

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department – Andhra Pradesh Oxygen Manufacturing Policy 2021 – 2022- – Orders – Issued.

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INDUSTRIES AND COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 34

Dated: 19-05-2021.
Read:-

e.File No: INC02-17025/94/2021-I&I- DOI, from Director of Industries,
A.P. Vijayawada.

ORDER:

The resurgence of COVID-19 infection across the country in April 2021 has been putting tremendous pressure on healthcare infrastructure across the country. The availability of Oxygen to treat hospitalized patients has become a priority for state and local administrations across the country.

2. The State of Andhra Pradesh produces about 300 MT of oxygen per day. The quantum of oxygen produced in the State is not adequate to meet the increasing needs. The State Government is keen to work swiftly on increasing oxygen production, enabling effective & speedy distribution, and adopting innovative ways to provide oxygen support to healthcare facilities in Andhra Pradesh.

3. Government after careful examination of the matter, hereby approves the **Andhra Pradesh Oxygen Manufacturing Policy 2021 – 2022**, to incentivize manufacturers to quickly set up units and start the supply of oxygen to healthcare centers as per the need, besides fast-tracking industrial approvals to set up and run oxygen manufacturing facilities in the State. Details of the Policy are as illustrated below.

1. Objectives:

To make Andhra Pradesh self-sufficient through development and growth of Oxygen Manufacturing in the State to cater to all the Medical Oxygen needs.

2. Targets:

1. To garner an increased Medical Oxygen Manufacturing capacity of 100 MT through Air Separation
 1. To set up manufacturing units for producing Medical Oxygen based on PSA (Pressure Swing Adsorption) in Captive model
 2. To set up at least 30 units for producing Medical Oxygen based on PSA (Pressure Swing Adsorption) in Non – Captive model

2. To set up 2 units, one in Zone – II & one in Zone - III for producing Medical Oxygen based on Liquid Oxygen Technology (LOx) with an augmented capacity of at least 100MT
3. To set up 1 unit with capacity of at least 50 MT in the State for manufacturing Helium mixed oxygen (Heliox) for medical uses

3. Eligibility:

The following category of Industries Manufacturing Medical Oxygen in the State are eligible to receive incentives under this policy.

1. New Manufacturing Units
2. Existing Units which are into Capacity Augmentation / Expansion
3. Units which are into Revival or refurbishment of Oxygen Manufacturing units (Only for units which are manufacturing oxygen based on the PSA Technology)

4. Operative Period:

The policy will be valid for a period of 1 year from the date of notification, unless otherwise notified in this policy or separately by Government of Andhra Pradesh (GoAP). The projects sanctioned by the Government within the policy period are eligible to avail the incentives under this policy. To avail the incentives, the units with PSA, Lox, Heliox Plants shall be commissioned within 6 months, 18 months, 24 months respectively from the date of sanction.

5. Incentives:

5.1 Revival / Refurbishment of PSA based Units (Air Separation)

The units which are installed based on the PSA technology (Air Separation) and are shut down due to financial non – viability or any other reasons would be eligible for following incentives to revive operations for supply medical oxygen:

1. Capital Subsidy of 20% of Fixed Capital Investment (FCI) (If not already availed) limited to Rs.20.00 lakhs per MT.
2. Power cost Reimbursement of INR 2.0 Per unit for three years from the date of commencement of commercial production limited to Rs.7.00 Lakhs per MT

5.2 Setting Up New Oxygen Manufacturing Units (PSA Based Technology)– Captive Model

New Oxygen Manufacturing Units (PSA Based Technology) established to cater to captive oxygen requirements of the Government hospitals are eligible for the following incentives as per the terms and conditions.

- a. Capital Subsidy of 30% of Fixed Capital Investment limited to Rs.30.00 Lakhs per MT
- b. Power Cost Reimbursement of INR 2.0 per unit for two years from the date of commencement of Commercial production limited to Rs.7.00 Lakhs per MT

Terms and Conditions

- a. These Oxygen Manufacturing units will be set up within the vicinity of the Hospital / Institute where the required land will be provided by Hospitals / Institutes on lease basis
- b. The Hospitals / Institutes will have an advance contract with the unit committing for a minimum demand quantity and minimum price per annum.
- c. The unit must cater at least 80% of its capacity to the Hospitals / Institutes and can use 20% for other commercial activities.
- d. In case the hospital doesn't have the stipulated demand as above, the unit is free to sell the same outside after getting a No objection certificate from the hospital with which it has the contract.
- e. No Storage will be required as it is hospital based captive consumption.

5.3 Setting Up New Oxygen Manufacturing Units (PSA Based Technology) - Non Captive Model

New Oxygen Manufacturing units established in the State based on PSA Technology (Air Separation) in Non-Captive mode are eligible for the following incentives on First Come, First Serve basis, based on the date of commercial production as per the target given to each zone.

1. Capital Subsidy of 30% of Fixed Capital Investment limited to Rs.30.00 Lakhs per MT
2. Power Cost Reimbursement of INR 2.0 per unit for two years from the date of commencement of Commercial production limited to Rs.7.00 Lakhs per MT
3. If the unit goes into the commercial production within 6 months from the date of issue of this policy, then an additional power subsidy of INR 0.5 per unit for two years will be given to the unit

Targets for establishing PSA plants on Non-captive Mode

Zone	Number of Eligible Units
Zone – I	5 Units
Zone – II	10 Units
Zone – III	15 Units

5.4 Setting Up Oxygen Manufacturing Units (LOx Based Technology)

The First New Oxygen Manufacturing unit established based on Liquid Oxygen Technology (LOx) in each zone (Zone – II and Zone – III) with a minimum Medical Oxygen producing capacity of 50 MT / day and a minimum storage capacity of 100 MT is eligible for the following incentives under this policy.

- Capital Subsidy of 20% of Fixed Capital Investment limited to Rs.20 Lakhs per MT.
- Power cost Reimbursement for five Years from Date of commencement of Commercial Production (DCP) limited to Rs.7.00 Lakhs per MT, as detailed below.

Year	Power Subsidy
First Year from DCP	INR 2.0 per unit
Second Year from DCP	INR 1.5 per unit
Third Year till Fifth Year from DCP	INR 1.0 per unit

5.5 Setting Up Helium - Oxygen Manufacturing Units (Heliox Based Technology)

Only the first Oxygen Manufacturing unit established based on **Heliox Technology**, with a minimum capacity of 50 MT Per day and a minimum storage capacity of 100 MT is eligible for the following incentives

- Capital Subsidy of 25% of Fixed Capital Investment (FCI) limited to Rs.25.00 Lakhs Per MT
- Power cost Reimbursement for five Years from Date of commencement of Commercial Production (DCP) limited to Rs.7.00 Lakhs per MT, as detailed below.

Year	Power Subsidy
First Year from DCP	INR 2.0 Per unit
Second Year from DCP	INR 1.5 Per unit
Third Year till Fifth Year from DCP	INR 1.0 Per unit

5.6 . Setting Up Large capacity (> 50 MT) in PPP mode

The Government will evaluate proposals received from various reputed domestic and international firms with expertise and identify suitable partners based on technical and financial viability along with speed of execution. If the Government receives multiple proposals, it will draft an evaluation criteria to shortlist the best partner suited to the needs of the state.

6. Policy Implementation:

The Director of Industries in consultation with the Health, Medical and Family Welfare Department, will accord sanction to the project proposal under this policy. The following terms will be followed for incentive disbursement to eligible industries.

- Capital Subsidy will be disbursed within first sale / one month from the commission of the unit
- Power cost Reimbursement will be made every 6 Months
- All the applications and procedures for approval will be as per the operational guidelines of Andhra Pradesh Industrial Development Policy of 2020 – 2023.
- The Director of Industries, is the apex authority for any decision in case if any clarification / discrepancy
- In case any new technology, other than the ones mentioned in this document, emerges for oxygen manufacturing, the Director of Industries will grant them incentives similar to those given to units under this policy, after evaluation of the category of the plant and viability of the technology. The decision of Director of Industries will be final.
- The following Districts are covered under various Zones as tabulated below.

Zone	Districts
Zone I	a. Srikakulam b. Vizianagaram c. Vishakhapatnam d. East Godavari e. West Godavari
Zone II	a. Krishna b. Guntur c. Prakasam d. SPSR Nellore
Zone III	a. Kurnool b. Anantapur c. YSR Kadapa d. Chittoor

7. Ease of Doing Business & Hand Holding

Setting up the Oxygen Manufacturing units in a rapid mode is of utmost importance. To fast track all industrial approvals needed by the unit including facilitation of Government of India approvals, a Project Management Unit (PMU) headed by a Joint Director will be setup to monitor approvals and facilitate disbursement of incentives.

4. The Director of Industries, A.P, Vijayawada, shall take necessary further action in the matter.

5. This orders issues with the concurrence of Finance (FMU-I&I, Energy and I&C) Department vide their U.O.No. FIN01-FMU/2/2021-FMU-HMFW (Computer No:1402269), dated 7-5-2021.

(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, A.P, Vijayawada.

Copy to:

All District Collectors through Director of Industries, Vijayawada.

All Heads of Departments through Director of Industries, Vijayawada.

All General Managers, DIC through Director of Industries, Vijayawada.

The P.S to Prl Secretary to Chief Minister.

The P.S to Hon' ble Minister Ind & Com, IT, SD & T.

The P.S to Chief Secretary to Government.

The P.S. to Spl.C.S. to Govt. & CIP, Ind. & Com. Dept.

The P.S. to Prl.Secretary to Government, HM&FW Department

Sf/Scs

// FORWARDED :: BY ORDER//

SECTION OFFICER.