

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion – Extension of certain incentives under Industrial Investment Promotion Policy (IIPP) 2010-15 to M/s Royal Enfield, Sri City, Domestic Tariff Zone, Chittoor District for their proposed Motor cycles assembling and painting unit – Orders- Issued.

INDUSTRIES & COMMERCE (IP) DEPARTMENT

G.O.Ms.No. 44

Dated:26 -5-2011

Read the following:-

1. From the Chief Operating Officer of M/s Royal Enfield, Chittoor District, Letter No. Nil, dated 23.12.2010.
2. From the Commissioner of Industries, India., Hyderabad in Single File No18087/IP/A2/2010, dated.03.01.2011.
3. The State Investment Promotion Committee Meeting held on 10.02.2011
4. The State Investment Promotion Board Meeting held on 23.02.2011.
5. From the Commissioner of Industries, India., Hyderabad in Single File No18087/IP/A2/2010, dated.nil received on 10.3.2011..

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ORDER:-

In the reference 1st read above, the M/s Royal Enfield, Chennai informed that M/s Royal Enfield was founded 105 years ago in U.K and in the first half of the 20th Century, it became one of the most premium Motor Cycle manufactures in the World. Between 1965 and 1994, Enfield India Limited established this motor cycle in every corner of India while introducing several products innovations like Sherpa, Crusader, EI 200, Taurus, Fan etc. In 1994, Eicher has acquired the worldwide right to the Royal Enfield brand. Eicher Motor Limited began its operation in 1959 with the roll out of India's first tractor. Today the Eicher Group is a significant player in the Indian automobile industry with gross sales turnover of Rs.3100 Crores. Another core division of EICHER is Royal Enfield which today is a Rs.500 Crores turnover niche motor cycle maker that sells in India and 30 other countries. Now, M/s Royal Enfield proposes to set up a Motor cycles assembling and painting unit in Sri City, Domestic Tariff Zone, Chittoor District. The company proposes to invest around Rs 250 Crores over a period of 5 years, assembling 2,50,000 units per annum. The Company proposes to generate employment upto1000 persons by the end of 5th year and requested for the certain incentives and benefits under Industrial Investment Promotion Policy (IIPP) 2010-15.

2. The requests of the company are as follows.
 - Fixed power cost reimbursement @ 0.75 per unit for a period of 10 years on the revised rates 2010-11.
 - Reimbursement of 50% of VAT / CST / SGST for a period of 5 years.
 - To provide 2nd feeder at the cost of Government for getting un-interrupted power supply.
 - Infrastructure assistance for Effluent Treatment Plant, through reverse Osmosis and Sub-station & Transformers Equipments worth of Rs.4.00 Crores in Tariff Zone, Chittoor District.

(P.T.O.)

3. The State Investment Promotion Committee (SIPC) in its meeting held on 10.02.2011 have examined the above proposal and decided to place the matter before the State Investment Promotion Board (SIPB).

4. The State Investment Promotion Board in its meeting held on 23.02.2011 examined the proposal in detail and decided to extend the following incentives to the Company:

- (a) 50% VAT & CST / SGST reimbursement for a period of 5 years from the date of commencement, subject to the condition that the company should qualify as Mega Project by investing an amount of Rs. 250 Crore and above as per the Industrial Investment Promotion Policy (IIPP) 2010-15 policy, till such time, the unit will be eligible for normal incentives under Large Industries Category. After achieving the Mega Status, the unit will be entitled for 50% VAT & CST / SGST for 5 years duly deducting the amount of VAT already availed by the unit prior to achieving Mega Status.
- (b) All other incentives as per the IIPP 2010-15 Policy.
- (c) Rs.4.00 Crores Infrastructure grant under IIDF for Effluent Treatment Plant, reverse Osmosis Plant and Sub-station & Transformers Equipments.

5. Government after careful examination of the proposal and keeping in view of the recommendations the State Investment Promotion Board, hereby extend the following incentives as decided by the State Investment Promotion Board under Industrial Investment Promotion Policy 2010-2015 in para three (3) above to M/s Royal Enfield, for their proposed Motor cycles assembling and painting unit in Sri City, Domestic Tariff Zone, Chittoor District with an investment of Rs 250 Crores and above over a period of 5 years, assembling 2,50,000 units per annum.

- (a) 50% VAT & CST / SGST reimbursement for a period of 5 years from the date of commencement, , subject to the condition that the company should qualify as Mega Project by investing an amount of Rs. 250 Crore and above as per the IIPP 2010-15 Policy., till such time, the unit will be eligible for normal incentives under Large Industries Category. After achieving the Mega Status, the unit will be entitled for 50% VAT & CST / SGST for 5 years duly deducting the amount of VAT already availed by the unit prior to achieving Mega Status.
- (b) other incentives as per the IIPP 2010-15 Policy as follows:-
 - (1) 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use;
 - (2) 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.;
 - (3) Fixed power cost reimbursement of cost @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production;
 - (4) 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. Preference shall be given to locals in providing employment in the unit; and
 - (5) 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakh;

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(c) Rs.4.00 Crores Infrastructure grant under IIDF for Effluent Treatment Plant, reverse Osmosis Plant and Sub-station & Transformers Equipments.

6. The Commissioner of Industries, Hyderabad shall take necessary action, accordingly and intimate the status of the progress of work done by the unit from time to time to Government.

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

T.S.APPA RAO,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION

To
The Commissioner of Industries, A.P., Hyderabad.
M/s Royal Enfield, Sri City, Domestic Tariff Zone, Chittoor District, through the Commissioner of Industries, Hyderabad.
The District Collector, Chittoor District.
Copy to:
The Law Department
The Energy Department
The Revenue (CT) Department
The Revenue (Registration) Dept.
The Irrigation (PW.Reforms) Dept.
The Ind. & Com. (INF) Department.
The Accountant General, A.P, Hyderabad
The Commissioner of Commercial Taxes, Hyderabad
The VC&MD, Andhra Pradesh. Industrial Infrastructure Corporation, Hyderabad.
The Chairman & Managing Director, APTRANSCO., Hyderabad
The Managing Director, APCPDC Ltd., Hyderabad
The General Manager, District Industries Centre, Chittoor.
P.S. to Principal Secretary to Chief Minister
P.S. to Hon'ble Minister (Major Industries, Sugar, Commerce & Export Promotion)
P.S. to Chief Secretary to Government
P.S. to Principal Secretary to Govt. & CIP, Ind. & Com. Dept.
SF/SC.

// Forwarded :: By Order //

Section Officer