



**GOVERNMENT OF ANDHRA PRADESH
INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS DEPARTMENT**

PRESS RELEASE

On

Andhra Pradesh Gaming, Animation, Media & Entertainment Policy 2014-2019:

In the ICT Policy 2010-2015, certain focused and special incentives have been provided to Animation Industry. However, having felt that there is every opportunity to promote the Animation & Gaming vertical in ICT sector by the State of Andhra Pradesh, with suitable and exclusive policy initiatives, incentives and felicitation mechanism to enable the Animation, Gaming, Visual Effects and Digital Entertainment companies to come, set up, grow and sustain their operations in the State of Andhra Pradesh, it has been decided to bring out a separate Andhra Pradesh Gaming, Animation, Media & Entertainment Policy 2014-2019.

The following are the Salient features of Andhra Pradesh Gaming, Animation, Media & Entertainment Policy 2014-2019:

- ❖ Andhra Pradesh Animation and Gaming City will be set up initially in Hyderabad in an appropriate extent of land by Government through AP Industrial Infrastructure Corporation (APIIC). The Andhra Pradesh Animation and Gaming City shall have Incubation Centre (GAME Towers), where state of the art “walk to work” and “plug and play” built up office space is provided at subsidized rates to first generation technocrat entrepreneurs, SMEs engaged in Gaming, Animation, Media and Entertainment activities, and consist of all common amenities, housing, recreation, schooling, entertainment, medical facilities.
- ❖ In order to promote Tier II locations, such as Visakhapatnam, Vijayawada, Kakinada, Tirupati, Warangal, etc. as Animation & Gaming Centers in the States, such as Animation and Gaming Cities are developed by Government of Andhra Pradesh in future.
- ❖ Allotment of appropriate extent of Government lands subject to fulfillment of prescribed obligations on employment, investment and terms & conditions of allotment, in Hyderabad and other Tier II locations of the State, to eligible Gaming, Animation, Media and Entertainment companies for their expansion and setting up their own facilities.
- ❖ The eligibility criteria for allotment of land to the Gaming, Animation, Media and Entertainment Companies, is as under:
 - (i) The applicant Gaming, Animation, Media and Entertainment company shall have been in operation for the last two financial years on the date of application requesting for allotment of land.
 - (ii) On the date of application requesting for allotment of land, the Gaming, Animation, Media and Entertainment company shall have 500 employees in Hyderabad and 150 in case of other locations on its rolls and should have sustained such employment for the last two financial years.
- ❖ The conditions on fulfillment of obligations upon allotment of appropriate extent of land to a Gaming, Animation, Media and Entertainment company are:
 - (i) Fulfillment of an employment obligation of employing 500 IT/ITES/ Gaming, Animation, Media and Entertainment professionals per one acre of land allotted .
 - (ii) Construction of 50,000 sq.ft office space in one acre of land allotted.

(iii) (iii) 3 years for completion of the project and fulfillment of obligations mentioned at (i) and (ii) above from the date of taking over possession of the allotted land.

- ❖ Provide cheaper and higher bandwidth broadband to help the growth of Animation & Gaming industry to unbundled the last mile connection to reduce monopoly and help increase the available bandwidth to end customer.
- ❖ Government of Andhra Pradesh in association with stakeholders shall set up a world-class and first of its kind in the country Gaming, Animation, Media and Entertainment Academy to impart requisite communication skills, artistic skills and domain knowledge to the students.
- ❖ Government shall ensure that through JKC's, the requisite talent pool for Animation & Gaming industry, not only qualified but also industry ready, is available through imparting hands on experience in communication skills and domain knowledge and through provision of campus placements.
- ❖ Govt of AP shall take up with Govt of India at appropriate level, in order to implement the reservation of at least 5 – 15% of airtime on channels (both foreign and domestic) to promote locally created content to provide level playing field for domestic content development.
- ❖ Government of AP shall create a suitable Venture Capital Funding mechanism in association with stakeholders to extent appropriate seed capital assistance to first generation entrepreneurs, start ups, Small & Medium Enterprises engaged in the animation, gaming, visual effects and digital entertainment sector.

In order to promote this segment, Government shall make available the following fiscal incentives:

1. Reimbursement of production cost of an Animation film or Gaming product, (based on set Guidelines/Stipulations) upto a maximum of Rs.5 lakhs per film, incurred on producing upto two Animation or Gaming films produced by an Gaming, Animation, Media and Entertainment company, on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.
2. 25% subsidy on lease rentals up to Rs.5 lakhs per annum maximum up to a period of three years, built up office space ranging from 500 sft to 15,000 sft, leased by Animation & Gaming Companies.
3. 100% reimbursement of stamp duty, transfer duty and Registration fee paid by Gaming, Animation, Media and Entertainment companies on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
4. 75% reimbursement of stamp duty, transfer duty and Registration fee paid by Gaming, Animation, Media and Entertainment companies on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted
5. Admissibility of Industrial Power category tariff.
6. 25% power subsidy on power bills for a period of 3 years or Rs.40 lakhs whichever is earlier, from the date of commencement of commercial operations.
7. Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two years of commencement of commercial operations payable on telescopic method @ Rs.7.5 lakhs in the 1st one year for employing 50 employees and balance Rs.7.5 lakhs in the 2nd year for employing 50 more employees.
8. Reimbursement of 20% of expenditure incurred for obtaining quality certification from CMM Level 2 upwards and ISO. Reimbursement will be limited to a maximum of Rs.5 lakhs.
9. 25% investment subsidy limited to Rs.25 Lakhs for fresh investments made.
10. 10% Interest subsidy on term loan and working capital loan subject to a maximum of Rs.5.00 Lakhs per year for a period of 5 years for units.
11. 50% Exhibition stall rental cost limited to 9 sq.mts of space and delegate registration charges will be reimbursed for participating in the notified national/international exhibitions.
12. Reimbursement of Internet Bandwidth charges, upto Rs.2 Lakhs per year for a period of three years. The reimbursement is based on actual usage of internet connectivity charges paid to a Internet Service Provider (ISP) as per Telcom Regulatory Authority of India (TRAI)

guidelines/tariff. This incentive is available only for Startup companies - having 0-5 years of operating history and employ strength upto 50 and turnover upto Rs.50 lakhs.

13. 100% reimbursement of the net VAT (Output Tax (-) Input Tax) actually paid by Unit as per AP VAT Act, for a period of 5 years or Rs.10 Lakhs whichever is earlier from the date of commencement of production for products/Films/ Services made in AP.

Government shall coordinate and impress upon banks and financial institutions recommending express sanction of collateral free loans under CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) Scheme on a priority basis.

Government shall coordinate and organize collaborations with IBM and other MNCs for outsourcing Gaming, Animation, Media and Entertainment works/projects to SME Gaming, Animation, Media and Entertainment companies.

Government shall constitute Consultative Committee on Animation & Gaming Industry (CCAGI) which will be a Joint Committee with representatives of the Government and Animation & Gaming Industry for administering the incentives.

The Andhra Pradesh Gaming, Animation, Media & Entertainment Policy 2014-2019 has been approved by the Council of Ministers at the Cabinet meeting held on 03-12-2013:

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INFORMATION TECHNOLOGY ELECTRONICS AND COMMUNICATIONS DEPARTMENT
03-12- 2013