

**GOVERNMENT OF ANDHRA PRADESH**

**ABSTRACT**

**Industries and Commerce Department – Containment, Control, and Prevention of COVID – 19 Epidemic – COVID -19- lockdown Restarting of Industries and sanction of Relief measures to MSMEs and other Industries– Issued -Regarding**

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**INDUSTRIES AND COMMERCE (P&I) DEPARTMENT**

G.O.Rt.No. 103

Dated: 15 .05.2020

Read the following:-

Operational guidelines issued vide G.O.Ms.No. 108 dated 14.11.2015 of Inds.& Com.(P&I) department under Industrial Development Policy 2015-20.

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**ORDER:**

Micro, Small and Medium Enterprises (MSMEs) Sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. **MSMEs contribute to approximately 8% of the Country's GDP, 45% of the manufacturing output and 40% of exports. MSMEs provide the largest share of employment after agriculture** and hence, the development of MSME sector can contribute enormously to the socioeconomic development of the country.

2. The MSME sector in Andhra Pradesh manufactures a variety of products with a high concentration of Micro and Small units in the Sectors of food, mineral and building materials, drugs and pharmaceuticals, fabricated materials, trading and service sector. Andhra Pradesh has identified development of MSMEs as a catalyst for job creation and balanced regional development. Many MSME units are also run by the SC/ST entrepreneurs providing much needed push to the downtrodden classes of the society. MSME sector is a major employer, next only to Agriculture

3. In view of disruption brought by the lockdown of the economy due to outbreak of COVID 19 pandemic most of the industrial activities are badly affected. This has significantly impacted the MSME units in AP especially on the viability of business operations and thus employment provided by these units.

4. The Government have come to understand the precarious state of Finances of MSMEs and recognize the need to support the sector.

5. Disruption of raw material and finished product supply chain, transportation of goods and man power, scarcity of manpower due to regulation of movement, working capital constraints etc have been identified by the Government as major bottlenecks.

(P.T.O)

6. It was brought to the notice of the Government that the budget allocations made by the previous Government during the years 2014 to 2019 were not sufficient to meet the demand for the claims sanctioned by State Level Committee in case of Large and Mega projects and District Industries Promotion Committees in respect of MSMEs. As the allocation of Budget was always less than the demand, there was steady raise in the pendency of claims. As on date the pending incentives pertain to MSME General, SC and ST categories are as follows.

Year	MSME (General)		MSME (S.C)		MSME (S.T)		Total MSME claims Pending	
	No of units	Amount Rs. Crs.	No of units	Amount Rs. Crs.	No of units	Amount Rs. Crs.	No of units	Amount Rs. Crs.
2014-15	320	41.95	13	0.43	3	0.35	336	42.725
2015-16	891	65.95	52	2.94	11	0.41	954	69.3
2016-17	1481	158.04	496	32.97	69	3.89	2046	194.9
2017-18	1677	138.11	1105	56.86	253	12.48	3035	207.45
2018-19	1812	185.15	1591	106.29	382	21.7	3785	313.14
2019-20	342	31.24	619	38.8	121	7.33	1082	77.371
<b>Total</b>	<b>6523</b>	<b>620.44</b>	<b>3876</b>	<b>238.29</b>	<b>839</b>	<b>46.16</b>	<b>11238</b>	<b>904.89</b>

7. Because of this huge pendency many MSMEs became sick and are facing difficulty in raising working capital. Several representations made before the previous government fell on deaf ears.

8. All the above mentioned issues have been discussed in the meeting chaired by the Hon'ble Chief Minister held on 30.04.2020 and the Government have agreed to sanction a package of relief measures in order to bring the industry back on track with a RESTART Programme.

9. Government after careful examination of the matter hereby decided to extend the following incentives to the Industries especially to MSMEs to start their operations smoothly

- i. Release Pending Incentives of Rs.904.89 Crores to 11,238 MSME manufacturing and allied units in two phases as per seriatum in two months period.
- ii. Waiver of fixed /demand charges against contracted maximum demand for MSME manufacturing and allied units for a period of 3 months from April 2020 to June 2020
- iii. Working capital loans - To enable the Micro and Small Manufacturing and allied Units for meeting the liquidity crisis, a loan of Rs.2.00 Lakhs to Rs.10.00 Lakhs will be provided to MSMEs @ 6% - 8% interest rate plus processing fee of 0.25 %. The loan shall be repayable in 3 years including moratorium period of 6 months. A Fund of Rs. 200 Cr will be mobilized from SIDBI /IDBI. APSFC shall be the Nodal / operational agency for sanction of loans.
- iv. Preferential Market access policy - All Government entities shall procure at least 25% of their annual requirements of goods and services from the eligible Micro and Small Enterprises. The procuring shall include all Government Departments, Local Bodies, Statutory Bodies, Development Authorities, Bodies created through Executive Orders, Companies, Corporations, Special Purpose Vehicles, Societies, Trusts and any other Public Sector Undertakings. Out of the 25% target, a sub-target of 4 percent shall be earmarked for Scheduled Castes/ Scheduled Tribes owned MSEs and a sub-target of 3 percent shall be earmarked for Women owned MSEs.
- v. Deferment of fixed /demand charges against contracted maximum demand for Large and Mega Units for 3 months to all Large and Mega Industries without interest or penal charges from April 2020 to June 2020.

10. This has got the approval of the Finance (FMU-I&I, Energy, and I&C) Department.

11. The Director of Industries shall take necessary action accordingly to provide the above reliefs to MSMEs and Large & Mega Industries.

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

R. KARIKAL VALAVEN  
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP

To

The Director of Industries, Vijayawada.

The Finance(FMU-I&I, Energy, and I&C) Department.

The Energy Department.

The Andhra Pradesh State Finance Corporation, Vijayawada.

Copy to:

PS to Secretary to Hon'ble Chief Minister.

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PS to Chief Secretary to Government.

PS to Principal Finance Secretary.

PS to Secretary to Government , Energy Department.

PS to Spl.CS to Government & CIP.

//FORWARDED:: BY ORDER//

SECTION OFFICER