

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

ITE&C Department – Promotion Wing - Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29 – Operating Guidelines for Implementation – Orders – Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS
(PROMOTIONS) DEPARTMENT**

G.O.MS.No. 11

Dated: 01-05-2025

Read the following:

1. G.O.Ms.No. 7, IT,E&C (Promotions) Department, dated: 14.11.2024
2. G.O.Ms.No. 4, IT,E&C (Promotions) Department, dated: 24.03.2025
3. G.O.Ms.No. 8, IT,E&C (Promotions) Department, dated: 25.04.2025
4. eFileNo.:ITC01-IT0PROM(ITPR)/13/2025-PROMOTIONS, Operating Guidelines for Implementation Semiconductor and Display Fab Policy of ITE&C Dept., Government of Andhra Pradesh

ORDER:

In the reference 1, the Government has announced the implementation of the Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29, aims to build a complete semiconductor fabrication ecosystem, positioning the state as a hub for next-generation technology devices by attracting investments in fabs, display fabs, OSAT, ATMP, compound semiconductors, and other emerging sectors.

2. In the reference 2, the Government of Andhra Pradesh has established a detailed and structured workflow to facilitate the effective implementation of the Andhra Pradesh Semiconductor and Display Fab Policy (4.0) for the period 2024–2029. This comprehensive framework outlines the procedures, roles, and responsibilities to ensure the successful execution of the policy’s objectives.

3. In the reference 3, the Consultative Committee for the Information Technology and Electronics Industry (CCITEI) is being restructured to effectively implement policies and address issues related to IT, ITes, electronics, and start-ups. The re-constituted committee will serve as a platform for policy discussions, regulatory support, and industry growth, ensuring alignment with broader economic and technological goals. It will also streamline proposal evaluations and oversee the efficient, timely, and transparent disbursement of incentives.

4. The Government hereby accords approval for the Operating Guidelines for Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29, as enclosed to these orders.

5. In the reference 4, this order is issued with the remarks and concurrence of the Finance (Finance U.O.No.FIN01-FMU0PC(IC)/16/2025, (C.No.2789128)) Department, which states that “Financial provision has to be taken up by APIIC, in view of fiscal stress.”

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

**BHASKAR KATAMNENI
SECRETARY TO GOVERNMENT**

To:

All the Departments of Secretariat
The Secretary to Govt., Industries & Commerce Department, Government of Andhra Pradesh
The Commissioner and I.G., Stamps and Registration
The Vice Chairman and Managing Director, APIIC, Mangalagiri
The Director, Industries & Commerce, Andhra Pradesh
The Commissioner, Information and Public Relations, Andhra Pradesh
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh
The Chairman & MD, AP TRANSCO The Managing Director, APCPDCL/EPCPDCL /SPCPDCL
The Commissioner, Labour, Andhra Pradesh
The Vice Chairman, VUDA/TUDA/VGTMUDA
All the District Collectors & Magistrates, Andhra Pradesh
All the Municipal Commissioners, Andhra Pradesh
The Managing Director, APTS, Vijayawada
The CEO, APEDB
The Development Commissioner, VSEZ, Visakhapatnam
The Director, STPI, Andhra Pradesh

Copy to:

The Secretary, Ministry of Electronics & Information Technology (MeitY) Government of India
The Chief Minister’s Office, Government of Andhra Pradesh
The PS to Chief Secretary to Government of Andhra Pradesh
The PS to Prl. Finance Secretary, Government of Andhra Pradesh
The OSD to Minister for HRD, IT,E&C, RTGs, Government of Andhra Pradesh
The PS to Minister for Finance, Government of Andhra Pradesh
The PS to Minister for Revenue, Government of Andhra Pradesh
The PS to Minister for MA&UD, Government of Andhra Pradesh
The PS to Minister for Energy, Government of Andhra Pradesh
The PS to Minister for Labour, Government of Andhra Pradesh
The PS to Secretary Planning Department, Government of Andhra Pradesh

//FORWARDED::BY ORDER//

SECTION OFFICER

ANNEXURE

(Annexure to G.O.Ms.No.11, ITE&C(Prom Wing) Dept., dated:01.05.2025)



Operating Guidelines

Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29

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1. Background

1.1 The Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29 (hereinafter referred to as 'Policy') has been notified vide G.O. Ms. No. 7 dated 14.11.2024.

1.2 The Semiconductor Fab Policy 4.0 by the Government of Andhra Pradesh aims to establish a comprehensive ecosystem for semiconductor and display manufacturing in the State of Andhra Pradesh. This policy, effective from 2024 to 2029, outlines several key initiatives:

- 1) Investment Attraction: The policy seeks to attract significant investments in semiconductor and display fabrication by offering incentives and creating a favorable business environment.
- 2) Infrastructure Development: It emphasizes the development of state-of-the-art infrastructure, including clean rooms and advanced machinery for semiconductor wafer fabrication.
- 3) Skill Development: The policy includes initiatives for training and upskilling the local workforce to meet the demands of the semiconductor industry.
- 4) Research and Development: Encouraging R&D activities to foster innovation and technological advancements in semiconductor manufacturing.
- 5) Collaboration: Promoting collaboration between industry, academia, and government to create a robust semiconductor ecosystem

1.3 This Policy envisages fiscal & non-fiscal support for two broad categories of projects viz., projects approved under India Semiconductor Mission (ISM) scheme and other projects relating to Semiconductor fabs, Display Fabs, Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities not approved under India Semiconductor Mission (ISM) schemes.

1.4 In pursuance of Para 6.3 of Policy and for the effective operation and smooth implementation of the Policy, the following guidelines are being laid down that are to be read along with the Policy. In case of any inconsistency between the Policy and the guidelines, the provisions of the Policy shall prevail.

2. Definitions

- 2.1. Applicant: Applicant for the purpose of the Policy is a legal entity i.e., Private Limited Company or a Public Limited Company making an application for seeking fiscal support under the Policy.
- 2.2. Application: Application means an application submitted by an applicant on the Andhra Pradesh Single Desk Portal of Nodal Agency with the prescribed information in the online incentive portal of the guidelines containing requisite information, along with the supporting documents requested in the online portal. All ISM approved projects need to submit documentation as appended in Annexure - I
- 2.3. Nodal Agency: Andhra Pradesh Economic Development Board (APEDB), Government of Andhra Pradesh (GoAP) is appointed as nodal agency to drive the long-term strategies for implementation of Policy for development of semiconductors and display manufacturing ecosystem within Andhra Pradesh.
- 2.4. Commercial Production: “Commercial Production” implies that the production is undertaken for the sale of manufactured goods by the approved Project / Unit as defined in relevant accounting standards issued by ICAI for standard capacity of the project.
- 2.5. MSME shall be defined as per the Gazette Notification by Ministry of Micro, Small and Medium Enterprises, dated 1st June 2020 or extant norms.
- 2.6. Startup shall be defined as per the DPIIT notification dated 19th February 2019 or extant norms.
- 2.7. Policy Period: Andhra Pradesh Semiconductor Fab policy 4.0 (SFP 4.0) (2024-29) will be operational from 14.11.2024 to 13.05.2030 or until any further amendments to the policy is made for extension of period. The policy will only be applicable to the projects that have commenced operation during the policy period.
- 2.8. Area of Operation: The policy is applicable for greenfield and brownfield projects, which are being setup or operating within the territory of state of Andhra Pradesh.
- 2.9. Aided Enterprise/Industry: The Enterprise/Industry availing term loan from Scheduled Commercial Banks/Financial Institutions/Industrial Finance Corporation of India recognized by Reserve Bank of India, A.P. State Financial Corporation (APSFC) and

Small Industrial Development Bank of India (SIDBI) for setting up the Enterprise/Industry is treated as Aided Enterprise/ Industry.

2.10. Self-Financed Enterprise / Industry

- 1) The Enterprise / Industries set up with own funds / unsecured loans without any involvement from Scheduled / Commercial Banks/ Financial Institutions/ Industrial Finance Corporation of India recognized by Reserve Bank of India / APSFC etc. is treated as Self-Financed Enterprise. However, units established first with own funds /unsecured loans and which have obtained term loan subsequently after commencement of production are treated as Self-Financed units for the purpose of sanction of incentives under the policy.
- 2) However, Units which have commenced production with own funds and possess in principle sanction before the DCP and availed loans from the scheduled Banks within 6 months from DCP will be treated as Aided Enterprise.
- 3) Further, wherever, the Enterprises / Industry is established with term loan less than 40% of the project cost will also be considered as self-financed units for the purpose of finalization of investment. The Self-financed Entrepreneurs are eligible for availing incentives as applicable.

2.11. For projects approved under ISM Scheme:

- 1) Semiconductor Manufacturing Units approved under ISM Scheme or any such scheme of the Government of India: A project by any company/consortia/joint venture which has been qualified under any of the following schemes of India Semiconductor Mission of Government of India shall be eligible under this policy:
 - Scheme for setting up of Semiconductor Fabs in India
 - Scheme for setting up of Display Fabs in India
 - Scheme for setting up of Compound Semiconductors, Silicon Photonics Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP), OSAT facilities in India.

- 2) Acknowledgement Date: Acknowledgment date is the date on which, based on the initial scrutiny of the application, acknowledgment is issued by the ISM. Acknowledgement of an application shall not be construed as approval under the Scheme.
- 3) Approval Date: Approval date is the date on which approval letter for the project / unit is issued by the ISM to the applicant.
- 4) Fiscal Support Agreement: Fiscal Support Agreement (FSA) is an agreement to be signed between ISM and approved applicant for disbursement of fiscal support under the ISM Scheme.
- 5) Approved Project / Unit: Approved Project / Unit means a project for which approval letter is issued by the ISM under any of the four schemes under ISM.
- 6) 'Project cost' in respect of the above units means the following:
- 7) In the case of Semiconductor Fabrication projects, approved project cost shall be limited to the project cost incurred on activities described under para 2.12 of "Guidelines for Modified Scheme for setting up of Semiconductor Fabs in India" - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- 8) In the case of Display Fabrication projects, approved project cost shall be limited to the project cost incurred on activities described under para 2.12 of "Guidelines for Modified Scheme for setting up of Display Fabs in India" - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- 9) In the case of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) Projects, approved project cost shall be limited to the project cost incurred on activities described under para 2.11 of "Revised Guidelines for effective functioning of the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India" -

File No. W-38/21/2022-IPHW dated 30.06.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.

- 10) Eligible Capital Expenditure / Investment: The capital expenditure / investment which is considered eligible for fiscal support under the ISM Scheme as per the approval letter issued to the applicant by ISM.
- 11) Pari-Passu Payment: The pro rata payment by ISM to be released after the corresponding share to be mobilized by applicant / Project Company along with other sources in the No-Lien Account (NLA). The deposits in the No-Lien Account (NLA) shall be utilized only for authorized expenditure for the approved project.
- 12) Approved Project Cost: Approved Project Cost means the Eligible capital expenditure / investment as per the approval letter, issued to the applicant by ISM and, as mentioned under the Fiscal Support Agreement.

2.12. For other projects not approved under ISM Scheme:

- 1) All definitions as described under the Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0) and Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0) shall be applicable.
- 2) The definition for fixed capital investment in case of Industrial Development Policy 4.0, 2024-29 (IDP 4.0) shall be in accordance with the section 3 of Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0).
- 3) The definition for fixed capital investment in case of AP Electronics Manufacturing Policy (EP 4.0) shall be in accordance with the section xyz of Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0).

2.13. SIPC: The State Investment Promotion Committee (SIPC) is an apex inter-secretarial body constituted in the state for the purpose of consider and recommend tailor-made benefits to Mega projects cutting across all industries and sectors.

2.14. SIPB: State Investment Promotion Board

2.15. Month

Calendar Months

2.16. Financial Year

1stApril to 31st March

2.17. First Half Year

1st April to 30th September

2.18. Second Half Year

1st October to 31st March of next year

3. Eligibility for availing incentives under the Scheme

3.1. For Projects approved under ISM Scheme, all projects must conform to the following to be considered eligible:

- 1) In the case of Semiconductor Fabrication projects, applicants must meet the criteria prescribed under para 3 & 4 under “Guidelines for Modified Scheme for setting up of Semiconductor Fabs in India” - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- 2) In the case of Display Fabrication projects, applicants must meet the criteria prescribed under para 3 & 4 under “Guidelines for Modified Scheme for setting up of Display Fabs in India” - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
- 3) In the case of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) Projects, applicants must meet the criteria prescribed under para 3 & 4 under “Revised Guidelines for effective functioning of the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India” - File No. W-38/21/2022-IPHW dated 30.06.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.

3.2. For Projects not approved under ISM Scheme, all projects must conform to the eligibility criteria listed below:

- 1) In case of projects applying under Industrial Development Policy 4.0, 2024-29 (IDP 4.0), the relevant applicable eligibility guidelines mentioned under Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0) are applicable.
- 2) In case of projects applying under AP Electronics Manufacturing Policy (EP 4.0), the relevant applicable eligibility guidelines mentioned under Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0) are applicable.

4. Fiscal Incentives under the Policy:

4.1. Subsidy for Projects approved under India Semiconductor Mission (ISM) Scheme

- 1) **Capital Subsidy:** for Projects which are approved under the Government of India- ISM Scheme, Government of Andhra Pradesh shall give 60% of incentive amount approved by Government of India, limited to a maximum of 30% of total approved project cost by GoI. This will be done on pari-pasu basis post disbursement of incentive tranche from Government of India.
- 2) **Training Subsidy:** Rs 10,000 per person, per month, for 6 months, to be disbursed post date of commercial production.

4.2. Incentives for projects not approved under India Semiconductor Mission (ISM) Scheme

- 1) Projects which are not approved under the Government of India will be eligible for incentives under Andhra Pradesh Industrial Development Policy (IDP 4.0) issued vide GO 68 dated 26-10-2024 or AP Electronics Manufacturing Policy Policy (EP 4.0) issued vide GO.5 dated 30-10-2024, as the case may be.
- 2) The project will also be eligible for Rs 3/unit power subsidy, for a period of 5 years, post Date of commercial production.
- 3) The proposal will be taken up for approval after due process by the Government of Andhra Pradesh.
- 4) The Electronics Policy also offers incentives to product categories listed in the scheme document of ISM or any changes made from time to time.

4.3. Tailor Made Incentives for Mega and Ultra Mega Projects

- 1) Projects with following committed fixed capital investment (including land, building, plant, machinery & equipment) size will be categorized as Mega and Ultra Mega:

| Project category | Investment Size |
|------------------|--|
| Mega | Above INR 1,001 Crores upto INR 5,000 Crores |
| Ultra Mega | Above INR 5,001 Crores |

- 2) Tailor made benefits: The Government of Andhra Pradesh will extend tailor-made benefits to mega and above projects to suit particular investment requirements on case-to-case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the state.
- 3) The benefits will be extended after considering various parameters of the proposal after due process by the Government of Andhra Pradesh

4.4. Training support:

- 1) IT, E&C department will work with all the colleges and universities in Andhra Pradesh to build talent pool required by the semiconductor industry.
- 2) This will be done in coordination with industry stakeholders and HRD department, GoAP, based on market demand.

4.5. Export Support

- 1) IT, E&C department will work with manufacturers in AP to help them augment their exports

5. General Guidelines

- 5.1. For ISM approved projects, unless otherwise explicitly specified, every claim throughout the project construction cycle, should be filed within six months of filing the same with

Government of India. Claims which are filed post 6 months and within 1 year of this period will be treated as belated claims and are eligible for 50% of all the incentives. All claims filed beyond one year are not eligible for any incentives, unless explicitly exempted. In case any claim application is received beyond one year after commencement of production, it will be considered on case-to-case basis as per specific Government instructions.

- 5.2. In case of land and building purchased from existing Industry/Enterprise which has availed incentives, the land and building cost will not be considered as part of Fixed Capital Investment. In case if the original unit has not availed incentives on land and building, the cost of the land and the depreciated value of building will be considered as part of Fixed Capital Investment. A certificate on the depreciated value of building and quality & life of the building by chartered Civil Engineer are to be submitted along with the application.
- 5.3. All the entrepreneurs should have Permanent Account Number (PAN) and should regularly file the Income Tax Returns in the name of the legal entity i.e proprietor in the case of sole proprietorship, firm in case of partnership and in the name of the company in case of Private Limited companies etc.
- 5.4. The detail shall be submitted by the Entrepreneur:
 - i. The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).
 - ii. In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.
 - iii. The units must possess Professional Tax Registration, unless otherwise exempted, as per the existing rules/regulations.
 - iv. For Transport sector units, installation of GPS on the vehicle is mandatory.
 - v. Following is required details required to be provided based on the type of enterprise Company:

| Details | Sole Proprietorship (In the Name of) | Partnership Firm (In the Name of) | Pvt. Ltd / Public Ltd. / Society / LLP / etc (In the Name of) |
|----------------|---|---|--|
| GSTIN | Name of the Enterprise | Name of the Enterprise (Partnership firm) | Name of the Legal Entity |
| Aadhaar | Name of the Entrepreneur (Proprietor) | Name of the Managing Partner of the Partnership firm | Name of the Managing Director |
| PAN | Name of the Entrepreneur (Proprietor) | Name of the Firm | Name of the Legal Entity |

6. Nodal Agency:

6.1. The Policy shall be implemented by a Nodal Agency as mentioned in Para 2.3 of the guidelines. For carrying out activities related to the implementation of the Policy, Nodal Agency would inter-alia:

- 1) Receive the applications, issue acknowledgements, and verify eligibility of the applicants for support under the Policy.
- 2) Seek additional information, details and documents from the applicant and carry out physical inspection as deemed necessary.
- 3) Define and Verify thresholds and milestones for determining eligibility and disbursement of incentives under the Policy.
- 4) Verify and reconcile disbursement claims with prescribed documents.
- 5) Empanel agency(ies) or consultants as deemed necessary to carry out technical and financial appraisal of the projects as well as evaluate expertise and detailed Project Reports of the applicants in these areas.
- 6) Examine claims eligible for disbursement of fiscal support under the Policy and disburse the fiscal support as per eligibility.

- 7) Submit periodic reports to IT,E&C Dept. regarding the progress and performance of the Policy.
- 8) The Nodal Agency will receive applications and all documents through online portal and will process the same in a timely manner.

7. Application for incentives under the Policy:

- 7.1. All applications must be made online on the Andhra Pradesh Single Desk Portal.
 - 1) For Projects approved under the ISM scheme, the applications must be made after receipt of FSA by ISM or date of publishment of this Guideline whichever is later.
 - 2) For other projects not approved under the ISM scheme, only applications made after the date of publishment of this Guideline will be eligible for incentives under this Policy.
- 7.2. An application shall be made with the details as prescribed in online portal. On receipt of an application with the prescribed details, the nodal agency shall conduct an examination as to whether the application prima facie meets the criteria under the Scheme.
- 7.3. **For projects approved under the ISM scheme**, the applicant must conform to the criteria laid down under para 6 of the:
 - 1) In the case of Semiconductor Fabrication projects, the “Guidelines for Modified Scheme for setting up of Semiconductor Fabs in India” - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
 - 2) In the case of Display Fabrication projects, the “Guidelines for Modified Scheme for setting up of Display Fabs in India” - File No. W-38/21/2022-IPHW dated 29.05.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.
 - 3) In the case of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) Projects, the “Revised Guidelines for effective functioning of the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging

(ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India” - File No. W-38/21/2022-IPHW dated 30.06.2023 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.

7.4. **For other projects not approved under the ISM** scheme, the applicant must conform to the criteria laid down under:

- 1) In the case of projects under the Andhra Pradesh Industrial Development Policy 4.0, 2024-29 (IDP 4.0), applicants must conform to the para 5, 6 and 7 of the Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0).
- 2) In the case of projects under the AP Electronics Manufacturing Policy (EP 4.0), applicants must conform to the para XYZ of the Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0).
- 3) The application for projects not approved under ISM shall be made via Andhra Pradesh Single Desk Portal under the respective Industrial Development Policy 4.0, 2024-29 (IDP 4.0) or AP Electronics Manufacturing Policy (EP 4.0), whichever applicable.

8. Approval Process of proposal:

8.1. For projects approved under the ISM scheme:

- 1) In the case of Semiconductor Fabrication projects, Display Fabrication projects and Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) Projects, or technologies mentioned in a subsequent ISM scheme, only projects receiving the final approval from Union Cabinet shall be considered for approval under this Policy.
- 2) The final approval copy mentioned above, along with information prescribed in the online portal, must be submitted on the Andhra Pradesh Single Desk Portal.
- 3) The Nodal Agency shall duly consider and evaluate all applications received under this policy towards eligibility and submit its findings to the CCITEI.
- 4) CCITEI shall prepare recommendations for approval and submit the same to SIPC for according in-principle approval under this policy. SIPC, at their discretion may place the project proposal to SIPB for according in-principle approval on case-to-case basis.

8.2. For other projects not approved under ISM scheme:

- 1) In the case of projects under the Andhra Pradesh Industrial Development Policy 4.0, 2024-29 (IDP 4.0), the application procedure and approval process shall be in accordance with the guidelines laid down under Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0).
- 2) In the case of projects under the AP Electronics Manufacturing Policy (EP 4.0), the application procedure and approval process shall be in accordance with the guidelines laid down under the Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0).
- 3) In the case of projects qualifying the criteria for tailor made incentives, the application procedure and approval process shall be in accordance with the respective operating guidelines of the Andhra Pradesh Industrial Development Policy 4.0, 2024-29 (IDP 4.0) or AP Electronics Manufacturing Policy (EP 4.0).

9. Procedure for claiming incentive

9.1. For the projects approved under ISM scheme:

- 1) The quantum of fiscal support payable for the project would be assessed based on actual quantum of support received from ISM for each tranche.
- 2) The applicant can claim fiscal support after receipt of In-principle approval from respective authority of State Government.
- 3) Additionally, the applicant must place the claim for fiscal support only after receipt of actual fiscal support from ISM under the respective schemes. Furthermore, the applicant can only claim fiscal support corresponding to the fiscal support provided by ISM.
- 4) The disbursement of fiscal support shall be made on pari-passu basis i.e., all pro rata payments to be released after the corresponding share is mobilized by ISM and paid to the applicant. The same is to be applicable on all the instalments with effect from the first instalment to be released to the applicant from ISM.
- 5) The disbursement of fiscal support shall be in accordance with actual quantum of fiscal support mobilized and paid to the applicant by ISM. No claims will be processed based

on the amounts mentioned in the approval letter or schedule of payments as provided by ISM to the Applicant.

- 6) Starting from second instalment of fiscal claim, the fiscal support shall be released on submission of a report mentioning the physical and financial status (% completion) of Buildings & Clean Room, Plant, Machinery & Equipment, Associated Utilities, Technology Transfer, Itemized list of capital goods/ equipment with details of suppliers, purchase orders, invoice, payment, capitalization etc. Copy of the Fixed Assets Register duly certified by the Statutory Auditors of the Project Company and utilization certificate for the utilized amount with proper justification for further requirement of funds also needs to be submitted with the claim.
- 7) The IT,E&C department or its empaneled agency(ies) shall have the right to carry physical inspection of an applicant's manufacturing units and offices with prior intimation for purpose of verification of claims.
- 8) The fiscal support against the eligible capital expenditure / investment shall be released after the approval of the claim by the CCITEI and SIPC/SIPB whichever applicable, subject to compliance to other terms and conditions stipulated in the Policy / Guidelines / Approval Letter.
- 9) The APEDB shall furnish information to CCITEI / SIPC / SIPB with details of claims received for fiscal support, claims recommended to be approved, amount disbursed, and reasons for rejection / delay in disbursement of the fiscal support on periodic basis.
- 10) Fiscal support on pari-passu basis shall be released to the approved project subject to safeguards like submission of bank guarantee / corporate guarantee / personal guarantee or creation of charge on assets in favour of the IT,E&C department or combination thereof as suggested by CCITEI / SIPC / SIPB.

9.2. For the other projects not approved under ISM scheme:

The claims & disbursement of Fiscal support mentioned under the policy shall be in accordance with:

- 1) In the case of projects under the Andhra Pradesh Industrial Development Policy 4.0, 2024-29 (IDP 4.0), the claims & disbursement of Fiscal support shall be in accordance with the guidelines laid down under Andhra Pradesh 4.0 Operating Guidelines for Industrial Development Policy 4.0, 2024-29 (IDP 4.0).

- 2) In the case of projects under the AP Electronics Manufacturing Policy (EP 4.0), the claims & disbursement of Fiscal support shall be in accordance to the guidelines laid down under the Operating Guidelines for AP Electronics Manufacturing Policy (EP 4.0).
- 3) In the case of projects qualifying the criteria for tailor made incentives, the claims & disbursement of Fiscal support shall be in accordance with the respective operating guidelines of the Andhra Pradesh Industrial Development Policy 4.0, 2024-29 (IDP 4.0) or AP Electronics Manufacturing Policy (EP 4.0).

9.3. The disbursement of fiscal support shall be carried out by the IT,E&C department.

10. General Terms & Conditions

- 10.1. As per G.O.Ms.No. 4 dated 24.03.2025, notified by the IT,E&C department, Government of Andhra Pradesh, APEDB will assess the applications received under this policy, and send a verification report to CCITEI for consideration and approval, which will then take appropriate action as per the policy.
- 10.2. Further, all the incentive applications are to be made on the online portal and subsequently will be verified and processed by the IT,E&C department.
- 10.3. In case of doubt with respect to the eligibility and / or claimed fiscal support of any capital expenditure / investment that is mentioned in the claim for fiscal support, the matter may be referred to the CCITEI / SIPC / SIPB for clarification. The decision of the CCITEI / SIPC / SIPB shall be final in this regard.
- 10.4. Related party transactions:
 - 10.4.1. For any expenditure forming part of the claim for fiscal support which involves purchase / lease from Group Companies / 'Related' entities, relevant certificate / documents (for domestic and / or international procurement) must be provided by the applicant. This shall be submitted in accordance with the provisions of Companies Act, Income Tax Act and Accounting Standard as applicable and amended from time to time.
 - 10.4.2. In case, any expenditure value is revised based on an assessment done subsequently as per provisions of the acts as cited above, the applicant shall notify and reimburse the IT,E&C department immediately for any incentive amount disbursed over and above the

revised value as per subsequent assessment along with the interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually.

10.5. Review and Impact Assessment

10.5.1. Periodic reviews of approved applicants will be undertaken by the IT,E&C Department with respect to their investments, utilization of funds, production, employment generation and value addition under the Scheme.

10.5.2. All approved applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter till five years or till the time the fiscal support is being drawn, whichever is later.

10.5.3. Mid-term appraisal of the Policy will be carried out after two years of its implementation or as per the recommendation from SIPB to assess the impact of the Policy, off take by the approved applicants and economy in terms of the stated objectives. Based on such impact assessment, a decision may be taken to increase the tenure of the Policy and change its financial outlay with the approval of the SIPB.

10.6. Other Terms & Conditions

- 4) Any change / deviation in the location of a project / unit, after filing the application and before approval of the same, shall be allowed by the CCITEI after due verification of application of capital expenditure / investment at the changed location.
- 5) Any deviation with respect to approved eligible capital expenditure / investment, after approval of the project, shall be intimated by the APEDB to the CCITEI / SIPC / SIPB. In case of reduction of the eligible capital expenditure / investment, the CCITEI will give the revised approval to the applicant. In case of escalation of the eligible capital expenditure / investment, the APEDB will seek approvals from the CCITEI and SIPC (& SIPB basis recommendation from SIPC). Based on the recommendation, the APEDB shall communicate the revised approval.
- 6) An applicant shall intimate the APEDB of any change in the shareholding pattern of the Promoters' holding in the Applicant / Project, including any change in encumbrance, post application and during the period of 5 years from the date of acknowledgement or till the time the fiscal support is being drawn, whichever is later.
- 7) In case of a successor-in-interest, the capital expenditure / investment undertaken by the applicant and the successor-in-interest, would be considered for determining

eligible capital expenditure / investment, subject to recommendation and compliance with any other condition stipulated by the APEDB, as may be deemed appropriate. The earlier capital expenditure / investment and eligible capital expenditure / investment for the successor-in- interest shall be the same as determined for the applicant to whom approval was accorded under the Policy.

- 8) Units receiving fiscal support under the Policy shall have to remain in commercial production for a period of at least 3 (three) years from the date of commencement of commercial production of the entire project and provide an undertaking for the same.
- 9) If IT,E&C Department is satisfied that eligibility under the Policy for determination of eligible capital expenditure and / or disbursement of incentive have been obtained by fraud of an essential fact pertaining to the Policy or furnishing of false information or in case of an Insolvency Event pertaining to the Project Company or closure or abandonment of the project or breach of any of the terms under the Policy, APEDB may ask the Applicant / Project Company to refund the fiscal support along with accrued interest, calculated at 3 years SBI MCLR (as applicable at the date of demand) compounded annually, after giving an opportunity to the Applicant / Project Company of being heard.
- 10) The Project Company shall not, without the prior written approval of CCITEI, enter into any transaction of merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction, on or before 1 (one) year from the date of commencement of commercial production.
- 11) All clearances including permits, licenses and environmental clearances, third party approvals, etc. necessary to execute the proposed project shall be obtained by the Project Company as per law.
- 12) Till declaration of the commercial production of the entire project, the Project Company shall not sell or dispose of the project assets or any part thereof or create thereon any mortgage, lien or charge by way of hypothecation or otherwise except in the ordinary course of business without prior approval of CCITEI.
- 13) The APEDB shall rely upon information submitted by applicant/ project company on self-certification basis. For this purpose, the applicant shall submit an undertaking on

the online incentive portal. To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, the IT,E&C department shall obtain undertaking(s) from applicants under the Policy on the online incentive portal.

11. Procedure for disbursement of Funds

- 11.1. All sanctioned claims shall be kept ready in the chronological orders (as per the date of application) for disbursement. No documents shall be uploaded by the entrepreneur for disbursement, except in cases involving courts, wherein court orders shall be honored.
- 11.2. The disbursement of funds will happen as per the pari-passu basis to an account used to credit funds from government of India, for the ISM scheme, as per the FSA.
- 11.3. The incentive portal will capture any p

12. Institutional Mechanism for Tailor made incentives

For the purpose of processing the claims the state has following committees to recommend and approve incentives as per policy or to extend tailor-made Benefits

- 12.1. State Investment Promotion Council (SIPC)
 - 1) The State Investment Promotion Committee (SIPC) is an apex inter-secretarial body constituted in the state for the purpose of consider and recommend tailor-made benefits to Mega projects cutting across all industries and sectors.
 - 2) The State Investment Promotion Committee (SIPC) shall convene atleast once every month for discussion of agenda which constitute but not limited to
 - scrutinize and recommend tailor made incentives including Financial and non-financial benefits to Mega and above projects
 - scrutinize and recommend projects approved under India Semiconductor Mission, Government of India.

- evaluate and recommend extent of land for projects having requirement of more than 50 acres
 - evaluate and recommend revision/modification/relaxation on contractual terms for Mega and above projects that have breached agreed service level agreements. Any recommendation by SIPC shall not override conditions stipulated by the Judiciary.
 - Repetitive requests received from Mega and above projects that may require standardization/policy level interventions.
- 3) The concerned Principal Secretary/ Secretary to the Government, willing to place their proposals before the SIPC for decision, shall send the agenda notes to the Commissioner of Industries.
 - 4) The Commissioner of Industries will circulate the agenda notes to all the members and collate their responses and will place before the SIPC in consultation with the Chairman.
 - 5) The committee, after deliberations, will place their remarks before the State Investment Promotion Board for their consideration and approval / for a suitable decision.
 - 6) The agenda shall be structured as indicated below to apprise the committee about the proposal and help the committee to take rational decision.

12.2. State Investment Promotion Board (SIPB)

- 1) The State Investment Promotion Board (SIPB) will meet at regular intervals to examine all the proposals related to Industrial and infrastructure Investments and to take appropriate decisions for early realization of investments in the state of Andhra Pradesh.
- 2) The SIPB shall evaluate the recommendations of SIPC and make a final decision on the agenda proposals.
- 3) After obtaining SIPC & SIPB approvals and ratification by cabinet (wherever required), respective line department Secretaries shall issue Government Order mentioning the terms agreed, timelines for each of the specific proposals.

12.3. Consultative Committee for Information Technology and Electronics Investments CCITEI

- 1) The ITE&C department has constituted the Consultative Committee for Information Technology and Electronics Investments (CCITEI) to evaluate, approve and monitor projects related to IT and Electronics industries.

- 2) The consultative committee comprises of the members from both government as well as industry associations and special invitees from industry.
- 3) A separate Government order, by IT,E&C department, will be issued indicating the membership of CCITEI from time to time.
- 4) Powers of CCITEI
 - i. To resolve the problems in implementation of the policies and cause necessary through implementing agencies such as APIIC/ Urban Development Authorities/ DISCOMs/ Municipal Corporations, for administration of various incentives sanctioned, and for speedy realization of the goals set forth in the upcoming polices within the said period.
 - ii. To prescribe the procedure and issue the guidelines and clarifications in implementation of all policies to be issued in coming years i.e. 2024-29. The CCITEI can recommend/approve/ defer any application for incentives/land allotments at its sole discretion.
 - iii. Interpretation
 - iv. When any matter arises for the purpose of interpretation on which CCITEI could not take a decision or in case where any suggestions are made outside the scope of CCITEI in regard to implementation of the scheme, such matters shall be referred to the Government of Andhra Pradesh for decision.
 - v. The interpretation and decisions of the Government is final with regard to applications made by the semiconductor and display fab and other projects approved under the India Semiconductor Mission form time to time as per AP Semiconductor and Display Fab Policy 2024-29. Government shall not entertain any correspondence against its decision, nor can the matter be subjected for any challenge in any court of law at any point of time.

13. Digital Platforms for Claim Application

13.1. Single Desk Portal

- 1) Single Desk Portal is an integrated portal for applying and receiving all industrial licenses and permissions, for setting-up industry or start industrial activity in the state.

- 2) Any entity that needs support from government, should mandatorily create an account in Single Desk Portal (SDP) and furnish details in prescribed formats.
- 3) Any co-working space or Neighborhood Workstation or IT campus Developer will have to submit request for development by furnishing required details and receive approvals and licenses from respective authorities through SDP.

13.2. APIIC ERP

- 1) Andhra Pradesh Industrial Infrastructure Corporation (APIIC) is the state owned, nodal organization, which holds and manages government lands for allotment to industrial and approved commercial activities.
- 2) In line with G.O.Ms.No.4, dated 24.03.2025, as notified by IT,E&C Department, Government of Andhra Pradesh, Applications for the lands/buildings belonging to the APIIC for IT, E&C Sector will be applied through APIIC portal, as attached with the Single Desk Portal. The Detailed Project Reports (DPRs) submitted for the lands/buildings of APIIC by the interested firms in the APIIC Online Portal will be forwarded to APEDB and IT, E&C Department by the APIIC and these DPRs will be evaluated by Consultative Committee for Information Technology and Electronics Industry (CCITEI). The CCITEI shall make use of the remarks of the APEDB while evaluating the DPR.

13.3. Incentive Application Portal

- 1) Investors after becoming eligible to claim incentives under various policies of the state, will submit their application for incentives on the online portal.
- 2) Investors will have to upload all documentary proofs, filled-in all details in the prescribed forms on the incentives portal, for concerned department to scrutinize, verify, validate and sanction the incentive claim.

14. Recovery of incentives sanctioned under the Schemes

Incentives/concessions granted to an industrial enterprise shall be liable to be recovered under the following circumstances:

- 14.1. If the incentives/concessions are obtained by the industrial enterprise by misrepresentation of essential facts or by furnishing of false information or

suppressions of facts or by submission of false/fake documents etc. In addition to recovery of the incentives granted, penalty will be levied as deemed fit and disbursed amount and barred from availing incentives in future.

- 14.2. If the industrial enterprise goes out of production within six (6) years for MSEs and eight (8) years for Medium & above Enterprises from the DCP. However, in case where the Enterprise/Industry remains out of production for period up to 36 months due to the reasons beyond its control such as shortage of raw-materials, power and change of management, bills receivables, recession in the market, Fire Accidents and natural calamities etc., and the same is regularized by the DIEPC/CCITEI are exempted from recovery/ penalty.
- 14.3. If the industrial enterprise fails to furnish the prescribed statements and/ or information when it is called upon to furnish.
- 14.4. If the industrial enterprise effects change of management without prior approval from the financing institution concerned and the State Level Committee.
- 14.5. If the industrial enterprise shifts a part or whole of the industrial Enterprise/Industry or lease out the whole or part of premises or the plant and machinery after receiving a part or whole of the incentives without prior approval of the DIEPC/CCITEI.
- 14.6. If the whole or part of the industrial enterprise is sold without the prior approval of the CCITEI.
- 14.7. If the industrial enterprise enters into a contract of any nature whatsoever by transferring the Management, without the prior approval of the CCITEI.
- 14.8. In the event of recoveries for reasons arising mentioned above, they shall be recovered treating them as arrears of Land Revenue under A.P. Revenue Recovery Act, 1864 and Executive Director will be designated as recovery officers by suitable Government Orders.
- 14.9. In this regard, the Inspection Officer concerned should monitor the progress of the Enterprises and submit a report to the CCITEI/APEDB, on a half-yearly basis.

15. Annexure 1 – Documentation

In case of projects approved under ISM, the following additional documents are required to be submitted:

- 1.1. FSA Document
- 1.2. Interim Approval letter (if any)
- 1.3. List of all approved project components under the approval letter
- 1.4. Approved Project implementation plan
- 1.5. Approved incentive disbursement schedule
- 1.6. Any annexures to FSA
- 1.7. Any further revision to FSA (as and when affected)
- 1.8. Final Union Cabinet Approval
- 1.9. Copy of all approved documents / checklists pertaining to site / field inspection at the time of incentive disbursal and any additional information sought by ISM, duly showing the receipt acknowledgement.