
Industrial Parks Policy 2015-20

DRAFT

Government of Andhra Pradesh

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List of Abbreviations

APIDE Act, 2001	Andhra Pradesh Infrastructure Development Enabling Act, 2001
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
GDP	Gross Domestic Product
GoAP	Government of Andhra Pradesh
GSDP	Gross State Domestic Product
₹	Indian Rupee
JV Co.	Joint Venture Company
Gol	Government of India
PPP	Public Private Partnership

1. Policy Objectives

Government of Andhra Pradesh (GoAP) aims to substantially increase the share of industrial sector in Gross State Domestic Product (GSDP) for accelerated economic development and to make the State a leading destination for both domestic and global investment. With this vision in mind, GoAP has notified the Industrial Development Policy 2015-20, which targets to:

- Increase contribution of industries to GSDP from 20.7% (2013-14) to 25% by 2020
- Increase contribution of manufacturing to GSDP from 9.95% (2013-14) to 15% by 2020
- Attract investments to the tune of ₹2 lakh crore by 2020
- Create employment opportunities for an additional 10 lakh people by 2020

As part of its Industrial Development Policy 2015-20, GoAP seeks to set up world-class Industrial Parks in the State. This policy aims to facilitate the same.

The Industrial Parks Policy 2015-20 aims to:

- a) Promote and encourage development of world class Industrial Parks by facilitating Public Private Partnerships between GoAP and Private Developers
- b) Define and operationalize processes for selection of suitable Private Developer for Industrial Parks
- c) Incentivise development of common infrastructural facilities or built-up space with common facilities in the area allocated or earmarked for the purpose of industrial use, through sector-specific policies

2. Definitions

2.1. Private Developer

Any Industrial association/ industrial house or institution registered under the Societies Registration Act 1860, Indian Partnership Act 1932, The Limited Liability Partnership Act 2008 or the Companies Act 2013 (or other similar/replacement acts/laws prevalent from time to time within the policy validity period) that proposes to develop (and subsequently executes) Industrial Parks as defined under this policy.

2.2. Industrial Park

An estate which is developed primarily for establishment of manufacturing/ service units, with basic infrastructural facilities like developed plots, internal roads, water distribution facilities, sewage, power distribution, common effluent treatment plants, communication facilities and other such facilities/services as may be required.

2.3. Designated State Corporation

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) would be the Designated State Corporation which would identify land assets for setting up Industrial Parks in the State.

2.4 Infrastructure Authority

Infrastructure Authority is defined as per Chapter-II (Clauses 3 to 12, both inclusive) of The Andhra Pradesh Infrastructure Development Enabling Act, 2001 (Act No. 36 of 2001).

2.5 Special Purpose Vehicle

A Special Purpose Vehicle (SPV) shall be created to hold select tracts of land suitable to be developed as Industrial Parks. This SPV shall be empowered to improve enabling external infrastructure of these tracts. It would be this SPV which would represent GoAP in the PPP for developing Industrial Parks.

3. Eligible Fixed Capital Investment

3.1. Land

Payment made toward cost of land, including registration charges and stamp duty.

3.2. New Building

Building constructed in Industrial Park for providing specific infrastructure/ service facilities for units housed in the same Park. Actual expenditure incurred and paid for construction as per the relevant norms adopted by the Infrastructure Authority shall only be considered.

3.3. Infrastructure Facilities

Development of infrastructure like boundary wall, approach and internal access roads, communication facilities, power lines, water distribution line and water recycling facilities, sewage and drainage lines, effluent treatment and disposal facilities and other facilities as may be required.

3.4. Flexibility for particular cases

Infrastructure Authority may also determine the eligibility and reasonableness of certain expenses mentioned in this section and/or other project expenses not listed, for the purpose of inclusion as Fixed Capital Investment, as defined in clauses 3.1 to 3.3 above.

4. Ineligible Expenses

Expenditure incurred toward goodwill, commission, royalty, pre-operative expenses, capitalized interest, transportation equipment/vehicles, technical fees/consultant fees, working capital and other expenses as may be decided by Infrastructure Authority from time to time or on a case to case basis.

5. Policy Validity

The policy will remain valid for a period of five years from the date of notification, unless otherwise notified separately by GoAP.

6. Eligibility

- a) Investment in the proposed Industrial Park should be a minimum of ₹200 crore or its equivalent in foreign currency, for this Policy to be applicable.
- b) Size of the proposed Industrial Park should be a minimum of 100 acres, having minimum 10 industrial/ service units, with no single unit occupying more than 40% of the total allocable area for industrial use.
- c) Residential/ commercial zone (if any) set up within the Industrial Park should not occupy more than 33% of total developed land and should cater to the Industrial Park units and local area needs.
- d) A minimum of 33% of total land area should be dedicated to green cover and water conservation.
- e) Any other criteria as may be decided and/or notified by Infrastructure Authority or GoAP from time to time.

7. Proposed Swiss Challenge approach for selection of Private Developer

In order to select suitable Private Developer for Industrial Park, GoAP would adopt Swiss Challenge Approach, in accordance with Clause 19-II sub clause (i) to (ix) (both inclusive) of the Andhra Pradesh Infrastructure Development Enabling (APIDE) Act, 2001. The summary process is as mentioned below:

a) *Suo motu* proposal received from Private Developer

- i. In accordance with the APIDE Act, 2001, APIIC would be the designated government agency, which would receive *suo motu* proposal from Private Developer to develop Industrial Park in a particular land asset.
- ii. The proposal received would be reviewed and evaluated by APIIC, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.

- iii. The proposal would be placed before the Infrastructure Authority for evaluation and processing, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.
- b) **Finalization of parameters for Swiss Challenge**
 - i. Council of Ministers will finalize parameters on the basis of which Swiss Challenge process will be conducted.
 - ii. Parameters may vary based on proposal details (for example, percentage of GoAP equity, type of investment, sectors to be included in Industrial Park etc.)
- c) **Open Swiss Challenge** – APIIC will appoint transaction advisor to run Swiss Challenge, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.

8. Engagement framework for establishment of Industrial Parks

Industrial Parks (for the purpose of this policy) would be established in Joint Venture mode between GoAP (represented by APIIC) and Private Developer, identified through the Swiss Challenge process, as defined in Clause 7 of this policy. The engagement framework would have following five milestones:

- a) **Formation of Joint Venture Company (JV Co.)** – JV Co. would be formed between the SPV (as defined in clause 2.5 above) and successful Private Developer. Minimum shareholding of SPV would be decided on a case-to-case basis.
- b) **Constitution of Board** – Board will be constituted, as per the relevant regulations of GoI, with representatives from SPV and Private Developer.
- c) **Lease Agreement** – JV Co. will enter into 99-year lease agreement with APIIC, which would be the primary land owner.
- d) **Agreement with GoAP** – JV Co. and GoAP will enter into an agreement, detailing roles, responsibilities and obligations of both parties, as finalized through the Swiss Challenge process.
- e) **Land on lease for development** – JV Co. will pay the lease amount upfront (as finalized through the Swiss Challenge process) for 99 years to APIIC.

For sector-specific Industrial Parks, incentives from applicable sector specific policies (of GoAP and GoI) may be made available.

GoAP shall facilitate setting up of Industrial Parks on private land by providing common infrastructure at the same terms as provided to Industrial Parks set up in APIIC areas.

Note: Provision as mentioned in Industrial Parks Policy 2015 - 20 would be extended as per guidelines to be notified separately.