up to 9% over and above 3% for 5 years from the date of commencement of commercial production for MSEs.

■ **Net SGST**

- i. Reimbursement of 100% net SGST to Micro and Small Enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- ii. Reimbursement of 75% net SGST to medium enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- iii. Reimbursement of 50% net SGST to large enterprises for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier

■ **Quality Certification /Patent Registration**

100% of the cost incurred for Quality Certification /Patent Registration limited to Rs.3.0 Lakh for MSEs

■ **Seed Capital Assistance**

25% of Machinery cost as Seed Capital Assistance for first generation entrepreneur for establishing Micro units

APIIC: Andhra Pradesh Industrial Infrastructure Corporation

B2G: Business to Government

DIC: District Industries Centre

EDP: Entrepreneurship Development Programme

FCI: Fixed Capital Investment

MSEs: Micro and Small Enterprises

SC Entrepreneurs: Scheduled Caste Entrepreneurs

SCP: Scheduled Castes Component Plan

SGST: State Goods and Services Tax

ST Entrepreneurs: Scheduled Tribe Entrepreneurs

STC: Scheduled Tribes Component Plan



We welcome you
to partner in Andhra Pradesh's vision of
inclusive and sustainable growth for all



Andhra Pradesh

Where Abundance Meets Prosperity

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