



Andhra Pradesh MSMEs ReSTART Package

AP government is the first to revive MSMEs through a INR 1110 Cr ReSTART Package

In the wake of Covid-19 pandemic, economy has come to a stand-still and has severely affected the livelihoods of hundreds of thousands dependent on MSME sector. MSMEs are lifeblood of our economy as they contribute in a significant way to the growth with a share of around 45% in total manufacturing output and 40% of exports. Importantly, MSMEs generate 10 ten times as many jobs created for a given unit of investment compared to large and mega industries. In Andhra Pradesh alone, around 1 lakh MSMEs provide employment to more than 10 lakhs.

Hon'ble Chief Minister Shri YS Jagan Mohan Reddy has been monitoring the situation on a continuous basis and Government of Andhra Pradesh has been having a direct communication with industry associations to understand and assess the situation. Basis the requests from various quarters of the industry sectors, Government of Andhra Pradesh has formulated a Policy to support MSMEs financially and accelerate the economic restart.

The ReSTART package includes the payment of all sanctioned but outstanding incentives to MSME units, Waiver of 3 months fixed demand charges for MSMEs, Deferment of Power Minimum Demand charges for 3 months for large and Mega units, Working capital loans for MSEs along with preferential market access for MSEs.

Outstanding Incentives to MSME units is estimated to be INR 904.89 Cr, to be released in two phases in May 2020 and June 2020 respectively. Budget allocations in the previous regime were very low resulting in accumulation of huge incentives to be paid to MSMEs driving them towards becoming stressed units.

The Govt. will waive fixed power demand charges of INR 188 Cr. for a period of 3 months from April 2020 to June 2020 to the MSMEs and defer the payment of fixed power demand charges of INR 17 Cr for the same period to all Large and Mega Industries without interest or penal charges.

A working capital fund of INR 200 Crore is created to provide working capital loans to Micro and Small enterprises to the tune of INR 2 Lakhs-10 Lakhs to meet the eroded liquidity of MSMEs at a low interest rate of 6-8% and longer repayment period of 3 years including moratorium through the APSFC.

The markets for most of the Micro and Small Enterprises (MSEs) have been eroded due to loss of global supply chains and providing market access is a key intervention. So a Preferential Market Access to MSEs in all Government procurements is provided

- a. 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.
- b. 25% of annual requirements of all goods/services by value will be procured from MSEs, of the 25%, 4% sub target is reserved for SC/ST and 3% of the sub target for women to give special support for these categories.

The aim of the INR 1110 crore package is to aid industries to successfully overcome the stress and strain created by the lockdown and restart the operations thereby protecting the livelihoods.

Hon'ble CM Sri YS Jagan Mohan Reddy will be launching the scheme on 22nd May 2020 with release of the incentives and launch of the ReStart Portal for the benefit of MSMEs.

Key Highlights of ReSTART Policy

1. Release of INR 905 Cr of pending Incentives to MSME units in 2 months
2. Waiver of Fixed demand charges towards Power, for a period of 3 months from Apr 20 to Jun 20 for MSMEs (INR 188 cr).
3. Working capital loans, by creating a Fund of Fund of INR 200 Cr to enable Micro and Small units to meet liquidity crisis.
4. Preferential Market Access Policy will ensure that 25% of government purchases will be from Micro and small for about 364 items.
5. Deferment of Fixed Demand charges towards Power, for Large and Mega Industries without interest or penal charges for a period of 3 months (INR 17 Cr).

The entrepreneurs will also be encouraged to avail the GoI MSME package which include

- i. 20% additional collateral free working capital loan with capped interest
- ii. Subordinate debt (up to INR 75 lakhs) for stressed/NPA MSMEs which are functional

Creation of "Parisrama Aadhar"

The process of application by any type of unit for availing the ReSTART package will automatically generate a 12-digit unique id known as "Parisrama Aadhar" which will capture the particulars of the enterprise including the location, category (Micro/Small/Medium), and the unique serial number. This will help in forward and backward linkages of units along with a MSME ecosystem closely tied to the large and mega units in the state.

The MSME/Large/Mega units can apply online for ReSTART package @ <http://www.apindustries.gov.in/restart-package>

Help desk has been setup to assist entrepreneur queries and can be reached at Telephone No: 0866-2530665 between 10:30AM – 5:00PM, Monday to Friday
E-mail ID: singledesk-inds@ap.gov.in
