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LOCAL CONNECT. GLOBAL OUTLOOK.

# AP Industrial Development Policy(4.0) 2024-29

## Introduction

Andhra Pradesh's strategic location and long coastline have fostered a strong trade ecosystem, with major ports connecting India's interior to global markets.

Andhra Pradesh used digitization and key reforms to streamline industrial approvals, achieving the top spot in India's "Ease of Doing Business" rankings by the Department for Promotion of Industry and Internal Trade.

## Need for a New Industrial Policy 2024-29

For nearly 30 years, companies have invested heavily in Asia for its low costs and large consumer market, but this has led to a risky overconcentration in a few countries. To counter rising costs, supply chain risks, and geopolitical uncertainties, companies are now seeking diverse production hubs, with India emerging as a prime option due to its economic reforms, skilled workforce, competitive costs, and strong international ties. While India's advantages make it an appealing alternative, continued reforms are essential to fully leverage its potential in global supply chains.

Through its renewed industrial policy, the state of Andhra Pradesh aims to continue such a reform-based agenda

## Policy Period and Applicability

<b>Policy period</b>	5 years from the date of the policy notification (i.e 26-10-2024) or till the new policy is announced.
<b>Applicability</b>	a) New and existing enterprises investing and establishing new units. b) Existing enterprises investing in the expansion of units.
<b>Approvals</b>	Needs to obtain Consent of Operation and commence commercial production during the operative period of the Policy, unless otherwise exempted through a G.O., to be eligible to claim incentives under this policy
<b>Investment Cut-off date for eligibility of Incentives under new policy</b>	This policy will replace IDP 2023-27 upon notification, but enterprises currently benefiting from IDP 2023-27 may continue to receive those benefits till the end of its operative period.



## Focused Sectors:

The Andhra Pradesh Industrial Development Policy (4.0) 2024-29 identifies "sustenance" and "propelling" sectors as the target areas for growth:

### 1. Sustenance Sectors:

These are sectors with a well-established presence in the state, contributing substantially to its GSDP and employment. They include:



### 2. Propelling Sectors:

1. These sectors are rapidly expanding, offering the potential to integrate Andhra Pradesh further into global supply chains. These sectors include:



By focusing on these targeted sectors, the policy aims to leverage Andhra Pradesh's strengths and position it as a hub for industrial growth and sustainable development



## Projects and respective incentives:-

ANDHRA PRADESH INDUSTRIAL DEVELOPMENT POLICY (4.0) 2024-29				
Particulars	Type of Projects			
	Sub-Large Projects (INR 51Cr- 500 Cr)	Large Projects (INR 501Cr-1,000 Cr)	Mega Projects (INR 1,001Cr-5,000 Cr)	Ultra Mega Projects (> INR 5,001 Cr)
Standard investment period	2 years	3 years		4 years
Types of Incentives				
<b>1. Investment Subsidy</b>				
a. Amount of Subsidy (% on Fixed capital Investment(FCI))	12% (5% additional for women /BC/SC/ ST and Specially-abled investors domicile from AP)	12%		15%
b. Period of disbursement from Date of Commercial Production(DCP) (Number of Equal annual Installments)	5	7		10
c. Condition	For Projects delayed beyond the committed completion date, the incentive will be reduced by <b>0.5% for each month</b> of delay in DCP from the committed date in the application.			
<b>2. Top-Up on PLI from Govt of India</b>	<b>10% of the GoI incentive</b> under the PLI scheme capped at a maximum of 5% of FCI in the state. (Disbursement in 5 equal annual instalments from DCP)			
<b>3. Employment Subsidy</b>	<b>8-10% of FCI</b> based on direct employment to investment ratio. (Direct employment includes both Full time and contract employees in company's payroll.)			
<b>4. Period of disbursement from Date of Commercial Production(DCP) (Number of Equal annual Installments)</b>	5	7	9	10
<b>5. Net SGST Reimbursement</b>	100% for 5 years			
<b>6. Power Cost Subsidy</b>	INR 1 per unit for 2 years	Not Applicable		
<b>7. Local Procurement Subsidy</b>	1% of export turnover for 3 years			
<b>8. De-carbonization Subsidy</b>	% of Project Cost ( <b>maximum of 6% of FCI</b> )			
<b>9. Non-Red category*</b>	10%	20%	20%	30%
<b>10. Red Category**</b>	15%	25%	25%	35%
<b>11. Stamp Duty Reimbursement</b>	100% on land purchase and lease			
<b>12. Land Conversion Charges</b>	100% reimbursement			
<b>13. Special Package for early bird</b>				
a. Category I	For the <b>first 200 projects</b> , meeting eligibility conditions, and receiving <b>Consent for Establishment(CFE) within 18 months</b> of notification of this policy will be offered an Investment <b>subsidy of 30% of FCI</b> .			
b. Category II	To incentivize value added manufacturing, investments in sectors/sub-sectors identified for promotion by GoI under any PLI schemes, and meeting eligibility conditions, will be offered investment <b>subsidy of 40% of FCI</b> Subject to receiving <b>CFE within 24 months</b> of notification of this policy			

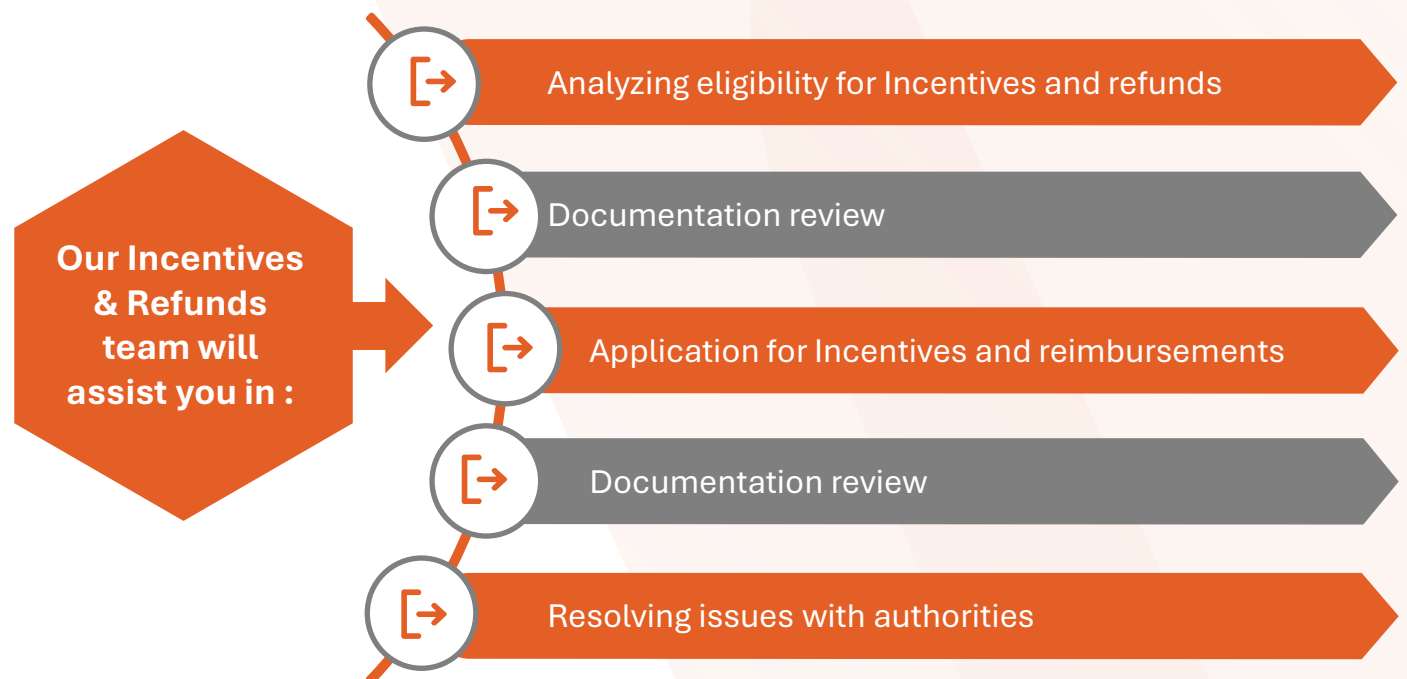
**\*Non-red Category:** Industrial Sectors having Pollution Index score below 60

**\*\*Red Category:** Industrial Sectors having Pollution Index Score above 60

## Policy Implementation Summary:

- 1. State Investment Promotion Board (SIPB):** Chaired by the Chief Minister, SIPB meets monthly to expedite decisions on industrial projects and approve mega projects.
- 2. State Investment Promotion Committee (SIPC):** Chaired by the Chief Secretary, SIPC, which includes key secretaries and officials, meets monthly to monitor investment policies, large projects, and proposals for mega projects. SIPC also advises SIPB on amendments and incentives, though final approval remains with SIPB.
- 3. Operating Guidelines:** Detailed guidelines on definitions and procedures for incentives will be issued separately.

## Where can SBC help:





# Local connect Global outlook

## SBC REGIONAL HEAD OFFICES



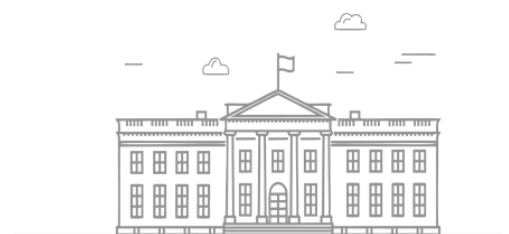
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