Incentive packages offered by Government of Andhra Pradesh for industrial promotion have been periodically announced from 1992 i.e., in 1992, 1995, 2000, and 2005. In 1998, a comprehensive policy for SME sector was announced by the State Government, broadly on the lines of the thinking announced at the national level. Details of 2005-10 policy for Micro and Small enterprises, as well as for information technology related enterprises are given here. Focus in recent years, is on creation of quality infrastructure, incentivising investment, building competence among different groups of entrepreneurs, including women, enhancing competitiveness, export promotion, environment friendly climate, attracting mega investments, and foreign direct investment, access to markets not explored adequately earlier, intellectual property rights, fostering industrial clusters, prevention of sickness in industrial units permitting industries to exist, towards better regulation, etc. For emerging product lines and thrust sectors, special incentives are being given by the Centre and State governments. The State incentive package is not applicable to 60 specified ineligible industries, broadly referred to as common place industries which do not need promotional support. The packages are also not applicable for industries being established in the municipal limits of three major cities of the State – Hyderabad, Visakhapatnam, and Vijayawada. Many State level institutions in various States, public sector banks and specialized agencies, offer special concessions for women entrepreneurs.

**Incentives for micro and small enterprises:**

1. 15 per cent subsidy on fixed investment, subject to a ceiling of Rs.15 lakh. Additional 5 per cent subsidy is given, subject to a limit of Rs.5 lakh for SC, ST entrepreneurs, as well as women entrepreneurs. Another 5 per cent subsidy, subject to a limit of Rs.5 lakh, is given to women belonging to SC/ST community. Investment subsidy provision is not applicable for enterprises other than Micro and Small enterprises.

2. Stamp duty and transfer duty for various purposes reimbursed at 100 per cent.
3. 25 per cent rebate in land cost in industrial estates / industrial development areas limited to Rs.5 lakh.

4. Power cost reimbursement at 75 paise per unit in the first year of the policy, and for the remaining four years at rates to be announced periodically.

5. 25 per cent tax paid in one financial year will be ploughed back as grant from government towards payment of tax for the next year. This benefit will be available for five years from the date of commencement of production.

6. 3 per cent interest subsidy on prime lending rate on term loan for a period of five years, subject to a ceiling of Rs.5 lakh per year.

7. 5 per cent of project cost, subject to a ceiling of Rs.5 lakh, will be provided as seed capital assistance for Micro and Small enterprises promoted by SC/ST entrepreneurs as grant for industries, which were sanctioned 'seed capital assistance' by primary lending institutions under National Equity Fund Scheme.

8. 8 per cent subsidy on capital equipment for technology upgradation.

9. 50 per cent subsidy for quality certification, subject to a limit of Rs. 1 lakh.

10. 25 per cent subsidy on specific cleaner production technologies limited to Rs.5 lakh.

11. 50 per cent subsidy on patent registration limited to Rs.5 lakh.

2. Incentives for Information Technology (IT) related enterprises.

1. 20 per cent subsidy on fixed investment up to a limit of Rs.20 lakh.

2. Rebate in land and cost at Rs.20,000 for every job created, encouraging enterprises to deploy maximum workforce.

3. 25 per cent rebate in power tariff subject to a limit of Rs. 50 lakh for the first three years, in the industrial category power tariff.

4. 50 per cent reimbursement of stamp duty registration fee, and transfer duty.

5. 30 per cent exhibition subsidy for participation in international exhibitions.

6. 20 per cent reimbursement of expenditure on achieving SEICMM level 2 upwards limited to Rs.4 lakh.
7. Exemption from zoning regulations.
8. Special provisions for mega projects with an investment of Rs.50 crore of approximately $11 million.
9. Self certification on various labour laws.
10. Permission for three shift operations with women working in the night shift.
11. IT and ITES declared as essential services.

The Government of India have given approval to 102 special economic zones in Andhra Pradesh. Out of this, 64 zones are notified in the Gazette of Government of India. Of these 64 notified zones, 19 SEZs are being developed by APIIC / Govt, 26 SEZs are assisted by APIIC; 16 SEZs are developed by private developers and 2 by urban development authorities. Andhra Pradesh economic zones, a multi-product special economic zone at Visakhapatnam, is being developed to an extent of 5,448 acres at Atchutapuram & Rambilli mandals of Visakhapatnam. This indicates that there is a lot of scope for development of industries in Andhra Pradesh.

The share of industry is 11.49 per cent GDP of Andhra Pradesh in the X Plan. The planners of Andhra Pradesh State are inspired by the impressive record of economic growth (8.33%) in the Tenth Plan (2002-2007). The State has set for itself ambitious sectoral targets for agriculture at 5 per cent industry at 10 per cent and services at 10 per cent in the XI Plan, according to the socio-economic survey, 2009, Planning Department, AP Secretariat, Hyderabad.