

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Industries & Commerce Department – Andhra Pradesh MSME & Entrepreneur Development Policy, 4.0 (2024-29) / One Entrepreneur, One Family by 2030 - Orders – Issued.

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INDUSTRIES & COMMERCE (PROGRAMME-I) DEPARTMENT

G.O.Ms.No.69

Dated:26/10/2024  
Read:

E-file received from the Director of Industries, e-file No. INC02-20029/101/2024-DD-INFRA-DOI (Computer No. 2583494).

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ORDER:

In the reference read above, the Director of Industries has stated that the GoAP has directed the Department or Industries to formulate a new Andhra Pradesh MSME & Entrepreneur Development Policy with the aim of spurring the growth of MSMEs in the State, transforming Andhra Pradesh into a competitive, inclusive, and preferred global manufacturing destination and to promote the AatmaNirbhar (Self-reliant) India by 2047 vision and foster a dynamic MSME ecosystem, increasing the competitiveness of the MSME sector in Andhra Pradesh.

2. The Director of Industries further informed that the MSME sector is considered as a growth engine contributing towards reducing regional imbalances, poverty alleviation and assuring more equitable distribution of national income and wealth. MSMEs account for 50 percent of global GDP representing 90 percent businesses and ~70 percent employment globally. Nationally, the sector contributes significantly towards overall growth of industrial economy with a contribution of 30 percent to India's GDP, and around 48 percent of total exports. Being a source of employment for around 110 million people, MSME sector ranks second after agriculture sector, which is the largest employer. With approximately 63.4 million units, MSMEs contribute about 33.4 percent of India's manufacturing output.

3. Further, the Director of Industries has stated that, in preparation of this policy, the Department of Industries conducted extensive consultation meetings with industrial associations, mega industries, and departments at the district and state levels to solicit feedback from stakeholders. After multiple rounds of review and revisions with relevant departments and officials, the DoI has submitted a new Andhra Pradesh MSME & Entrepreneur Development Policy, 4.0 (2024-29).

4. The remarks of the Finance Department have been received vide e-File No: INC01-IND0CIET/39/2024-PROG-I (C.No. 2553542) that the pay-out period of the incentives may be rationalized and Technology Upgradation incentive and Capital Subsidy should be mutually exclusive and Total subsidy/ incentive must be limited

to 75% or FCI. Department may take an appropriate call regarding additional capital subsidy for women/ SC-ST/ specially abled entrepreneurs.

5. Government after careful examination of the proposal, hereby introduce the Andhra Pradesh MSME & Entrepreneur Development Policy, 4.0 (2024-29). The policy aims to achieve the ambitious goal of "One Entrepreneur, One Family" by 2030. The detailed policy is appended at **Annexure**.

6. The Incentives mentioned in the policy will be extended to eligible Industries as per the operational guidelines to be notified separately. The Director of Industries, Mangalagiri and the CEO, AP MSME Development Corporation, Vijayawada shall take necessary action for implementing operating guidelines for this Policy.

7. This order is issued with the remarks of the Finance (FMU-I&I, Energy and I&C) Department as mentioned above.

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

**N. YUVARAJ**  
**SECRETARY TO GOVERNMENT & CIP**

To

The Director of Industries, APIIC Towers, Mangalagiri.  
The CEO, AP MSME Development Corporation, Vijayawada.  
The VC&MD, APIIC Ltd., Mangalagiri  
The VC & MD, APIDC Ltd., Hyderabad.

**Copy to:**

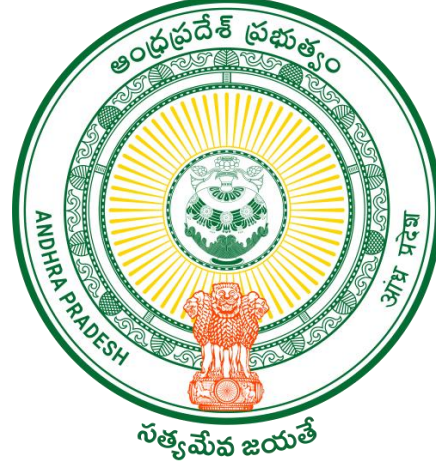
The Director of Handlooms and Textiles, Yerrabalem, Mangalagiri.  
The Director of Mines and Geology, Ibrahimpatnam, Vijayawada.  
The Managing Director, Andhra Pradesh State Financial Corporation,  
Tadepalli, Guntur.  
The Principal Secretary, Finance Department.  
The Secretary, Finance Department.  
The Secretary, Social Welfare Department.  
The Secretary, Tribal Welfare Department.  
The Special Chief Secretary, Revenue (CT/LA) Department.  
The Special Chief Secretary, Irrigation & CAD (Reforms) Department.  
The Special Chief Secretary, Energy Department.  
The Secretary to Government, I&I Department.  
The LFB & IMS Department.  
The Accountant General, Andhra Pradesh, Hyderabad.  
The Convener, State Level Banker's Committee, Vijayawada.  
The General Manager, Small Industry Development Bank of India (SIDBI).  
The Pay and Accounts Officer, Vijayawada.  
All District Collectors **through** Director of Industries, Mangalagiri.  
All Heads of Departments **through** Director of Industries, Mangalagiri.  
All Departments of Secretariat, Velagapudi.

All Govt. Companies/Corporations **through** Director of Industries, Mangalagiri.  
All General Managers, District Industries Centre in the State **through** DoI.  
The P.S. to Addl. Secretary to Chief Minister, Andhra Pradesh.  
The P.S. to Chief Secretary to Government, Andhra Pradesh.  
All Private Secretaries to the Ministers.  
All Sections in the Department.  
Sf/Sc

//FORWARDED::BY ORDER//

SECTION OFFICER

# **ANNEXURE**



# **Andhra Pradesh MSME & Entrepreneur Development Policy 4.0 (2024-2029)**

**One Family One Entrepreneur**

**Industries Department  
Government of Andhra Pradesh**

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## Abbreviations

AE	Advanced Estimates
AP	Andhra Pradesh
APIDC	Andhra Pradesh Industrial Development Corporation Limited
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APMSMEDC	AP MSME Development Corporation
APPCB	Andhra Pradesh Pollution Control Board
APSSDC	Andhra Pradesh State Skill Development Corporation
APTPC	Andhra Pradesh Trade Promotion Corporation
BC	Backward Caste
BDS	Business Development Services
BIS	Bureau of Indian Standards
BRAP	Business Reforms Action Plan
CAGR	Compound Annual Growth Rate
CBIC	Chennai Bengaluru Industrial Corridor
CFCs	Common Facility Centers
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CoD	Commercial Operation Date
PSEs	Central Public Sector Enterprises
DGFT	Director General of Foreign Trade
DIC	District Industries Centres
DIPEC	District Industrial and Export Promotion Committee
DISCOMs	Distribution Company
EoDB	Ease of Doing Business
EPI	Export Preparedness Index
ESDP	Entrepreneurship Skill Development Programme
ESG	Environmental, Social and Governance
G.O.	Government Order
GDP	Gross Domestic Product
GHP	Good Hygienic Practices
GMP	Good Manufacturing Practices
GoAP	Government of Andhra Pradesh
GOI	Government of India
GSDP	Gross State Domestic Product
GTIH	Global Trade & Innovation Hub
HACCP	Hazard Analysis and Critical Control Point
HBIC	Hyderabad Bengaluru Industrial Corridor
ICT	Information and Communication Technologies
IEC	Importer Exporter Code
INCAP	Infrastructure Corporation of AP
IOT	Internet of Things
IT	Information Technology

LEADS	Logistics Ease Across Different States
MSECDP	Micro & Small Enterprises Cluster Development Program
MSEs	Micro & Small Enterprises
MSME	Micro, Small and Medium Enterprises
ODOP	One District One Product
ODR	Online Dispute Resolution
OEMs	Original Equipment Manufacturers
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Region
PMS	Procurement & Marketing Support
PoC	Proof of Concept
PPP	Public Private Partnerships
R&D	Research and Development
RBSMs	Reverse buyer seller meets
R-TBI	Rural - Technology Business Incubator
SC/ST	Schedule Caste - Schedule Tribe
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SIPB	State Investment Promotion Board
SIPC	State Investment Promotion Committee
SPSEs	State Public Sector Enterprises
SPSUs	State Public Sector Undertakings
STEM	Science, Technology, Engineering, and Mathematics
TReDS	Trade Receivables Discounting System
VCIC	Vizag Chennai Industrial Corridor
ZED	Zero Defect Zero Effect

## 1. Preamble

India is poised to become the world's 3<sup>rd</sup> largest economy and transcend the USD 5 trillion GDP by 2025 and USD 10 trillion by 2030 mark. The economy is paving its way towards being self-reliant, propelled by favorable tailwinds in demographics, consumption patterns, open market economics, conducive and forward-looking policy environment and technological prowess. The MSME sector is set to play a pivotal role in reaching India's vision to be a developed nation by 2047.

With over 40 percent of the world's consumption and 60 percent of global GDP growth contributed by Asia, the world's economic center of gravity is shifting back. Amidst the constantly changing global order the challenges faced by the MSMEs have also undergone profound changes. While addressing the pre-existing conventional challenges, Indian MSMEs in today's times, must embed the sustainability considerations regarding use of renewables and net zero emission in their production processes to become globally reputable. MSMEs also need to reposition themselves in accordance with the evolving business practices of larger companies & OEMs that are integrating ESG parameters across their value chains. Further, Indian MSMEs must embrace emerging technologies and undergo digital transformation to be able to compete with their counterparts in other Eastern and South-Eastern economies. The evolving global trade norms, rising barriers to trade for emerging economies and changing supplier preferences also demand a relook into the existing policy landscape for MSMEs.

The MSME sector is considered as a growth engine contributing towards reducing regional imbalances, poverty alleviation and assuring more equitable distribution of national income and wealth. MSMEs account for 50 per cent of global GDP representing 90 per cent businesses and ~70 per cent employment globally. Nationally, the sector contributes significantly towards overall growth of industrial economy with a contribution of 30 per cent to India's GDP, and around 48 per cent of total exports. Being a source of employment for around 110 million people, MSME sector ranks second after agriculture sector, which is the largest employer. With approximately 63.4 million units, MSMEs contribute about 33.4 per cent of India's manufacturing output.

Andhra Pradesh is on the path to achieve sustainable, equitable and inclusive growth through policies across all relevant sectors with a greater focus on manufacturing and MSME sector that can help improve productivity and wages, employment opportunities and outcomes. Under the Swarna Andhra Pradesh framework, the state envisages services and industrial sectors to be the largest drivers of growth. The industries sector share of State GDP is envisaged to grow from ~USD 80 billion (23-25% share in GSDP) in 2028-29 to ~ USD 760 billion in 2047 (28-32% share in GSDP). Similarly, the services sector share of State GDP is envisaged to grow from

~USD 135 billion (39-41% share in GSDP) in 2028-29 to ~ USD 1.3 trillion in 2047 (50-55% share in GSDP). This presents a window of opportunity for scaling the MSME sector growth in the State.

Against the changing landscape, Andhra Pradesh with its favorable industrial ecosystem offers an ideal ecosystem for MSMEs across their business lifecycle with a plethora of emerging business opportunities which can be leveraged to achieve inclusive growth.

The 'Future-Ready' MSME Policy aims at addressing the challenges faced by MSMEs and shall provide support to enhance productivity, boost innovation, facilitate diversification leading to augmented global outreach.

### **1.1. MSME Landscape in Andhra Pradesh**

MSMEs are growing exponentially in the State, which is home to ~9.3 lakh registered MSMEs as of February 2024, as per Udyam Portal of Gol, and contributing to 28.3 per cent of State's exports. Of the total number of MSMEs registered on Udyam, 21 per cent are engaged in manufacturing activities and 79 per cent are engaged in activities pertaining to services.

The State MSME sector is dominated by micro enterprises with a share of ~97 per cent in the total number of registered enterprises in line with the national trend and ~92 per cent share in the total employment of the MSME sector. Approximately 70 per cent of the MSMEs are concentrated in top 12 districts viz. Krishna, Visakhapatnam, Guntur, Ananthapur, East Godavari, West Godavari, SPSR Nellore, Kurnool, Chittoor, Prakasam, Y.S.R. Kadapa and N.T.R.

The Government of Andhra Pradesh has been at the forefront of supporting women led MSME growth. The percentage of women-led enterprises to total MSMEs on Udyam registration is 49 per cent in Andhra Pradesh as compared to the national average of 33%.

The Government has taken strides to facilitate credit access for MSMEs and has exhibited remarkable growth in MSME credit targets. MSME sector is expected to off-take ~16 per cent share (~87,000 crore) in the total credit (~INR 5.4 Lakh crore) under the Annual Credit Plan for FY 24-25 and ~23 per cent share in total priority sector credit lending.

Total number of manufacturing enterprises registered on Udyam portal as on 01.08.2024 in Andhra Pradesh are 1,89,724 units. Basis the NIC classification, food processing (~32%), Textiles (26%), Wooden products (6%), Non-metallic minerals (5%) have the largest sector share within manufacturing.

The state boasts of robust industrial infrastructure comprising of 29 operational MSME Parks across 17 districts with total land extent of 2,329 acres. Under the MSE CDP programme of Ministry of MSME for cluster development, total 9 projects valued at more than INR 100 Crores have been sanctioned by GOI in the State.

With a vibrant logistics sector and favorable business environment, Andhra Pradesh is continuously reaffirming its dedication to fostering an industry-friendly environment. The state has created a conducive ecosystem for MSMEs as evident from its steady position in the top 10 Indian states in terms of MSME exports. Further, the state envisages increasing the exports from USD 19.3 billion in 2024 to ~USD 450 billion by 2047. Further, the state's progress on Sustainable Development Goals indicates its preparedness for the integration of its MSMEs with the global value chains.

Recognizing the importance of the MSME sector, the Government of Andhra Pradesh has established specialized entities (APIDC, APMSMEDC, APTPC, AP MSME Facilitation Councils) dedicated to the sector's overall development and delivering associated services. The AP MSME Development Corporation, as the implementation agency for cluster development, promotes MSE clusters by providing handholding support to avail benefits under the MSE-CDP scheme of the Government of India. Additionally, the state encourages the development of cost-effective flatted factory complexes to provide affordable working spaces especially for micro and small enterprises.

Significant initiatives like the 'MSME Formalisation Survey' and a dedicated and holistic MSME portal highlight the state's efforts to formalize and support MSMEs. Despite the large number of MSMEs in the State, majority remain unregistered. The AP MSME DC is conducting an on-ground survey to assess this gap and establish the online portal as a unified interface for streamlined access to MSME-related services and benefits, promoting comprehensive support and a competitive business environment.

Under the Raising and Accelerating MSME Program (RAMP), a budget outlay of INR 121 Crores has been earmarked for implementing a set of comprehensive interventions comprising of MSME Formalization, dedicated MSME Portal, creation of supporting BDS Ecosystem, Entrepreneur Development Program (ESDP) with special emphasis on women and BC/SC/ST, Procurement & Marketing Support (PMS), Export Promotion Program, ZED Certification, training on intellectual property rights (IPR), Trade Receivables Discounting System (TReDS), thereby targeting critical growth enablers of the MSME ecosystem in the State.

## 1.2. Need for New MSME Policy 2024-29

With an aim to foster a dynamic MSME ecosystem and increase the competitiveness of the sector, Government of Andhra Pradesh has formulated the MSME and Entrepreneur Development Policy 2024-29.

The overarching aim of the policy is to position Andhra Pradesh as the 'Champion State' for MSMEs by fostering a conducive climate for entrepreneurship, innovation, and competitiveness. The robust policy environment would support a comprehensive package addressing the needs of the MSMEs throughout their business cycle related to infrastructure, access to finance and markets, capacity building, skilling, addressing information asymmetry and sustainability.

The policy would focus on capitalizing opportunities under the aegis of 'Make in India' and 'Make in Andhra Pradesh' and envisages significant growth in state MSME exports and integrating 500+ MSME Champions into the global value chain by enhancing export competitiveness.

The policy puts special emphasis on inclusion, equity and diversity by supporting entrepreneurs from different sections of the society including women and BC/SC/ST entrepreneurs, start-ups, micro and medium enterprises, sick units, backward regions etc.

## 2. Policy Period and Applicability

1. This Policy shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced.
2. The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy.
3. The Government of Andhra Pradesh may extend the period of this Policy as and when required. The Policy shall be applicable to the entire State and shall give direction to boost economic development in the State.
4. This policy shall be applicable to following categories of enterprise(s) and investment(s):
  - a) New and existing enterprises investing and establishing new units.
  - b) Existing enterprises investing in expansion of units.

## 3. Policy Roadmap

### 3.1. Vision

To spur the growth of MSMEs in the state and transform Andhra Pradesh into a state with “**One Family One Entrepreneur**” by 2030.

### 3.2. Guiding principles of the Policy

#### Formalization of sector

Bring new & existing entrepreneurs into organized sector



#### Product competitiveness

Support in reducing costs to make product pricing competitive



#### Lean & clean production

Minimize pollution from the sector by encouraging quality measures



#### Capacity Building

Disseminate knowledge on schemes, technology & processes for MSMEs



#### Integration in Global supply chain

Help find markets for domestic manufactured products



#### Digitalization & Marketing

Develop AI enabled MSME ONE Platform & promote ONDC



#### Infrastructural Support

Development of 175+ MSME Parks (GOI Assistance + GoAP + PPP model) including Developer Model



#### Decentralization of Energy

Promoting decentralization of energy generation (roof top solar)



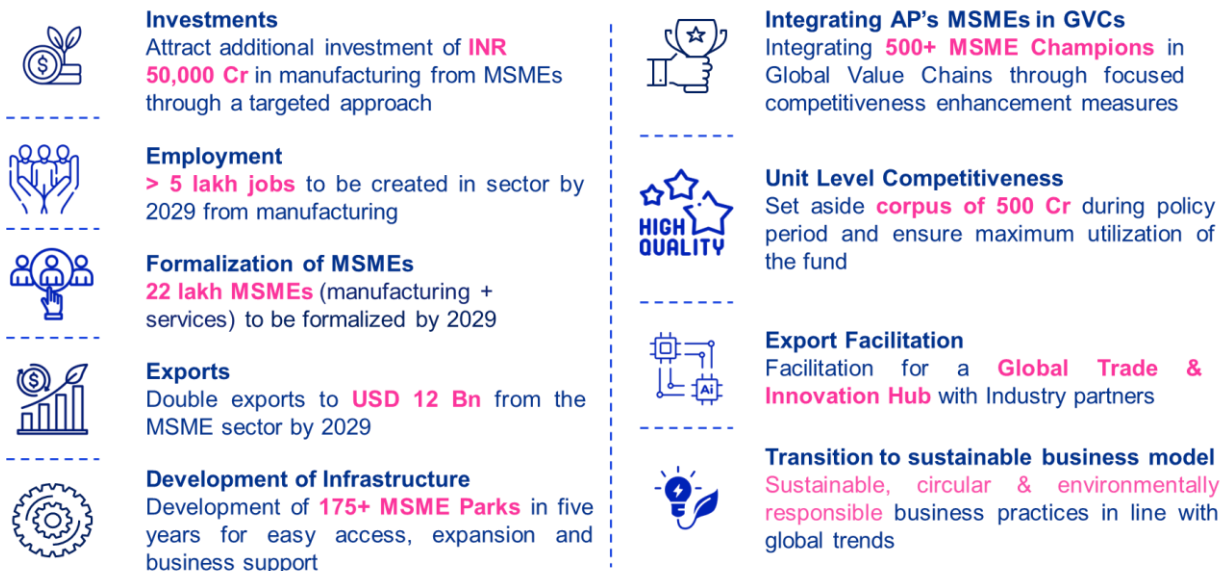
1. Strong focus on **formalizing MSMEs**, especially the existing micro enterprises and bringing them to the organized sector to achieve scale and increase their outreach and access.
2. Aligning initiatives with national priorities
3. Special emphasis on **product competitiveness** leading to **integration in Global Value Chains**.
4. Leveraging network of strong business support institutions and strengthening their capacities to serve MSME sector.
5. Encouraging participation of private sector to ensure sustainability of interventions.
6. Using technology and ESG for sustainable, circular and environmentally responsible growth.
7. Facilitating convergence between priorities and resources of different stakeholders such as GoI, State institutions, private sector and bilateral/multilateral institutions to achieve maximum potential.
8. **Enhancing inclusion and diversity** and addressing regional disparities for a balanced growth across the State.

9. **Capacity building**, information dissemination, enhanced exposure along with a robust monitoring and review mechanism shall guide the policy implementation.

### 3.3. Targets of the Policy

The policy intends to achieve the following targets during its operative period:

1. Attract additional investment of **INR 50,000 Crores.** in manufacturing from MSMEs.
2. **22 lakh MSMEs**(including both manufacturing & services) to be formalized
3. Generate more than **5 Lakh direct and indirect employment**
4. Double exports to **USD 12 Bn** (INR 99,600 Crores) from the MSME sector by 2029
5. Facilitate integration of **500+ MSME Champions** in Global Value Chains
6. Setting up of 5 sector specific Centres of Excellence/ Technology centres/ extension centres to address the technology, manpower needs of the MSMEs.
7. Set aside **corpus of INR 500 Crores** during policy period and ensure maximum utilization of the fund.



### 'Ratan Tata Innovation Hubs'

The Policy envisages setting up of '**Ratan Tata Innovation Hub**' with a Central Unit at Amaravati, to function as a Central hub and linked to five '*Ratan Tata Innovation Hubs*' in five zonal locations across the State and these will foster innovation, entrepreneurship ecosystem and mentor startups. These Hubs will also facilitate

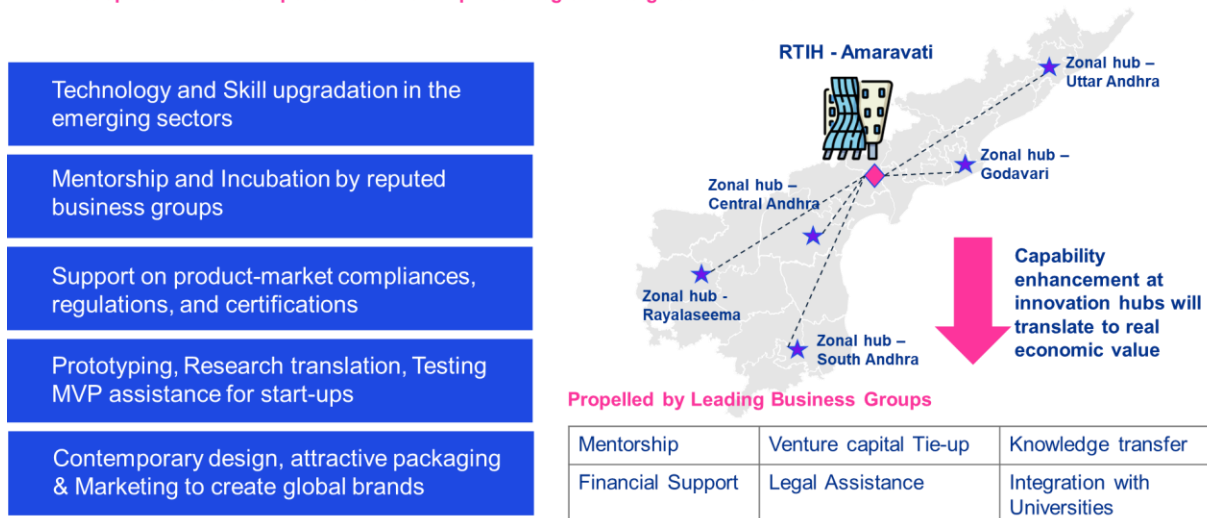
technology and skill upgradation in the emerging sectors. Each of these Innovation Hubs will be mentored and fostered by reputed business groups, for promotion of research and value chain integration across 10 thrust sectors with export potential.

All the support structures, existing and going to be established under this Policy, including Training and Technology Upgradation initiatives, will be organically linked with these Innovation Hubs – both at Zonal level and at Central Innovation Hub at Amaravati.

The Innovation Hubs will facilitate top-performing MSMEs in the State, to showcase 'Export Guides' for products with high export potential in coordination with Director General of Foreign Trade (DGFT). The MSMEs shall be encouraged to create digital profiles.

## Ratan Tata Innovation Hub – MSME & Entrepreneur product perfection

Hub & Spoke model to empower MSME champions integrate into global value chain



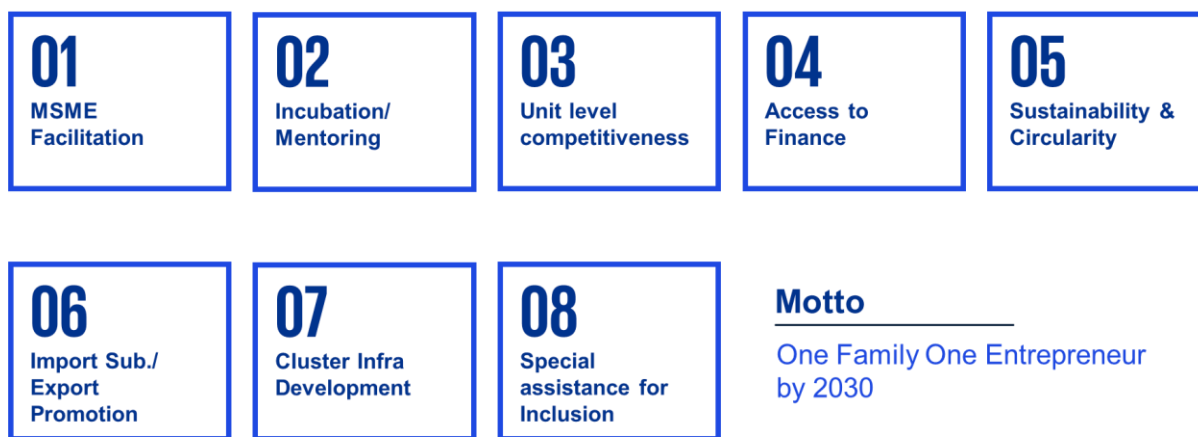
The Ratan Tata Innovation Hubs will forge ties with national and international trade bodies, industrial associations, testing & certification laboratories and institutions that promote marketing opportunities for MSMEs, which will eventually result in product perfection. It will also support the participation of exceptional and high growth MSME entrepreneurs in international trade fairs, Haats and exhibitions.

The Innovation Hubs will also provide regular analysis of major export markets with robust demand of products produced in the state and other potential export specific products in alignment with the District Export Action Plans for diversification of exports across multiple destinations. This information shall be made readily available to the MSMEs. These Hubs will also host a repository of Business Development Service

(BDS) providers for to assist MSMEs with product-specific and country-specific compliances, regulations, and certifications.

## 4. The Policy Pillars

Government of AP aims to augment the growth of the MSMEs in the State by structuring policy support across the following eight pillars.



### 4.1. Pillar 1: MSME Facilitation

The policy shall foster a favorable business environment by providing handholding and facilitation support to MSMEs throughout their business cycle, from pre-investment stage to implementation and post implementation stage handholding the MSMEs across approvals, incentives, capacity building etc. Access to information, business development support and other facilitatory measures shall be undertaken to enhance speed of doing business and bring down the cost of doing business.

#### 4.1.1. Dedicated Chief Minister (CM) Udyami helpline

An exclusive CM Udyami helpline shall be launched for the MSMEs to facilitate easy access to information and immediate guidance. The helpline will also guide the entrepreneurs on the service portals pertaining to the sector and link them to the institutional support network of the state.

#### 4.1.2. Setting up of Entrepreneur Capability Centres (ECCs)

The District Industries Centres (DICs) play an integral role in strengthening the MSME ecosystem in the State, being the first port of call for all the MSME related queries. For strengthening of DICs, Entrepreneur Capability Centres (ECCs) will be set up in hub and spoke model with one District Entrepreneur Capability Centre (DCC) in each of the 25 districts and a State Entrepreneur Capability Centre (SCC) located at Amaravati, to strengthen institutional delivery of services for MSME competitiveness. The

Entrepreneur Capability Centres will be integrated with all the line departments which work with MSME units in the State.

These centres will be pivotal in transforming business ideas into successful enterprises, ensuring sustained progress and competitiveness in the market. These centres will also provide a digital experience equipped with ICT, AV equipment, digital content, interactive applications and AI facilities. The services provided by these centres will include entrepreneur guidance and skilling; market research; marketing connect; export promotion; credit support; technology guidance; scheme support; incentive facilitation; IPR; quality certification and mentoring & handholding.

#### **4.1.3. Industry 4.0 Technology Centre**

The new paradigm of Industry 4.0 technologies encompasses frontier technologies (3D printing, artificial intelligence, machine learning, Internet of Things (IoT), big data analytics and blockchain) that is transforming the industrial systems of production, management, and governance, thereby resulting in enhanced efficiency and increase in industrial productivity.

The State recognizes increasing importance of Industry 4.0 technologies and will work towards enhancing the adoption of Industry 4.0. technologies amongst MSMEs., Government will establish a dynamic state of the art Industry 4.0 technology cum experience centre at Amravati in PPP mode, partnering with technical and academic institutions.

#### **4.1.4. Development of Sector Specific Extension Centres**

Government will establish 5 extension centres, linked to the industry 4.0 technology centre, that will focus on selected sectors. These extension centres will assist MSMEs in providing access to advanced manufacturing technologies; skilling of manpower, design development, and providing technical and business advisory support thereby enabling increased competitiveness of the MSMEs.

#### **4.1.5. Strengthening the MSEFCs**

Government has added 4 new facilitation councils for the speedy redressal for MSME disputes. An Online Dispute Redressal (ODR) mechanism is being designed by MoMSME which shall be implemented in the State. To enhance the capacities of the MSEFCs to reduce the time taken for redressal and efficient clearing of pending cases, the Department would empanel full time qualified and experienced lawyers, arbitrators, and mediators who are well versed in the MSME laws and regulations and online/offline redressal processes.

The infrastructure at the facilitation centres shall be strengthened further to facilitate regular meetings. The Department shall closely monitor the rate of disposal and settlement of cases vis a vis applications.

#### **4.1.6. Ease of regulatory compliances**

New Micro Enterprises including start-ups to take approvals for establishment and operation of a unit based on self-certification in all the notified industrial areas and parks.

#### **4.1.7. Capacity building through RAMP**

Under the RAMP program, Government would be implementing a capacity building program encompassing a series of awareness workshops and programmes at district level for the stakeholders of MSME sector. A total of more than 7,000 workshops would be implemented over a period of four years covering ~ 3 lakh MSMEs. These workshops would be conducted across key areas including access to market, access to finance, technology upgradation, quality upgradation, skilling, innovation and greening.

Further, Government would be empanelling business development service providers in the State to provide MSMEs with access to resources and expertise that will help in improving business performance and competitiveness.

### **4.2. Pillar 2: Creation of Incubation and Acceleration Infrastructure and Supporting Mentorship**

Start-ups are one of the most important segments in the industrial ecosystem owing to their capacity to innovate, nurture new ideas, flexibility to pivot and willingness to take risks. GoAP recognizes the importance of a vibrant start up ecosystem and is committed to support the budding enterprises through their establishment journey.

#### **4.2.1. Virtual Incubation Platform**

1. To provide incubation support to the early stage start ups/MSMEs and promote innovation and R&D in the MSME sector, a virtual platform integrating all the MSME incubators in the state will be created.
2. The platform will be operated in a hub and spoke model with State Entrepreneur Knowledge Center being the nodal point for its operation. The MSMEs across all the districts will be incentivized to get onboarded on the platform. Other financial/ legal/ operational service providers supporting early stage MSMEs will also be onboarded on the platform to create a single repository of all the MSME services.
3. The platform will also host a library for sharing of best practices and relevant documents such as agreement templates, market reports etc. Investors/ financial

institutions/ funds will be onboarded on the platform to address the funding needs of early stage MSMEs.

#### **4.2.2. Mentorship Connect**

1. The virtual incubation platform shall undertake a special drive to onboard mentors for providing handholding support to the start-ups. Mentors to support start-ups and MSMEs with respect to technology, market access, funding sources, business planning, acceleration etc shall be onboarded and made accessible to start ups.
2. The industry associations across the state will be strengthened to make them more responsive to the needs of MSMEs through focused mentorship programs. Through these programs, mentors from national level associations will be onboarded to handhold industry associations with respect to services portfolio, professional management, sustainability, information dissemination etc.
3. The professional leadership of the incubators shall be capacitated for professional incubator management. Curated programs to address this need shall be launched in partnership with institutions such as Indian School of Business, TiE etc

#### **4.2.3. Incubation & Acceleration Programs**

1. Government recognizes the pressing need for an incubation program specifically designed for the start ups in the state, especially those in the Tier II and Tier III cities. Incubation programs will be initiated at all major business incubators in the state to promote entrepreneurship.
2. Thematic acceleration programs (with 3 months of duration)exploring Industry-Academia-Government convergence will be initiated at the existing incubation centers of IIT Tirupathi and IIM Visakhapatnam for medium and small enterprises in the state. The enterprises graduating from the incubation programs will be provided a direct opportunity to participate in the acceleration programs.
3. MSMEs led by women and entrepreneurs from disadvantaged sections will be provided a preferential access to about 30% of the seats across all these cohorts.
4. The resources available with the corporates including the techno managerial expertise, technical prowess and their CSR outlays will be channelized towards the incubators to give their start ups an edge.

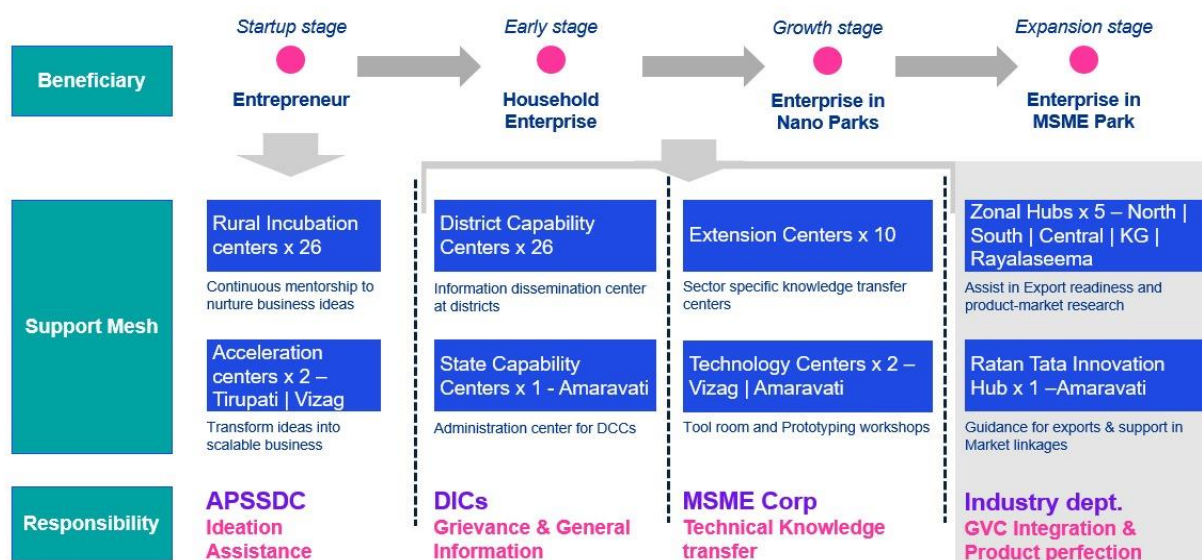
#### **4.2.4. Development of Rural Business Incubators**

The innovation and entrepreneurial landscape in the rural parts of the state is rapidly evolving. The state envisages the development of business incubators to identify potentially groundbreaking ideas from the rural areas, transform these into viable ventures and ensure their integration in the economic value chain.

1. A Rural-Technology Business Incubator (R-TBI) will be developed in each district of the state to nurture fresh ideas from the rural areas of the state and groom them to transform their ideas into sustainable businesses.
2. The R-TBIs will be set up as a collaborative platform to provide continuous handholding from assessment to mentoring, coaching, business plan development and marketing to the rural entrepreneurs of the state prioritizing socially disadvantaged groups.
3. State-wide challenges/ hackathons attempting to solve challenges pertaining to rural areas will be launched. The ventures established by the incubates of R-TBIs will be integrated with all the selected solutions to provide expansion opportunities to the former.

### 4.3. Pillar 3: Enhance unit level competitiveness.

State shall offer a comprehensive package for new/ existing MSMEs to enhance their competitiveness. To encourage setting up/ expansion and diversification of enterprises, a bouquet of incentives is being offered which has been detailed in the financial incentives section of this document. For the established units who have been in operation, the support measures aim at enhancing productivity, quality, sustainability and global outreach.



#### **4.3.1. Innovation Networks**

Innovation is the key to augment improved products, processes, services leading to value addition, increased efficiencies and revenue enhancement. Joint projects initiated by an industry association/ individual unit in collaboration with reputed technical/ R&D and academic institutions shall be supported. Eligible project proposals submitted jointly and evaluated by an expert committee set up at the State level shall be provided an assistance of 75% to the extent of INR 5 Lakhs per project.

#### **4.3.2. AP Future Skills Connect Platform**

1. With an aim to develop a skilled workforce and bridge the skill demand and supply gap and provide industry with a pool of skilled professionals, Government will launch the AP Future Skills Connect Platform in collaboration with industry associations and academic institutions.
2. The Platform will contribute to the overall growth of the MSME sector by nurturing aspiring youth (students and graduates) by building their skills, providing them with hands-on experience and practical skills relevant to industries and providing them with employment opportunities and career guidance/mentorship support. The Portal will also serve as a matchmaking platform for industries/ MSMEs to source apprentices/ candidates with the required technical skills, entrepreneurship skills, vocational training, and soft skills.
3. The state shall facilitate implementation of Gol's schemes for Employment and Skilling, announced in the Union Budget 2024. Under the package, Gol has offered salary support for first-time employees as registered in the EPFO, support to boost job Creation in manufacturing through incentive with respect to their EPFO contribution, skilling programs, upgradation of it is in hub and spoke arrangements and internship opportunities in 500 Top Companies.
4. In addition, GoAP shall provide 100% assistance with respect to Employer contribution to EPF to medium units for their employees with an upper ceiling of INR 1 Lakh per annum. The medium enterprises availing assistance from Gol under the EPFO scheme shall not be eligible for this incentive.
5. GoAP shall provide support for skill upgradation incentives to the MSMEs to upgrade the skills of their employees to be at par with technology advancements and changing market needs. Government shall provide assistance upto INR 5,000 per person for max. of 10 persons for micro units, 10,000 per person for max. of 20 persons for small units.

#### **4.3.3. Handholding support for E-commerce**

The rise of e-commerce has been unprecedented due to the growing internet access, mobile penetration and it is impacting the way business is being done for MSMEs, representing an underutilized opportunity.

1. GoAP shall leverage its MoU with ONDC and facilitate the onboarding of MSMEs on the platform. Government shall carry out sensitization drives on the potential of e-commerce and provide handholding support for listing of products, imaging & cataloguing, packaging, logistics, inventory, and account management, returns management and customer servicing.
2. The drives shall be carried out by the District Entrepreneur Knowledge Center in partnership with cluster associations to enhance coverage.

#### **4.4. Pillar 4: Access to Finance**

Access to finance is the most critical challenge which MSMEs face during their entire business cycle from setting up to growth and transitioning to next level. GoAP shall put in place measures to ensure adequacy and availability of finance to the MSMEs.

##### **4.4.1. Strengthening receivable financing market for MSME**

1. Government shall direct all the SPSUs and companies with a turnover of INR 250 Crores. and above to get on-boarded onto the TReDS platform. The Government would also issue the operational guidelines for onboarding the procuring entities in the TReDS platform. A Government Order to this effect shall be released. In addition, NBFCs and medium enterprises shall be encouraged to get onboarded and start using the platform more effectively.
2. The State Government would be developing a framework in collaboration with the TReDS platform providers viz. Invoicemart, RXIL and M1xchange for increasing the onboarding of MSMEs onto TReDS platform and to facilitate smooth payments process. A series of awareness programs have been planned under RAMP to sensitise the MSMEs about the benefits of TReDS.

##### **4.4.2. Andhra Pradesh Credit Guarantee Scheme**

CGTMSE has been a well-established institution supporting micro & small entrepreneurs by offering collateral free loans and a guarantee coverage of approximately 75 per cent to 85 per cent. To enhance outreach and coverage of CGTMSE, Government of Andhra Pradesh would partner with CGTMSE by extending additional guarantee cover to the beneficiaries under CGTMSE. For this purpose, Government of Andhra Pradesh would set-aside a **corpus of INR 100 crore with CGTMSE** which would be used for the additional guarantee issued on behalf of the State Government. Through this collaboration it is estimated that more than 70,000

MSME borrowers and 2 lakh employment opportunities would be supported. The corpus shall cover more than 35,000 green fields projects.

#### **4.4.3. Facilitating support package for distressed MSMEs**

GoAP shall take focused measures to prevent incipient sickness in MSMEs and for the revival of the distressed/ sick MSMEs.

1. The Distressed Asset Fund of GoI as announced in the Union Budget 2024 shall be leveraged to provide handholding support for revival of sick/ distressed MSMEs.
2. Regular Review meetings: General Manager of DICs will hold regular facilitation meetings in association with all the concerned departments every month in each Industrial estate/Cluster/IDA, to understand the issues faced by MSMEs in running their industry. Such issues will be brought to the notice of District Industrial and Export Promotion Committee (DIEPC) headed by the District Collector for resolution. The issues which require Government intervention shall be forwarded to the Director of Industries by DIEPC.
3. In addition to regular SLBC meetings to discuss measures for revival of sick industries, GoAP is working closely with banks to undertake measures to increase the credit flow to MSME sector including opening branches closer to industrial clusters/ parks. Units that are SMA marked shall be referred to District Entrepreneur Knowledge Center to be supported by specialized BDS in terms of diagnosing the reasons for sickness and planning subsequent support measures.
4. State Level Inter Institutional Committee (SLIIC) Sub-Committee: As per RBI instructions, an SLIIC sub-Committee has been constituted under the Chairmanship of the Director of Industries for revival and rehabilitation of Sick Industries with the cooperation of bankers. The SLIIC Committee will identify the sick units for revival and rehabilitation while the sub-committee will look into the problems of individual sick MSE units and submit its recommendations to SLIIC for consideration.
5. Interest rebate to Banks/Financial Institutions: 6% interest subsidy will be provided to all identified/eligible sick units, subject to maximum of 2 lakh per year for a maximum period of three years.
6. Deferment of CT arrears: Arrears of payment of purchase tax, sales tax and interest towards non-payment of sales tax shall be deferred for 3 years from the date of grant of revival package.
7. Relief in Energy Charges: If the sick industrial unit under consideration has to pay arrears of CC (Capital Cost)charges, it may be given choice to pay the entire

arrears of CC charges up to the date of disconnection with interest and 4 months minimum charges during closure period without interest +CMD (Contracted Maximum Demand)charges for new connection, either in one lump sum or in3 annual installments. The percentage of interest charged by APTRANSCO/ DISCOM (Distribution Company) on the arrears of CC charges will be subsidized to the extent of15% of interest charged from out of the percentage of the total interest charged, subject to a maximum of 5 lakh for the former option and maximum of 3 lakh per year for3 years for the latter option.

#### **4.4.4. Facilitate Digital Lending**

Government will promote digital lending platforms for enhanced financial coverage to MSMEs. Platforms which use digital footprints and other non traditional parameters for assessing credit worthiness of the MSMEs shall be promoted through AP MSME One, awareness shall be created through RAMP and MSME facilitation centres.

### **4.5. Pillar 5: Sustainability & Circularity**

Government has already embarked on ambitious policy and regulatory landscape which guides the industries towards a path of sustainable development. India has a global commitment of reducing emissions intensity of GDP by 45% by 2030 (2005 levels) & achieving net zero by 2070. GoAP is equally committed to contribute towards a more sustainable and responsible industrial growth. Government intends to encourage MSMEs to create business models with backward and forward linkages to the circular economy.

#### **4.5.1. Mapping of energy intensity by cluster**

The Government will initiate an extensive energy mapping exercise to identify clusters/ parks or pockets of MSME industries with above-average energy consumption indicating areas of higher energy intensity. The energy intensity maps such created shall help the Government in devising sector specific greening/ conservation targets.

The study across these clusters will involve a comprehensive examination of energy usage and practices within each cluster, identifying key areas where potential energy efficiency improvements can be made. This shall be followed by identification and planning of suitable common infrastructure facilities which could be set up to reduce the carbon footprints. MSMEs in these clusters will be encouraged to undertake resource efficiency and decarbonizing measures.

#### **4.5.2. Support for energy/water audits, waste management, green tech adoption**

1. To encourage water conservation a one-time reimbursement of 75% of water audit cost conducted by approved agencies/ consultants limiting to INR 1 lakhs shall be provided to MSMEs.
2. To encourage energy conservation a one-time reimbursement of 75 % of energy audit cost conducted by approved agencies/ consultants limiting to INR 2 lakhs shall be provided to MSMEs.
3. 25 % of the cost incurred on approved equipment procured for implementing the recommendation of the energy/ water audits will be reimbursed to the MSMEs subject to a maximum of INR20 Lakhs for micro, INR 40L for small and INR 50L for medium enterprises. The assistance is subject to the condition that the intervention results in a minimum 10% saving in energy/ water compared to the average monthly consumption of previous 2 years before the audit.
4. Solutions provided by Start-ups to the MSMEs with respect to waste management, conservations, resource efficiency, climate change etc shall be preferred while rolling out the above interventions.

#### **4.5.3. Assistance for solar roof top solutions**

A cluster-based MSME rooftop solar program will be initiated to assist MSMEs in selecting appropriate technologies, understanding financial implications, aggregating demand, and exploring financial guarantees to encourage OPEX-based models or Green Open Access.

The Government will encourage programs to spread awareness about the benefits of rooftop solar energy for MSMEs. Further, for MSMEs willing to adopt solar rooftop solutions, specialized training sessions on themes such as standardized quality control measures, regulatory frameworks & requirements etc. will be organized in association with DISCOMs

#### **4.5.4. Circular economy measures to be supported in MSME parks**

The government will prioritize regenerative resources and renewables for common infrastructure investments in the MSME parks.

The government will create mechanisms for leveraging technologies enabling material & energy recovery, optimization of consumption, waste minimization and re-use of waste as a resource in APIIC promoted and supported parks.

## **4.6. Pillar 6: Import Substitution / Export Promotion**

Integrating MSME's into the global value chain by enhancing export competitiveness and adopting a targeted import substitution strategy for expanding MSME manufacturing base in the State are key areas of consideration under the policy. With a potential to achieve an exports target of US\$ 60 billion by 2027-28 (Exim Bank, Occasional Research Paper No. 214; 2023), the vibrant export landscape in Andhra Pradesh will be coupled with favorable initiatives. The state recognizes the centrality of MSMEs in achieving this potential and will initiate the following measures to enhance the export potential of its MSMEs.

### **4.6.1. Promoting E-Commerce Exports**

1. As per GoI estimates, Global Cross-border E-Commerce is estimated to grow to USD 800 Billion by 2025 and up to USD 2 Trillion by 2030. Government of AP will encourage MSMEs to leverage e-commerce exports opportunity to diversify their markets, earn better margins and get better visibility.
2. The presence of MSMEs across all the major B2B and B2C export promotion platforms will be enhanced through appropriate trainings for digital marketing, catalogue management etc.
3. Export specific collaborations will be initiated with all the major export marketplaces and quarterly training programs will be instituted exclusively to promote MSME exports through digital means. Awareness with respect to e-commerce export opportunities, regulations/ compliances, international trends etc shall be facilitated.
4. Linkages with ODOP scheme will be promoted and cross-border B2C e-commerce sales, for Andhra Pradesh-centered products like handicrafts & apparels, wooden toys, religious/festive items, or other items with a strong Andhra Pradesh specific theme will be promoted.

### **4.6.2. Identification of imported products to be manufactured in Andhra Pradesh.**

1. GoAP shall undertake a comprehensive assessment to identify products across thrust sectors which having potential for manufacturing in AP by analysing production data, and imports at the product level. A roadmap for import substitution aimed at fulfilling domestic demand being met by imports shall be created.
2. The information on all the products imported by the state will be made available for dissemination through GTIH. The potential MSMEs shall be handheld by the Technology centres and extension centres to initiate production of such products.

Channels for internal trade of these products to other states of India will also be created.

#### **4.6.3. MSME Champions for GVC integration**

1. Government will identify 500 MSME units from the thrust sectors and develop them as 'Export Champions' for integration with global brands.
2. Government will organize global conferences with leading brands, suppliers, distributors, and complementary businesses to provide networking and business opportunities for these MSMEs. Targeted discussions with leading global buyers shall be facilitated by the Government to understand their requirements and create opportunities for the MSMEs
3. Global conferences on standards/ compliances with respect to target countries shall be organised to create awareness amongst the MSMEs
4. Government will launch training programs and courses in association with APTPC to equip MSMEs with relevant skills on contemporary design, sustainable packaging, global branding and other similar areas.
5. Government will incentivize MSMEs for upgrading their production processes with a focus on resource efficiency (ISO9000/9001/ ISO 14001/ Hazard Analysis and Critical Control Point (HACCP), ISO 22000 Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP)), environmental sustainability (Bureau of Indian Standards (BIS) certification, Zero Defect Zero Effect (ZED) certification), and adoption of international product/process quality standards (any other international quality certification recognized in India by a competent authority).
6. Government will support 100% reimbursement of the charges incurred by the MSMEs for acquiring these certifications and the consultancy for the same. Balance of the cost for acquiring such certifications (over and above any support provided by GoI) shall be reimbursed by GoAP to the MSMEs.

#### **4.6.4. Reverse buyer seller meets**

The state will organize reverse buyer seller meets (RBSMs) to provide the MSMEs a platform for targeting international buyers under the aegis of APTPC.

An automated tool will be created for matchmaking of MSMEs with their prospective buyers. The B2B/ B2C meetings organized during the RBSMs will be carefully aligned and matched with specific product HS codes, ensuring meaningful and targeted interactions between MSME exhibitors and international buyers.

## 4.7. Pillar 7: Adopting cluster-based approach for infrastructure development

Government recognizes the economic potential of industrial clusters and aims to propel and support infrastructure development through adoption of a cluster-based approach in a PPP mode. APIIC shall remain to be the nodal agency for infrastructure development for MSMEs and shall work closely with the industry association to gauge evolving demand for industrial space.

### 4.7.1. MSME parks with plug & play facilities for micro and small units

To provide conducive infrastructure for micro and small units in the State, Government will establish nano parks and MSME parks in PPP mode with plug and play infrastructure and shared facilities. Each park could be multisectoral or catering to a specific sector, located in the vicinity of an existing cluster. Each of these parks will be set up in minimum 20 acres of land, which could be APIIC or private land. These Nano and MSME Parks shall be established across 175 constituencies in a phased manner. Support available under MSECDP for infrastructure development shall be leveraged for this initiative. These parks will be developed on Public- Private- People partnership model. The parks will be provided with backward and forward linkages and aggregator models will be facilitated wherever possible.

Towards the park development and infrastructure creation in parks, a separate Private parks Policy 4.0 (2024-29) has been brought forth.



#### **4.7.2. Sector specific common facility centres and testing infrastructure**

Government shall support establishment of sector specific Common Facility Centers (CFCs) brownfield and greenfield clusters/ industrial areas/ parks in the State. Further, to encourage MSMEs to undertake quality improvements including standardization, accreditation, quality certification and testing services, Government will establish testing and certification labs in PPP mode to help MSMEs improve the efficiency and productivity of their business in order to become globally competitive. A top up grant of 20%, over and above the grant given by MoMSME under MSECDP for a project cost between INR 5Crores - INR 20Crores shall be provided by GoAP. These CFCs could be co-located in the MSME parks.

#### **4.7.3. Promotion of anchor buyer led ancillary parks**

Government will establish 2 dedicated anchor buyer led ancillary parks with common physical infrastructure like roads, industrial water supply, power, effluent treatment plant etc to boost large scale employment generation in the MSME sector. The anchor led ancillary parks will promote natural linkages between cluster linked and ancillary MSMEs with Original Equipment Manufacturers (OEMs) through co-location and co-development. These parks will give a huge fillip to the MSMEs with respect to access to technology, skill development, market expansion, improved access to state of the art facilities and testing infrastructure.

#### **4.7.4. MSME cluster mapping on Gati Shakti Portal**

The State MSME clusters would be mapped on the PM Gati Shakti Portal for effective infrastructure planning and to increase the competitiveness of the MSMEs basis locational advantage, connectivity, and the interconnectedness. A geo-tagged State MSME cluster map would be created and aligned with the PM Gati Shakti infrastructure plan to improve and enhance infrastructure connectivity.

Further, Government would develop a data-driven cluster competitiveness index to assess key performance indicators viz. proximity to raw material sources, access to markets, treatment of waste and effluents, connectivity/ access infrastructure etc. to identify high performing and struggling clusters and the information would be available on the MSME clusters visual dashboard.

### **4.8. Pillar 8: Building Inclusive and Equitable MSME Ecosystem**

The Government recognizes the need for an inclusive and equitable MSME ecosystem in the State to promote balanced industrial growth and development. The following measures are proposed to be undertaken:

#### **4.8.1. AP MSME procurement policy**

- The GoAP has stipulated MSME Public Procurement policy in line with Gol policy, mandating 25% in public procurement from micro and small enterprises (MSEs) registered within the State. The order covers all Government Departments, Statutory bodies, local bodies, development authorities, companies, corporations, Special purpose vehicles, bodies created through executive orders, trusts and any other PSUs.
- The Government shall issue orders allowing state entities to float separate tenders for exclusive procurement from MSMEs. A list of 358 items for exclusive purchase from MSMEs has been notified by Gol and the same has been made available to AP PSUs.
- In line with the Gol mandate, the GoAP shall encourage the acceptance of insurance surety bonds in lieu of bank guarantees for Earnest Money Deposit and Performance Guarantee in public procurement to ease blocking of funds for the MSMEs.
- The state entities will submit monthly reports to AP MSME Development Corporation confirming the mandated procurement from MSMEs.

#### **4.8.2. Special dispensation for women/BC/SC/ST**

- The government shall mandate a minimum of 4% procurement from MSEs owned by disadvantaged groups (BC/SC/ST) and 3% from women owned MSEs within the total mandate of public procurement from MSMEs.
- The government shall establish a framework for state-led vendor development program with all SPSEs & CPSEs in state for women & disadvantaged entrepreneurs in the state.
- 10% additional capital subsidy for women/BC/SC/ST/specially-abled/MSMEs having domicile in the state, who are undergoing expansion/ diversification/ new investment shall be offered, to have more inclusive growth.
- 20% of the land/ factories shall be reserved for women/BC/SC-ST/specially-abled/ MSEs in the MSME Industrial parks/ flatted factory complexes. Working women hostels and crèches shall be established in collaboration with project promoters.

#### **4.8.3. Focus on medium enterprises to enable them to transition to large**

- All Medium enterprises will be offered a Business Development Credits (BDCs) to the extent of 2% of their growth in turnover for a 5yr period. The turnover will be as shown in tax records. These BDCs can be availed through a matching contribution of 50% of project cost by the enterprise.
- BDCs can be used for prescribed business development activities like hiring consultants, marketing, quality, export promotion, technology acquisition, inventory

control, product development, productivity enhancement, patents, ancillary capabilities development, credit rating, Business plan preparation etc., from empanelled service providers.

- 25% assistance for listing & raising money in SME Stock exchange with a cap of INR 5L shall be provided to the medium enterprises.
- Medium enterprises with a track record of high performance shall be given preference while identification of 500 Champion units.

## 5. Financial Incentives

### 5.1. Eligibility Criteria to avail Incentives and Offerings

To avail the policy incentives and concessions, the entity should meet the definition of Micro Small and Medium Enterprises Development Act, 2006 (vide notification [F. No. 2/1(5)/2019-P&G/Policy (Pt.-IV)], dated 2020), and its amendments from time to time, if any, carried out therein by the Government of India) and must be registered with Udyam portal, GoI. In terms of Gazette Notification S.O. 2119 (E) dated June 26, 2020, an enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria as defined in MSMED Act, 2006 and as amended by GoI from time to time:

- **Micro Enterprises:** Investment in Plant and Machinery or Equipment does not exceed INR 1 crore and turnover does not exceed INR 5 crore.
- **Small Enterprises:** Investment in Plant and Machinery or Equipment does not exceed INR 10 crore and turnover does not exceed INR 50 crore.
- **Medium Enterprises:** Investment in Plant and Machinery or Equipment does not exceed INR 50 crore and turnover does not exceed INR 250 crore.

An entity will be considered as a Startup on fulfilling the below conditions defined by Government of India (G.S.R. notification 127 (E) dated 19.02.2019). However, the Policy will adopt the amendments and changes made to the definition by Government of India from time to time.

An entity shall be considered as a Startup:

- Upto a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.
- Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.
- Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup

To keep the momentum of growth and to encourage holistic development of MSMEs, the State Government will provide the following incentives and concessions. The incentives would be applicable only for enterprises involved in Manufacturing activity during the policy period.

The overall incentive MSME can claim, through combination of incentive packages offered through this policy, shall not exceed 75% of FCI.

## 6. Incentives and Concessions for MSMEs

New Enterprise	Expansion Enterprise
Stamp duty & NALA exemption	
Capital Subsidy	*Technology Upgradation/expansion
Power cost subsidy (turnover linked)	
SGST reimbursement	
Skill upgradation cost	
Power/Water audit cost	
Local procurement subsidy**	
Quality certification Top-up on Gol schemes	

*\*Only for expansion units*

*\*\*Only for select sectors*

■ Fixed cost

■ Operating cost

Following financial incentives are extended to Micro, Small and Medium Enterprises unless specifically differentiated in the respective incentive category -

### 6.1. Stamp Duty reimbursement

1. 100% stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use will be reimbursed.
2. 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed.
3. Stamp duty will be reimbursed only one time on the land. Stamp duty will not be reimbursed on subsequent transactions on the same land.

### 6.2. Land conversion charges

4. 100% fee charged for land conversion will be reimbursed.

### 6.3. Capital Subsidy

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Capital Subsidy</b>	25% of FCI (Cap- INR 25 Lakh) on CoD/1 <sup>st</sup> invoice in 2 equal annual installments	25% of FCI (Cap – INR 1.5 Crores) on CoD/1 <sup>st</sup> invoice in 3 equal annual installments	25% of FCI (Cap – INR 7Crores) on CoD/1 <sup>st</sup> invoice in 4equal annual installments
	10% additional capital subsidy, with maximum cap of INR 7 Crore, for women/BC/SC/ST/specially-abled entrepreneurs having domicile in the state.		

The subsidy is applicable to only new enterprises.

### 6.4. Technology upgradation cost

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Technology Upgradation Cost</b>	20% of FCI, Capped at INR 20 Lakhs, in 2 equal annual installments.	20% of FCI, Capped at INR 1 Crores, in 3 equal annual installments.	20% of FCI, capped at INR 5 Crore, in 5 equal annual installments.
	10% additional capital subsidy, with maximum cap of INR 7 Crore, for women/BC/SC/ST/specially-abled entrepreneurs having domicile in the state.		

The subsidy is applicable to only expansion units

### 6.5. Power cost reimbursement

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Power Cost Reimbursement</b>	INR 1 per unit for 6 years from DCP, capped at INR 1 Lakh per annum	INR 1 per unit for 6 years from DCP, capped at INR 5 Lakh per annum	INR 1 per unit for 6 years from DCP, capped at INR 15 Lakh per annum

### 6.6. Net SGST reimbursement

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Net SGST Reimbursement</b>	100% for 6 years, with annual cap of 5% of annual turnover	100% for 6 years, with annual cap of 5% of annual turnover	100% for 6 years, with annual cap of 5% of annual turnover

### 6.7. Skill upgradation cost

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Skill Upgradation Cost</b>	INR 5,000 per person for a maximum of 10 persons	INR 10,000 per person for a maximum of 20 persons	100% of Employer contribution to EPF, capped at INR 1 Lakh per annum, for 3 years

### 6.8. Energy & water audit cost

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Energy &amp; Water Audit</b>	<ol style="list-style-type: none"> <li>75% of cost of Water audit, capped at INR 1 Lakh</li> <li>75% of cost of energy audit, called at INR 2</li> </ol>	<ol style="list-style-type: none"> <li>75% of cost of Water audit, capped at INR 1 Lakh</li> <li>75% of cost of</li> </ol>	<ol style="list-style-type: none"> <li>75% of cost of Water audit, capped at INR 1 Lakh</li> <li>75% of cost of</li> </ol>

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Cost</b>	Lakhs, during policy period. 3. 25% of cost of equipment as per auditing, Capped at INR 20 Lakhs	energy audit, called at INR 2 Lakhs, during policy period. 3. 25% of cost of equipment as per auditing, Capped at INR 40 Lakhs	energy audit, called at INR 2 Lakhs, during policy period. 3. 25% of cost of equipment as per auditing, Capped at INR 50 Lakhs

### 6.9. Local procurement subsidy

For exporting units in select sectors registered in the state, the state is extending Local procurement subsidy, to encourage domestic sourcing of raw material.

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Local Procurement Subsidy</b>	1% of annual export turnover for 3 years, with overall cap of INR 15 Lakhs.	1% of annual export turnover for 3 years, with overall cap of INR 1.5 Crore.	1% of annual export turnover for 3 years, with annual cap of INR 7 Crore.

### 6.10. Quality certification cost top up

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
<b>Quality Certification Cost Top Up</b>	Balance of Gol subsidy to cover 100% cost	Balance of Gol subsidy to cover 100% cost	Balance of Gol subsidy to cover 100% cost

## 7. Administration of the Policy

### 7.1. Commissionerate of Industries

The Commissioner of Industries serves as the overarching agency for implementing and monitoring this policy, coordinating with departments like Textiles & Handlooms, Handicrafts, Food Processing, Agriculture, Horticulture, SERP, MEPMA, Social and

Tribal Welfare, KVIC and other agencies/departments working toward MSME development. It shall also coordinate implementing GOI schemes such as PM Vishwakarma and RAMP program. It also oversees the regulatory approvals and manage financial incentives under the policy through the Andhra Pradesh Single Desk and Industries incentive Portals, ensuring transparency, accountability, and effective monitoring. At the district level, District Industrial Officers (DIOs) shall facilitate and monitor policy implementation.

## **7.2. AP MSME Development Corporation**

AP MSME Development Corporation (APMSMEDC) would be the agency in charge of implementing the schemes under the policy, Cluster Development Programme (Common Facilitation Centers) and RAMP program and infrastructure development with the support of AP Industrial Infrastructure Corporation (APIIC), and other corporations like AP Trade Promotion Corporation (APTPC), etc.

## **7.3. State Level Empowered Committee**

A State Level Empowered Committee under the Chairmanship of Secretary to Government, Industries and Commerce, GoAP with ACS/Principal Secretaries/Secretaries of line departments will be constituted to monitor the progress of implementation of all the provisions of the policy regularly. The Committee will put in place a suitable mechanism that ensures speed and transparency for disbursement of incentives. The Committee will recommend mid-course corrections, if any, for smooth implementation of the Policy.

This Committee will be assisted by a Policy Implementation Cell headed by Commissioner / Director of Industries, Commerce and Export Promotion and members such as Additional Director (Member Convener), two representatives from State Level Industrial Associations (President) and one representative from National Level Industrial Association (President). This cell will have requisite staff and resources to conduct research, undertake studies, surveys, etc. & to assess the impact of policy initiatives and provide relevant feedback regarding the policy and its implementation.

## **7.4. State Level Review and Monitoring Committee**

A State Level Review and Monitoring Committee would be set up under the Chairmanship of Secretary to Government, Industries and Commerce, GoAP and line department officers as members to address any ambiguity that arises in the Policy and to strengthen inter-departmental co-ordination mechanism in strengthening the State's MSME ecosystem through a collaborative and an inclusive approach. It shall be the authority to interpret the policy measures, incentives & concessions detailed in this policy (including those in previous policies wherever applicable) and its decision shall be final.

## **7.5. Operating Guidelines**

The operating guidelines for this policy will be issued separately detailing the procedures for availing incentives under this policy.

**N. YUVARAJ**  
**SECRETARY TO GOVERNMENT & CIP**