

**GOVERNMENT OF TELANGANA
ABSTRACT**

Industries & Commerce Department – Incentives for setting up of New Industrial Enterprises in Telangana State– T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) Incentive Scheme 2014 - Orders – Issued

INDUSTRIES AND COMMERCE (IP&INF) DEPARTMENT

G.O.MS.No. 28

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 has issued certain incentives to Micro, Small, Medium, Large & Mega industries under Industrial Investment Promotion Policy 2010- 2015, including the 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 Government of Telangana, extensive consultations were also held with Industrial Associations i.e., CII, FICCI, FAPSIA, FAPCCI, ALEAP, COWE, DICCI, TIF Cherlapally, Telangana Spinning Mills Association, ASSOCHAM, etc to elicit their views in formulation of the New Industrial Policy.

3. Series of meetings 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 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 STATE OF TELANGANA 2014, the Government approve the following fiscal benefits covering the categories of **(a)** Micro/Small Enterprises **(b)** Medium Enterprises & Large Industries **(c)** Women Entrepreneurs and **(d)** Mega Projects under the T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) incentive scheme

4.1.0 Micro and Small Enterprises (MSE's)

Small Enterprise means a Unit having the investment on plant and machinery up to limit as defined by the Government of India from time to time.

Micro Enterprise means a Unit in which Investment on plant and machinery up to limit as defined by the Government of India from time to time.

- 4.1.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- 4.1.2 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations.
- 4.1.3 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/ Industrial Parks.
- 4.1.4 25% Land conversion charges for industrial use limited to Rs.10.0 lakhs.
- 4.1.5 Fixed power cost reimbursement @ Rs. 1.00 per unit for 5 years from the date of commencement of commercial production.

- 4.1.6 15% investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.
- 4.1.7 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.
- 4.1.8 Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by New 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.
- 4.1.9 Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @10% of the Machinery cost, which will be deducted from the eligible investment subsidy.
- 4.1.10 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
- 4.1.11 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs.
- 4.1.12 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 4.1.13 To extend investment subsidy to the **identified service activities** related to industries setup in all Municipal Corporation limits in the state as per the list appended as **Annexure - I**.

4.2.0 Medium Enterprises & Large Industries

Medium Enterprise means an industry in which Investment on plant and machinery up to limit as defined by the Government of India from time to time.

Large Industry means an industry in which investment on plant and machinery is less than Rs 200 crores except Micro, Small and Medium Enterprises.

- 4.2.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

- 4.2.2. 100% reimbursement of Stamp duty for Lease of Land/Shed/Buildings and also mortgages and hypothecations.
- 4.2.3 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/Industrial Parks.
- 4.2.4 25% Land conversion charges for industrial use limited to Rs.10.0 lakhs only for **Medium Enterprises**.
- 4.2.5 Fixed power cost reimbursement @ Rs.1.00 per unit for a period of 5 years from the date of commencement of commercial production.
- 4.2.6 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 for **Medium Scale Enterprises or up to realization of 100% fixed capital investment, whichever is earlier**.
- 4.2.7 Reimbursement of 50% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production for **Large Scale Industries or up to realization of 100% fixed capital investment, whichever is earlier**.
- 4.2.8 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs only for **Medium Enterprises**.
- 4.2.9 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
- 4.2.10 Infrastructure like roads, power and water will be provided at door step 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/IDA's 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.

4.3.0 Women owned Enterprises

(Units established as sole Proprietress or invariably having 100% share in Partnership/Private Limited Companies)

4.3.1 Additional 10% investment subsidy on fixed capital investment subject to a maximum of Rs. 10.00 lakhs to **MSE's**.

4.3.2 All other benefits as per para No.4.1.0 (Micro & Small Enterprises).

4.4.0 **Mega Projects**

4.4.1 Mega Project means the Industrial unit, which sets up with a capital investment of Rs.200 Crores and above or a project that creates employment to more than 1000 persons.

4.4.2 The Government will also extend tailor-made benefits to Mega Projects to suit to a particular investment requirements on case to case basis.

4.5.0 **Existing Micro/Small/Medium Enterprises Industries**

50% subsidy on the expenses incurred for quality certification limited to Rs. 2.00 Lakh.

4.6.0 **Infrastructure support:**

4.6.1 To provide Rs.100.00 crores of budget every year for promotion of quality infrastructure like roads, power, water, waste management etc. under Industrial Infrastructure Development Fund (IIDF) Scheme.

4.6.2 Promotion of National Manufacturing Investment Zone (NMIZ) along National Highways to capitalize the strengths in line with Government of India initiatives for value addition within the State.

4.6.3 Promotion of Industrial Corridors to leverage the existing strengths for optimum utilization of resources

4.6.4 Reservation of 30-40% of the land for MSMEs in the upcoming industrial estates developed by Telangana Industrial Infrastructure Corporation (TSIIC).

4.6.5 TSIIC shall allocate 15.44% of number of plots to Scheduled Caste Entrepreneurs and 9.34% of number of plots to Scheduled Tribe Entrepreneurs in new Industrial Estate and preferential allotment to SC/ST entrepreneurs in Existing Industrial Estates

4.6.6 Telangana Industrial Infrastructure Corporation (TSIIC) shall allocate 10% of number of plots to Women Entrepreneurs in the new Industrial Estates.

4.7.0 Other benefits (to all categories)

10% of water is reserved for industrial use from the existing projects as well as future projects.

4.8.0 Facilitation of Industries

4.8.1 Strengthening of existing Single Window Clearance System by the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS).

4.8.2 Creation of “Investment Promotion Cell”

A Cell would be created in the Commissionerate of Industries to facilitate the investors in effective manner with adequate infrastructure and outsourcing the support services to facilitate investors by providing pre-investment services and also to facilitate them to get requisite clearances under the TS-iPASS till the project is commissioned.

4.9.0 Textile Sector

Government is contemplated to promote Textile Industry for sustainable growth of the sector.

- a) The State will provide reimbursement of Interest Subsidy to **Spinning / Textile** industries in addition to the TUF Scheme (Technology Upgradation Fund Scheme of Ministry of Textile, Government of India).
 - b) Reimbursement of interest subsidy @ 4% for spinning activity (excluding Ginning) for period of (5) years from the Date of Commencement of Commercial Production.
 - c) Reimbursement of interest subsidy @ 6% for Industries involved in composite activities i.e., Spinning and Weaving/Knitting/Dyeing/ Garmenting (excluding ginning) for a period of (5) years from the Date of Commencement of Commercial Production.
 - d) The total interest subsidy including under TUF Scheme should not exceed the rate of interest levied by Financial Institutions on the sanctioned and disbursed term loan to the unit.
5. 27% of incentive amount shall be earmarked for Backward Classes and 12% for minorities.

6. To promote Telangana as the best investment destination for investors in India, the State Government have offered various incentives/benefits to all eligible new industrial enterprises set up 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 Rangareddy Districts are not eligible for any incentives/concessions. However, the service activities set up in all Municipal Corporation limits as appended in Annexure-I are eligible only for investment subsidy and all other service / Business activities are not eligible for any incentives set up anywhere in the State. Projects involving substantial Expansion / Diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the policy. The list of ineligible Industries/ activities will be notified separately.

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

8. Necessary amendments/ Orders will be issued by the Commissioner of Industries. Detailed operational guidelines will be issued by the Commissioner of Industries separately.

9. Government may review and modify the incentives from time to time.

10. This order is issued with the concurrence of Finance Department, vide their No.454/PFS/14, dt.25.11.2014.

11. 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, Telangana State Industrial
Infrastructure Corporation, 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 GM, 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 Government 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-I

**(G.O.Ms.No.28 , Industries & Commerce (IP&INF) Department, dated.29. 11.2014)
List of Service Enterprises related to industry, Eligible for Investment subsidy**

S. No	Activity
1	Industrial/Material Testing Laboratories
2	R&D Centers relating 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 and 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 and all other service/ Business activities are not eligible **for any incentives**.

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

//Forwarded::By order//

SECTION OFFICER