

**GOVERNMENT OF TELANGANA
ABSTRACT**

Industries & Commerce Department – Incentives for setting up of New Industrial Enterprises in Telangana State– T-PRIDE—Telangana State Program for Rapid Incubation of Dalit Entrepreneurs—Incentives for Scheduled Caste / Scheduled Tribe entrepreneurs – Orders – Issued

INDUSTRIES AND COMMERCE (IP&INF) DEPARTMENT

G.O.MS.No. 29

Dated:29.11.2014
Read the following:-

1. G.O.Ms.No.61, Industries & Commerce (IP) Department, Andhra Pradesh, Dated 29-06-2010
2. G.O.Ms.No.42, Industries & Commerce (IP) Department, Andhra Pradesh, Dated:05-05-2011

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ORDER:

Government is extending various Incentives for encouraging establishment of new industrial Enterprises in the State since 1961. In the reference 1st read above, Government have issued certain incentives to Micro, Small, Medium, Large & Mega industries under Industrial Investment Promotion Policy 2010- 2015, including policy for promotion of Scheduled Caste/Scheduled Tribe entrepreneurs. This policy was stated to conclude by 31.03.2015.

2. In order to bring out an attractive new industrial policy by the Telangana Government, extensive consultations were also held with Industrial Associations i.e., CII, FICCI, FAPSIA, FAPCCI, ALEAP, COWE, DICCI, TIF Charlapally, Telangana Spinning Mills Association, ASSOCHAM, etc to elicit their views in formulation of the New Industrial Policy.

3. Series of meeting were conducted with number of industrial associations, line departments and Heads of Departments concerned and finalized the draft Industrial Investment Promotion Policy 2014. A detailed study was made on the Draft Industrial Investment Promotion Policy 2014, covering the incentives being offered under the existing policy. After careful examination, the Government approved the NEW INDUSTRIAL POLICY FRAMEWORK FOR THE STATE OF TELANGANA 2014 giving major emphasis for Creation of Quality Infrastructure, promotion of Manufacturing Investment Zones and Industrial Corridors, special focus on MSMEs, growth enabling

incentives to create a level playing field, to tap the potential of ever expanding service sector related to industrial activity, fostering industrial clusters, promotion of anchor industries for creation of ancillary base, Capacity building and skill upgradation, inclusive development to build competency in Women and Scheduled Caste & Scheduled Tribe Entrepreneurs, Quality Competitiveness, Export Promotion, promotion of cleaner technology, leveraging existing strengths for value addition, special focus on thrust sectors, revitalization of MSMEs.

4. Under the NEW INDUSTRIAL POLICY FRAMEWORK FOR THE STATE OF TELANGANA 2014, Government approve the following fiscal benefits under the T-PRIDE—Telangana State Program for Rapid Incubation of Dalit Entrepreneurs incentive scheme. All manufacturing activities set up by Scheduled Caste and Scheduled Tribe entrepreneurs after 1/11/2014 are eligible for availing incentives/concessions under this policy.

4.1.0 Scheduled Castes / Scheduled Tribe owned Enterprises

4.1.1 SC/ST owned Enterprises mean those units established as sole Proprietor or invariably having 100% share in Partnership/Private Limited Companies. Scheduled Caste and Scheduled Tribe entrepreneurs can also set up enterprises with line of activities covered in the Annexure-B to avail incentives in this policy.

4.1.2 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

4.1.3 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations.

4.1.4 33 ¹/₃% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates / Industrial Parks, if not availed rebate from TSIIC as per G.O Ms.No. 102 of Industries & Commerce (INF), Department, AP, dt. 19.6.2012.

4.1.5 25% Land conversion charges for the industrial use limited to Rs.10.0 lakhs.

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

4.1.7 Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @ 20% of the Machinery cost, which will be deducted from the eligible investment subsidy.

- 4.1.8 35% investment subsidy on fixed capital Investment for Micro and Small Enterprises set up by SC and ST Entrepreneurs, with a maximum limit per unit as Rs. 75.00 Lakhs. Additional 5% investment subsidy for units set up in Scheduled Areas by ST entrepreneurs with a maximum limit per unit as Rs.75.00 Lakhs
- 4.1.9 Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Small and Micro Enterprises**.
- 4.1.10 Reimbursement of 75% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production to **Medium Enterprises or up to realization of 100% fixed capital investment, whichever is earlier.**
- 4.1.11 Reimbursement of 50% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to **Large Enterprises or up to realization of 100% fixed capital investment, whichever is earlier.**
- 4.1.12 Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production. This benefit is also applicable to the Service Sector units set up under this Policy.**
- 4.1.13 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
- 4.1.14 100% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 3.00 Lakhs for **Micro and Small Enterprises**.
- 4.1.15 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 4.1.16 For Micro and Small Enterprises set up by Scheduled Caste and Scheduled Tribe entrepreneurs, Infrastructure like roads, power and water will be provided at doorstep of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 Crore, subject to:

- (a) the location should be beyond 10 kms from the existing Industrial Estates/IDAs having vacant land/shed for allotment and
- (b) cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas

4.1.17 The line of activity of Excavator is considered as eligible exclusively in case of Scheduled Caste and Scheduled Tribe entrepreneurs and incentive shall be extended under service activity.

4.1.18 Joint venture industries of Scheduled Caste or Scheduled Tribe entrepreneurs should be owned 100% by Scheduled Caste / Scheduled Tribe entrepreneurs. Share holding should continue for at least six (6) years from the date of production, failing which the special incentives allowed to Scheduled Caste/Scheduled Tribe entrepreneurs will be recovered.

4.2.0 SC / ST Women owned Enterprises

Women owned enterprises mean those units established as sole Proprietress or invariably having 100% share in Partnership/Private Limited Companies.

- 4.2.1 Additional 10% investment subsidy on fixed capital investment subject to a maximum of Rs. 10.00 lakhs to MSE's. (total investment subsidy limited to Rs.50.00 lakhs only)
- 4.2.2 All other benefits as per para No.4.1.0 (Scheduled Caste / Scheduled Tribe Entrepreneurs)

4.3.0 Allotment of land to SC / ST Entrepreneurs by the Telangana Industrial Infrastructure Corporation:

Land will be allotted to SC / ST Entrepreneurs in proportion to the SC/ST population in the State. The subsidy component involved in allotment of lands to SC / ST entrepreneurs is as follows:

- 4.3.1 The land will be allotted on lease basis for a period of 10 years with lease rent @ Rs. 100/- per annum per acre or part thereof
- 4.3.2 The land cost will be levied at the rates prevailing as on the date of allotment duly allowing 33^{1/3}% rebate on the land cost (subject to

Rs.10 lakhs) which is being allowed to the SC / ST entrepreneurs and the same will be collected as follows:

- a) Initial 25% of land cost at the time of allotment within the stipulated period of 90 days and the allottee shall execute lease agreement / lease dated within the stipulated period and take possession of the allotted plot / land
- b) From the date of execution & registration of lease agreement, there will be moratorium period of 2 (two) years
- c) After completion of the above moratorium period, the balance 75% of land cost will be collected in 8 (eight) annual installments comprising principle component and interest

5. To promote Telangana as the best investment destination for investors in India, the State Government will offer various incentives/benefits to all new industrial enterprises set up by Scheduled Caste and Scheduled Tribe entrepreneurs in the State, except in the Municipal Corporation limit of Greater Hyderabad Municipal Corporation excluding existing Industrial Estates/Parks, Industrial Estates **notified/to be notified** and commence commercial production on or after 1/1/2015 but before 31-3-2019. However, the Industrial Enterprises **located in** Sanathnagar, Azamabad, Chandulal Baradari and Kattedan Industrial Estates of Hyderabad and Ranga Reddy Districts are not eligible for any incentives/concessions. However, the service activities set up in all Municipal Corporation limits as appended in Annexure-A are eligible only for investment subsidy. Projects involving substantial Expansion / Diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the policy.

6. Scheduled Caste and Scheduled Tribe entrepreneurs can also set up projects covered in the list of activities mentioned in Annexure – B to avail the incentives under the T-PRIDE—Telangana State Program for Rapid Incubation of Dalit Entrepreneurs Incentive Scheme. However projects proposed to be set up in the Municipal Corporation limits of Greater Hyderabad shall obtain pollution clearances wherever necessary. Service Sector projects set up by the Scheduled Caste/Scheduled Tribe entrepreneurs will be limited to 50% of the Budget provision in order to encourage the remaining 50% for the manufacturing sector.

7. The activities indicated in the Annexure-A and Annexure-B will be reviewed from time to time for any revisions required.

8. Government will also create a fund of Rs. 200 crores from the SCP funds for direct lending to SC entrepreneurs and Rs. 100 crores from TSP funds for direct lending to ST entrepreneurs. The modalities and rules for this direct lending will be notified in due course.

9. Government will create a fund of Rs. 100 crores from SCP funds and Rs. 50 crores from TSP funds for a State level CGTSME type of scheme for the benefit of SC/ST entrepreneurs. The modalities and rules for this direct lending will be notified in due course.
10. Necessary amendments/Orders and Rules will be issued by the Commissioner of Industries. Detailed operational guidelines will be issued by the Commissioner of Industries separately.
11. The same incentives will be extended to eligible physically handicapped persons.
12. Government may review and modify these incentives from time to time.
13. This order is issued with the concurrence of Finance Department, vide their No.454/PFS/14, dated.25.11.2014.
14. Copy of this order is available on Internet and can be accessed at address <http://goir.telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**K. PRADEEP CHANDRA
SPECIAL CHIEF SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Telangana, Hyderabad.

The Vice Chairman & Managing Director, TSIIC, Hyderabad.

The Managing Director, AP State Finance Corporation, Hyderabad.

Copy to:

The Principal Secretary to Government, Social Welfare Department

The Principal Secretary to Government, Tribal Welfare Department

The Revenue (CT/LA) Department

The Irrigation & CAD (Reforms) Department

The Energy Department

The LET & F (Employment) Department

The Law Department

The Finance (Expr. Inds & Com.) Department

The Accountant General, Telangana, Hyderabad

The Convener, State Level Banker's Committee.

The General Manager, Small Industry Development Bank of India, (SIDBI),
Hyderabad

The Pay and Accounts Officer, Hyderabad.
All District Collectors through Commissioner of Industries, Hyderabad
All Heads of Departments through Commissioner of Industries, Hyderabad
All Departments of Secretariat
All Govt. Companies/Corporations through Commissioner of Industries,
Hyderabad
The P.S. to Prl. Secretary to Chief Minister
The P.S. to Chief Secretary to Government
All Private Secretaries to the Ministers
All General Managers, District Industries Centre in the State through
Commissioner of Industries, Hyderabad.
All Sections in the Department
S F/Sc .

//Forwarded::By order//

SECTION OFFICER

ANNEXURE-A

(G.O.Ms.No.29 Industries & Commerce (IP&INF) Department, dated.29.11.2014)

List of Service Enterprises related to industry set up in Municipal Corporation limits and eligible for Investment subsidy only

S.No	Activity
1.	Industrial / Material testing laboratories
2.	R&D Centres related to industry
3.	Printing presses offset printing press, Flexi/Vinyl Printing, Flexo printing
4.	Machine operated Seed grading services
5.	Industrial Training Centres with necessary machinery and equipment.
6.	Power Laundries
7.	Ready made Garments units with investment more than 5.00 lakhs on Plant & Machinery
8.	Auto servicing and /or repairing units with investment more than 5.00 lakhs on Plant & Machinery
9.	Packaging activity with investment more than 10.00 lakhs on Plant & Machinery
10.	General Engineering and Fabrication
11.	Machine operated Book binding Enterprises and Note Books with investment more than 5.00 lakhs on Plant & Machinery
12.	Any other Service Enterprises notified by the State Level Committee for inclusion in this list from time to time.

Note:

- 1) Service Sector projects set up by the entrepreneurs will be limited to 50% of the Budget Provision in order to encourage the remaining 50% for the manufacturing sector.
- 2) The above service activities set up in all Municipal Corporation limits are eligible only for investment subsidy.

**K. PRADEEP CHANDRA
SPECIAL CHIEF SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

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SECTION OFFICER

ANNEXURE-B

(G.O.Ms.No.29, Industries & Commerce (IP & INF) Department, dated.29.11.2014)

Applicable only for the Scheduled Castes & Scheduled Tribe Entrepreneurs)

The line of activities for industrial concern under Section 2 (c) of the State Financial Corporations Act, 1951

1. the manufacture, preservation or processing of goods;
2. mining or development of mines;
3. the hotel industry;
4. the transport of passengers or goods by road or by water or by air or by ropeway or by lift;
5. the generation or distribution of electricity or any other form of power;
6. the maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels or motor boats or trailers or tractors;
7. assembling, repairing or packing any article with the aid of machinery or power;
8. the setting up or development of an industrial area or industrial estate;
9. fishing or providing shore facilities for fishing or maintenance thereof;
10. providing weight bridge facilities;
11. providing engineering, technical, financial, management, marketing or other services or facilities for industry;
12. providing medical, health or other allied, services;
13. providing software or hardware services relating to information technology, telecommunications or electronics including satellite linkage and audio or visual cable communication;
14. setting up or development of tourism related facilities including amusement parks, convention centres, restaurants, travel and transport(including those at airports)., tourist service agencies and guidance and counseling services to the tourists;
15. construction;
16. development, maintenance and construction of roads;
17. providing commercial complex facilities and community centres including conference halls;
18. floriculture;
19. tissue culture, fish culture, poultry farming, breeding and hatcheries;
20. service industry, such as altering, ornamenting, polishing, finishing, oiling, washing, cleaning or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal;

21. research and development of any concept, technology, design, process or product, whether in relation to any of the matters aforesaid, including any activities approved by the Small Industries Bank; or
22. such other activity as may be approved by the Small Industries Bank .

Explanation 1:- The expression 'processing of goods' includes any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical, chemical, electrical or any other like operation.

Explanation 2:- If any doubt arises as to whether a concern is industrial concern or not, the same shall be referred to the Small Industries Bank for its decision and the decision of the Small Industries Bank thereon shall be final. The Small Industries Bank means the Small Industries Development Bank of India established under section (I) of section 3 of SIDBI Act, 1989 (39 of 1989).

Note: Service Sector projects set up by the SC/ST entrepreneurs will be limited to 50% of the Budget Provision in order to encourage the remaining 50% for the manufacturing sector.

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