



CHAPTER 6 INDUSTRIES

## Industries

During the last two decades, Indian manufacturing has expanded steadily and grown almost at the same pace as India's overall economy. Despite this encouraging growth, dashing hopes of an economy based on manufacturing-led growth, the relative share of manufacturing in the Indian economy has remained unchanged. Consequently, this stagnated contribution by the manufacturing sector to the GDP at around 16 per cent has raised questions about India's development strategy, especially its implications for generating adequate employment. Meanwhile, several economies have increased their share of manufacturing to above 20 percent of their GDP. This shift of manufacturing capacities from developed nations to rapidly developing economies is likely to continue.

*Industry – key growth driver*

*Enhancing share of manufacturing Attracting investments Investment Tracker*

*Employment since inception - 12,42,294*

*Total investment -Rs. 20,592.41 Cr*

To build on this ascending trend, the Government of India has launched the Make in India initiative. One of the key strategies of this initiative is a growth strategy based upon development of industrial corridors whereby policy initiatives to spur manufacturing and overall growth are coordinated with transport corridors linking different regions. The vision is to create a globally competitive manufacturing sector supported by world class infrastructure, logistics facilities, and a liberal policy regime.

### District Industries Centres

District Industries Centres were established in 1978 to serve as nodal agencies in the District to assist entrepreneurs for establishment of Industries. These centres provide all required approvals/ clearances for setting up Industries under a Single Window. The District Industries Centres are implementing agencies of MSMED Act and issue

Entrepreneur Memorandum (EM) for Micro, Small and Medium Enterprises (MSME) besides maintaining effective liaison with various financial institutions in arranging required credit facilities. The information pertaining to Industrial development of districts is maintained in these centres.

### Industrial Investment Promotion Policy 2015-20

The State Government of Andhra Pradesh has come up with an Industrial Investment Promotion Policy 2015-20 with various Incentives/Concessions to new industries set up in the State. The Government is striving towards creation of quality infrastructure coupled with congenial industrial environment in the State to make Andhra Pradesh an attractive destination for both foreign and domestic investors.

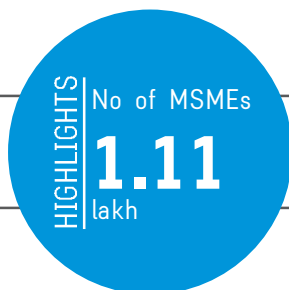
As a part of facilitation through e-Governance, eight services for the sanction of industrial incentives pertaining to industries department are brought under "Mee-Seva" with effect from 15 July 2013.

Special emphasis is given for establishment and enhancing production capacities of Micro, Small & Medium Enterprises with huge employment potential. In order to create hassle-free environment for the investors, Government of Andhra Pradesh is effectively implementing Single Window Act and arranging various industrial clearances within the set time frame period.

Andhra Pradesh is the first State in India to take up the initiative in bringing A.P. Single Window Clearances system under e-Biz project of National e-Governance plan of Government of India. This provides efficient, convenient, transparent and integrated electronic services to investors and industrialists covering 40 services, of which 13 are Central Services; 21 are State Common Services and 6 State specific services, covering 18 Departments.

### Single Window Act

Government launched Single Desk Policy on 29.04.2015. The Single Desk Policy aims to create a conducive ecosystem to provide all clearances required to setup industry within 21 working days. The main focus for attracting investments is the strategy of "Ease of doing Business".



1st Sunrise Andhra Pradesh Meet at Visakhapatnam  
1400 delegates – 300 foreign delegates from 41 countries  
328 MoUs – Rs. 4.67 lakh crore worth investment proposals

#### A. State Level Nodal Agency

During the period from April to September 2015, 152 Large and Medium Enterprises with investment more than Rs.5.00 Crore on plant & machinery have filed their proposals with the State Level Nodal Agency for 287 clearances/approvals from various departments. 264 cases were given clearances/ approvals by different Competent authorities, 18 proposals were rejected/returned and 5 cases are in process with an investment of Rs. 16,855.41 Crore providing employment of 61,947 persons.

#### B. District Level Nodal Agency

During the period from April 2015 to September 2015, 1617 Micro & Small Enterprises with investment below Rs.5.00 Crores on plant & machinery filed their proposals with the District Level Nodal Agency for 2789 clearances / approvals from various Departments. 2545 cases were given clearances / approvals by various competent authorities and 225 proposals were rejected / returned and 19 cases are in process with an investment of Rs.18695.30 Crores, providing employment to 34071 persons.

### Large & Mega Projects

1784 Large and Mega Projects with an investment of Rs.81,261 crore have gone into production creating employment to 4,35,506 persons as on September,2015. During 2015-16, 22 Large and Mega industrial projects are established with an investment of Rs.3969 Crore and employment generation of 9,228 persons. The details of district wise Large & Mega industrial proposals, investment and employment are given in Annexure 6.1.

### Micro, Small & Medium Enterprises

Investment limits were enhanced with the enactment of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006. Micro, Small and Medium Enterprises (MSMEs) Sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs contribute to approximately 8% of the Country's GDP, 45% of the manufacturing output

and 40% of exports. MSMEs provide the largest share of employment after agriculture and hence, the development of MSME sector can contribute enormously to the socio-economic development of the country.

The MSME sector in Andhra Pradesh manufactures a variety of products with a high concentration of Micro and Small units belonging in the Sectors of food, mineral and building materials, drugs and pharmaceuticals, fabricated materials, trading and service sector. Andhra Pradesh has identified development of MSMEs as a catalyst for job creation and balanced regional development.

Government of Andhra Pradesh have introduced the MSME policy 2015-20 to provide a holistic frame work for sustainable development of MSMEs in the State and to make them globally competitive. The policy offers incentives, infrastructure development, technology up-gradation, skill development and marketing support, simplification, administrative reforms and rehabilitation of sick industries in the State. Government of India has introduced Udyog Aadhaar Memorandum (UAM) in place of Entrepreneur Memorandum Part –I & II. UAM registration is on-line and user friendly and is filed on self-declaration basis and no supporting documents are required.

Since inception 1,11,387 Micro, Small and Medium Enterprises were established, providing employment to 12,42,294 persons involving an investment of Rs.20,592.41 Crores. During the year 2015-16 upto September, 2015, 1,988 Micro, Small and Medium Enterprises were established, providing employment to 33,652 persons involving an investment of Rs.1,592.74 Crore. Details of district wise Micro Small and Medium Industries established, investments made, employment generated are shown in Annexure 6.2.

### AP Micro, Small Medium Enterprises Facilitation Council

The Micro, Small and Medium Enterprises Development Act 2006, provides for constitution of Micro and Small Enterprises Facilitation Council by State Governments in their State for redressal and recovery of amount due to delayed payments. APMSE Facilitation Council, a quasijudicial body, provides impetus towards facilitating the payments to MSEs from their buyers.

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## Prime Minister's Employment Generation Programme

The PMEGP is a Central Sector Scheme funded by the Ministry of Micro, Small and Medium Enterprises. The scheme is implemented by KVIC in association with KVIBs and State Governments through District Industries Centres. The subsidy component under the scheme is placed at the disposal of participating banks by the KVIC with regard to targets that will be allocated to DICs. The scheme envisages 16.2% reservation for SCs, 6.6% for STs, 27% for OBCs, 5% for Minorities 1% for Ex- Servicemen, 3% for physically handicapped and 30% for Women (overall).

### Objectives

The objective of the Prime Minister's Employment Generation Programme is to generate employment opportunities in rural and urban areas through self employment ventures and to increase wage earning capacity of artisans and contribute to increase the growth rate of Rural and Urban employment, Self Help groups (including those belonging to BPL provided that they have not availed benefit under any other scheme) are also eligible for assistance under PMEGP, Beneficiary's contribution is 10% of project cost for general categories and 5% for Special Categories (including SC/ST/OBC/Minorities / Women, Ex-servicemen, Physically handicapped, NER Hill and Border area etc.). Margin Money (rate of subsidy) for general categories is 15% in urban, 25 % in rural areas. For special categories, it is 25% in urban and 35% in rural areas and is 'one time assistance' and Normal rate of interest shall be charged. Re-payment schedule ranges between 3 to 7 years.

The persons should possess at least VIII standard pass educational qualification for setting up projects costing above Rs.10.00 lakh in manufacturing (Industry) sector and above Rs.5.00 lakh in Business/ Service sector. The maximum cost of the project/unit admissible under manufacturing (industry) is Rs.25.00/ Rs.10.00 lakh under Business/ Service sector.

During the year 2014-15, 430 units were established with a margin money assistance of Rs. 1460.41 Lakhs and provided employment to 5111 persons. 241 units were established with a margin money assistance of Rs. 765.73

lakh and provided employment to 1993 persons as against the target of 414 units, and financial assistance of Rs. 828.92 lakh and providing employment of 3312 persons during the year 2015-16 (upto November, 2015).

### Rehabilitation of Sick SSI units

The Government issued a new Micro, Small and Medium Enterprises (MSME) Policy 2015-20" in July 2015, with fiscal benefits covering the categories of (a) Micro and Small Enterprises (b) Medium Enterprises (c) Service Sector Enterprises (d) Swachh Andhra Initiatives (e) MSME Parks (f) Marketing assistance (g) Awards & Recognitions (h) Sick Units Revival.

### Industrial Incentives

Policy of State Incentives/ Facilities announced by the State Government will be in operation from 01.04.2015 to 31.03.2020.

- a) Industrial Development Policy (IDP) 2015-2020
- b) Automobile & Automobile Components Policy 2015-2020
- c) Textile & Apparel Policy 2015-2020.
- d) Biotechnology Policy 2015-2020
- e) MSME Policy 2015-2020.
- f) Aerospace & Defence Manufacturing Policy 2015-2020

### Eligible Industrial Enterprise

Any industrial undertaking and servicing enterprise/ industry, other than those run departmentally by Government of India / State Government or having equity of State Government / GoI.

### New Industrial Enterprise:

An Industrial Enterprise which has been established in the State with new machinery and commenced commercial production on or after 01.04.2015 and before 31.03.2020 holding valid approvals from the concerned authorities. Micro Industries, Small Industries, Medium Industries and Large Industries/Enterprises means in which Investments on plant and machinery is up to the limit as defined by the Government of India from time to time.

### Mega Projects:

Mega Project means the Industrial Enterprise, which is set up with a capital investment of Rs. 500 crore and above or the Industrial Enterprise which creates direct employment to more than 2000 persons.

### Biotechnology Industries:

Projects with capital investment of Rs. 50 crore and above or creating local employment for 200 people will be accorded mega project status.

**Textile Industries:** Projects with capital investment of Rs. 125 crore and above or providing employment to 2000 people or more, will be accorded mega industry status.

### Mega Integrated Automobile Project:

Automobile projects that will have engine plant, press shop, body shop, transmission line, assembly line, paint shop etc. either on its own or as consortium or joint venture mode in the same location with investments over and above Rs.1500 crore. and which will bring ancillary units of a minimum of Rs.500 crore investment within 3 years, will be accorded mega Integrated Automobile Project.

Scheme wise incentives sanctioned from April to September, 2015 (2005-10 and 2010-15 schemes) are shown in Table 6.1

Table 6.1 Scheme wise Incentives sanctioned during 2015-16 (upto Sept, 2015)

Sl. No.	Type of incentives	2015-16	
		No. of cases	Amount (Rs. in Cr)
1	Power Cost reimbursement	1193	217.380
2	PavalaVaddi (interest subsidy)	584	39.760
	General Incentives		
3	Cleaner Production	0	0
4	Interest Subsidy	0	0
5	Investment Subsidy	113	16.130
6	Land Conversion	11	0.021
7	Land Cost	14	0.590
8	Mortgage Duty	2	0.037
9	Sales Tax	126	124.970
10	Stamp Duty	43	0.917
11	Quality Certification	2	0.010
	Total	2088	399.815

Source: Industries Department

### SC Sub Plan and Tribal Sub Plan

260 claims with Rs.14.60 crores were sanctioned under SC sub Plan and 59 units with Rs.4.55 crore were sanctioned under Tribal Sub Plan during 2015-16 upto November, 2015.

### Cluster Development Programme

Government of India has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in

the country. Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

### Objectives

To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc., to build capacity of MSEs for common supportive action through formation of self help groups, consortia, up gradation of associations, etc., to create/ upgrade infrastructural facilities in the new / existing

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industrial areas / clusters of MSEs and to set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc).

### Activities

Diagnostic Study, Soft Intervention, Hard Intervention, Setting up of Common Facility Centres (CFCs) and Infrastructure Development (up-gradation/new).

37 Cluster proposals are under active consideration, of which, 8 Hard Interventions and ID Projects are with DC-MSME, DI-MSME to be placed before the Steering Committee for sanction in the year 2015-16. 8 DSRs are with DC-MSME and DI-MSME to be placed before the Steering Committee for sanction. 4 Soft Interventions are under active consideration.

### Industrial Infrastructure Scheme

Clusters/Industrial locations were identified for development based on the diagnostic study on providing physical infrastructures as identified in the cluster. Priority was given to develop clusters having small industry concentration. The Scheme is implemented on a public-private-partnership initiative i.e. user driven with the support of the Government.

The salient features of the Scheme are

- a) Physical Infrastructure.
- b) Common facilities for fuel/gas supply system, ETP & Solid waste disposal.
- c) Information and Communication Technology Infrastructure.
- d) R & D Infrastructure.
- e) Quality Certification and Benchmarking Center.
- f) Common Facilities Center.
- g) Information dispersal /International Marketing infrastructure
- h) Small Industry Cluster Development Programme.

### National Investment and Manufacturing Zones (NIMZ)

The Government of India (GoI) has announced a National Manufacturing Policy, 2011, with the objective to enhance the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. As per the Policy, "NIMZs was developed as integrated industrial townships

with state-of-the art infrastructure and land use on the basis of zoning; clean and energy efficient technology; necessary social infrastructure; skill development facilities, etc." Government of Andhra Pradesh proposed to develop NIMZs in Chittoor and Prakasam Districts for which In-principle approval was already accorded by GoI. APIIC engaged IIDC Limited (An IL&FS Group Company) for preparation of TEFS report cum development plan and final application and the same were submitted to Govt. for final approval.

### Chennai Bangalore Industrial Corridor (CBIC)

CBIC is one of the mega Infrastructure projects of Government of India which passes through the State. With the main objective to increase the share of manufacturing sector in the GDP of the country and to create smart sustainable cities which will have world-class infrastructure, convenient public transport etc. Sectors of focus include General manufacturing; Automobiles & auto ancillary; agro and food processing; metals and metallurgical products; Biotech and Services sector.

The Department of Industrial Policy and Promotion (DIPP) and the Japan International Cooperation Agency (JICA) through their consultants M/s. Nippon Koei Limited and PWC have prepared a Comprehensive integrated Master Plan (CMP). The study team has completed the Part-A of CMP for CBIC region and selected 3 potential Industrial nodes – (1) Krishnapatnam in Nellore District., (2) Kalikiri in Chittoor District and (3) Hindupur in Ananthapur District.

Draft Final Report (DFR) covering the critical gap assessment along with concept master plan and development plan is prepared for Krishnapatnam node.

Krishnapatnam Industrial Node (KPTIN) is a planned area located in south of Krishnapatnam port as industrial development of around 12,000 ha. The estimated project cost for the development of Infrastructure in KPTIN is around Rs.13,716 Crores in 3 phases spanning around 25 years. Proposals for considering Krishnapatnam Node as NIMZ and to form the Special Purpose Vehicle (SPV) are under process.

The Conceptual Master Plan for CBIC has also been completed and presented to DIPP along with all state

stakeholders workshop in New Delhi on 21st August 2015. The State Support Agreement (SSA) and Stake Holders Agreement (SHA) are under process of preparation.

A total of 26 priority projects across various sectors have been identified for debottlenecking in the CBIC region, out of which 2 following projects pertain to AP state (Roads sector) and Sanction is awaited from Ministry of Road Transport & Highways (MoRTH).

- 4 Laning of NH-18A from Chittoor to Renigunta and SH-61 (now NH-71) from Renigunta to Naidupeta (Estimated cost Rs.600 Crs).
- 4 Laning of NH-4 from Km 133/360 to 216/916 in the State of A.P. (from Karnataka/ AP border to AP/ Tamilnadu border via Chittoor - Estimated cost Rs.1214 Crs).

### Vizag Chennai Industrial Corridor (VCIC):

The VCIC is a key part of the planned East Economic Corridor and India's first coastal corridor and the extent of it is considered from Pydibheemavaram in Srikakulam district to Chennai in Tamilnadu. It has Influence area about 1,10,000 sq. km, (3.5% of India's area). It is estimated

that it attracts about Rs.1,00,000 Crores and generates employment to about 110 Lakh persons. The corridor contributes to 5% of national GDP and has potential to increase GDP in the Corridor by 6 times. Food processing, Chemical & Petroleum, Textiles, Electronics, Metallurgy, Pharmaceuticals, Automobiles & auto ancillary etc. are the the focus sector of Industries proposed.

The Department of Economic Affairs (DEA), Govt. of India has given in-principle approval for funding plan of USD 715 million ( Multi tranche Financing Facility – MFF loan from ADB of USD 500 million and GoAP share of USD 215 million) on June 28, 2015. Revised proposal for approval of Program loan of 200 Million USD has been submitted to the DEA, GoI on 01.10.2015. The Regional Perspective Plan (RPP) of the Corridor is under preparation.

A number of infrastructure projects are planned which would link various manufacturing clusters and gateways such as ports and airports to a central spinal road, rail and utilities infrastructure in the Corridor area.

The Department of Industrial Policy and Promotion (DIPP) and the Asian Development Bank (ADB) have appointed PWC as the Consultant to prepare a comprehensive integrated master plan. The potential nodes along with clusters are shown in Table 6.2:

**Table 6.2 Clusters**

Sl. No.	Node	Cluster	District
1.	Visakhapatnam (1st Phase)	Pydibheemavaram	Srikakulam
		Atchuthapuram	Visakhapatnam
		Nakkapalle	
		Bheemunipatnam	
2.	Kakinada	Kakinada	East Godavari
3.	Srikalahasti-Yerpedu (1st Phase)	Srikalahasti-Yerpedu	Chittoor
		Sri City	
4.	Gannavaram-Kankipadu	Gannavaram	Krishna
		Kankipadu	

Source: Industries Department

Out of above 4 nodes, Visakhapatnam and Srikalahasti-Yerpedu nodes are prioritized in the 1st phase of the project. Through the Conceptual Development Plan (CDP) the ADB has identified several infrastructure projects. The identified Infrastructural projects by conceptional Development Plan (CDP) by include debottlenecking and capacity augmentation of existing assets and some

greenfield infrastructure projects and future economic growth in the State. Of the identified ones, selected high impact projects have been planned to be developed with financial assistance from ADB.

Sector wise Project Preparatory Status and Project Cost & Financing Mechanism are as follows

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Source	Amount (\$ million) Programme MFF total			Share of Total (%)
Asian Development Bank	125	500	625	74.40%
Government of Andhra Pradesh	0	215	215	25.60%
Total	125	715	840	100.00%

## List of Projects

Implementing agency	Tranche – I	Tranche – II	Project cost (Rs.Cr)
APIIC (Industrial Infrastructure)	Construction of Common Effluent Treatment plant at Atchutapuram and Construction of Common Effluent Treatment plants at Naidupet.	1. Augmenting utility services for Atchutapuram Industrial cluster (Summer storage and bulk water supply); and providing bulk water facility and summer storage in Naidupet Industrial cluster	904.3 (156)
APRDC	Upgrading of ‘Samarlakota- Rajanagaram’ Section of ‘Kakinada – Rajanagaram’ Road to ‘2 Lane Dual Carriageway Standard’ - Kakinada	1. Upgrading of ‘Kakinada to Samarlakota’ Section of ‘Kakinada–Rajanagaram Road’ to ‘Dual 2 Lane Carriageway Standard’ – Kakinada 2. Upgrading of Atchutapuram - Anakapalle Road section and to ‘2 Lane Dual Carriageway Standard’ -Visakhapatnam 3. Upgrading of road from Krishnapatnam port to Nellore via Muthukur to ‘2 Lane Dual Carriageway Standard’ – Nellore	1141.7 (175)
APTRANSCO	Augmenting power distribution capacity for meeting Industry demand at: 1. Kappulapada, Ozone Valley, Achutapuram and Mangalagiri /AIIMS locations (Laying of power cable and associated civil works) 2. Rachagunneri and Yerpedu (substation, cable, transmission lines and associated civil works)	Augmenting power distribution capacity for meeting Industry demand at Nakapalle/ Chandanada, Pydibhimavaram, Naidupeta and Kakinada SEZ locations (substation, cable, transmission lines and associated civil works)	1201.9(190)
GVMC	Distribution Network improvements for NRW reduction and 24x7 supply in GVMC area	Supply and Laying of water supply pipeline along Raiwada canal to Visakhapatnam City	665.7 (101)



# Industrial Infrastructure

The Special Economic Zones (SEZs) Policy was announced in April 2000 under Export & Import Policy to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. It is designated as duty free enclave and to be treated as foreign territory for trade operations and duties and tariffs.

*No of SEZs - 19*

*Employment generated - 62,895*

*Exports from SEZs (upto Sep15)-*

*3354.94 cr*

## Objectives of the SEZ Act

- Generation of additional economic activity
- Promotion of exports of goods and services;
- Promotion of investment from domestic and foreign sources;
- Creation of employment opportunities;
- Development of infrastructure facilities;

## Initiatives

- Government intends to exploit the SEZ concept for impacting the State's socio-economic fabric through enhanced job opportunities and industrial development. APIIC has already taken the lead in developing SEZs across various districts in Andhra Pradesh.
- The State has decided to formulate the SEZ Policy to provide a comprehensive frame work for establishment, operations and sustainability of the SEZs in the state.
- Andhra Pradesh is the first State in the country to announce an exclusive state SEZ policy with special package of incentives and concessions and finalized the Visakhapatnam Special Economic Zone in an area of 3,500 acres of land. Details of the SEZs are shown in Table 6.3.

**Table 6.3: Status of Operational Special Economic Zones as on September 2015**

Description	No. of SEZs	Investment made (without FDIs) (Rs. in Cr.)	Employment generated (No.)	Physical Exports from SEZs for during 2015-16 as on 30.09.2015 (Rs. in Cr.)
APIIC	6	2564.92	13825	796.94
APIIC JVs	3	2693.14	4977	221.78
APIIC Assisted	5	5983.66	31429	793.91
Private Developers	5	3157.75	12664	1542.31
Total	19	14399.47	62895	3354.94

Source: AP Industries Infrastructure Corporation

Out of 19 SEZs 4 were IT/ITES SEZs, 4 Multi Product SEZs, 4 Pharmaceuticals SEZs, 2 Textile and Apparel SEZs, 1 Building Products SEZ, 1 Leather Sector SEZ, 1 Footwear SEZ, 1 Alumina/Aluminium Refining SEZ and 1 Food Processing SEZ.

District wise status of SEZs and area are given in Annexure 6.3.

## AP Gas Infrastructure Corporation

Andhra Pradesh Gas Infrastructure Corporation (P) Ltd (APGIC) is a joint venture of APIIC and APGENCO with equity participation at 51:49 respectively. APGIC was incorporated on 2nd September, 2009 under the provisions of Companies Act. The authorized share capital is Rs.100 crore and paid up capital is Rs.40 crore upto December 2015.

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**Objectives:**

The two key objectives of the Corporation are 1. Exploration and Production activities particularly in KG Basin and 2. Make Andhra Pradesh a gas based economy. In the light of these objectives, in the New Exploration Licensing Policy (NELP) VIII. APGIC has won four blocks in KG Basin along with other consortium partners in NELP VIII round bidding conducted by Directorate General of Hydrocarbons. APGIC has 10% equity in all these four blocks. Out of these four blocks, three are Shallow Water Blocks and one is Deep Water Block. ONGC is the operating partner for the three Shallow Water Blocks; and British Gas is the Operating Partner for the Deep Water Block.

**A.P. Gas Distribution Corporation Ltd.:**

Andhra Pradesh Gas Distribution Corporation Limited (APGDC) is a joint Venture of APGIC and GAIL Gas Limited, wholly owned subsidiary of GAIL (India) Limited. APGDC is keen to participate in the business of CGD Networks, Trunk Pipelines, Regional Grids, CNG and import of LNG and its Re-gasification.

A.P. Gas Distribution Corporation proposed to form SPV with M/s. GDF Suez LNG UK Limited for establishment of FSRU Project in Kakinada Deepwater Port. APGDC is jointly held by Andhra Pradesh Gas Infrastructure Corporation (APGIC) and Gail Gas Ltd., a subsidiary Company of GAIL (India) Ltd. APGDC has selected M/s. GDF Suez LNG UK Limited as their strategic

partner to develop the LNG Terminal using FSRU. The estimated cost of the project is Rs.5,000 crore. The annual handling capacity is 3.50 MMTPA. Orders were issued on 19.07.2014 for induction of M/s.Shell in proposed SPV with 26% Equity at par. The Project has been included in the list of projects to be completed on Top-priority, to overcome the gas shortage being faced by the State. Public hearing for environmental clearance for the project was conducted on 11-12-2014.

**Petronet LNG facility at Gangavaram Port**

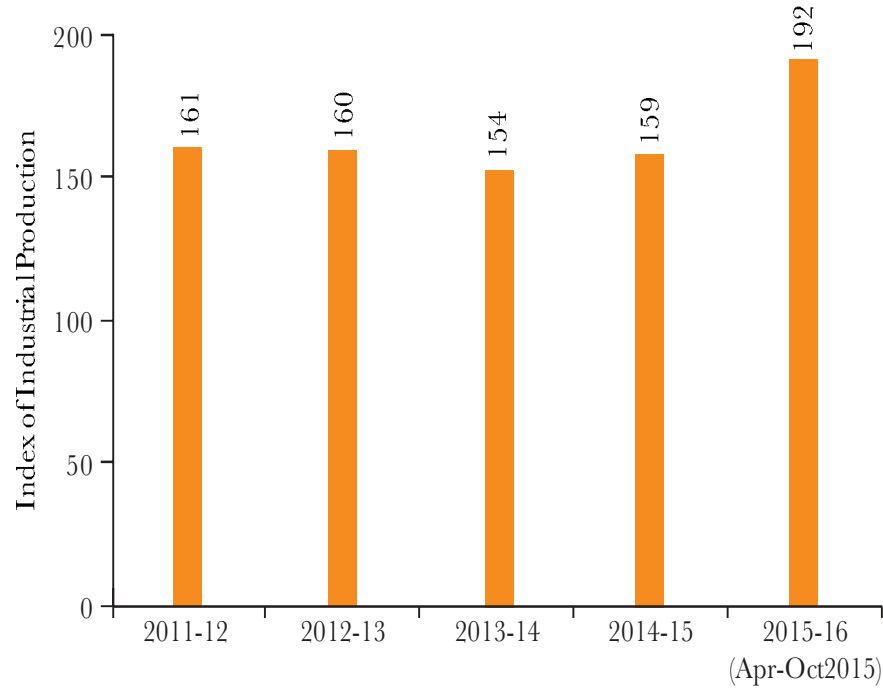
Gangavaram Port Ltd. is proposed to setup a Liquefied Natural Gas (LNG) Terminal at Gangavaram Port through a joint venture with Petronet LNG Ltd. The Joint Venture Company will have equity contribution from Petronet LNG Limited (PLL), Gangavaram Port Ltd. (GPL) and other parties. The estimated cost of the project is Rs.4500 crore. The capacity of the terminal is 5 MMTPA with a provision to expand upto 10 MMTPA. The tentative schedule of the project is to start the initial operations of LNG by setting up an FSRU by 2014 and commencement of operations of LNG Terminal from 2016. Orders were issued according approval for establishment of LNG terminal, Gangavaram on 28.7.2014. As ascertained from M/s. Petronet LNG Ltd., all statutory clearances have been received from Govt. of India and they are in correspondence with APGDC for having pipeline connectivity from Kakinada to Srikakulam.

## Index of Industrial Production

The Index of Industrial Production (IIP) is a yardstick for measuring industrial growth. It includes the relative change of physical production in the field of Industry during specific period as compared to the previous period. The IIP is estimated monthly by collecting data from selected units of Manufacturing, Mining, Quarrying and Electricity. The main objective is to estimate the contribution of Industrial sector to the Gross State Domestic Product. IIP in the State

is being compiled with base year 2004-05 for 22 industrial classifications at 2-digit level under manufacturing sector.

As per Quick estimates of IIP, the Mining and Quarrying, Manufacturing and Electricity sectors (at NIC 2 digit level) registered growth rate of -8.2%, 8.0% & 6.1% respectively during the period April to Oct 2015 over April to Oct 2014. The indices of IIP of the State are given in Annexure - 6.4. Growth in Industrial Production in terms of IIP is shown in chart 6.1. The General Index for the period from April to October 2015 in Andhra Pradesh stands at 191.9 against 192.0 observed in the same period.

**Chart 6.1 Growth in Industrial Production**

### Annual Survey of Industries

The Annual Survey of Industries is the principal source of Industrial Statistics in the State. It provides Industrial statistical information to assess and evaluate the changes in the growth, composition and structure of organized manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage. It is conducted once in a year to collect the data from the Organised Manufacturing units registered under the section 2 m(i) [10 or more workers with power] & 2m(ii) [20 or more workers without power] of the Factories Act, 1948 and units registered under Beedi and Cigar (condition of employment) Act, 1966.

#### The main objectives of Annual Survey of Industries are:

1. Estimation of the contribution of manufacturing Industries as a whole and of each type of Industry to the State Income.

2. Systematic study of the structure of the Industry as a whole and each type of Industry.
3. Analysis of various factors influencing Industries in the State.
4. Provision of comprehensive, factual and systematic basis for formulation of Policy.

The data for 16 principal characteristics based on Annual Survey of Industries from 2007-08 to 2012-13 is given in Annexure-6.5.

### Highlights of ASI 2012-13 Results (pooled Results)

The number of factories increased from 11,195 in the year 2011-12 to 12,549 in 2012-13, registering a growth rate of about 12.09%. The factories in the state generated employment to 5.01 lakh persons by the end of 2012-13 and growth of 10.06% over the previous year. From 2011-12 to 2012-13 the Gross value added decreased by 17.67% and the Net value decreased by 25.25%.

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## State Level Public Enterprises

There are 44 State Level Public Enterprises (SLPEs) functioning in the state (Combined State). As per the working results of these SLPEs, the performance during the year 2012-13 can broadly be summarized as:

### Capital Employed

The capital employed by all the 44 state level public enterprises was Rs.50041.76 crore. The top five State Level Public Enterprises with the highest 'Capital employed' are A.P.GENCO, SCCL, APMSIDC, APSPDCL. The capital employed by the top five SLPEs constitute 75.54 % of the capital employed by all the SLPEs in the state.

### Turnover

The total turnover (including other income) made by all the 44 public enterprises was Rs.61207.65 crore. The top five state level public enterprises whose turnover is highest are - A.P.GENCO, SCCL, State Civil Supplies Corporation, APSRTC and APSPDCL. The turnover achieved by the top five state level public enterprises to total turnover works out to 78.38%.

### Profit

20 SLPEs, out of the total 44, made a profit of Rs.3840.66 crore during 2012-13. Of this, the following top five SLPEs made a profit of Rs.1658.38 crore, accounting for 43.17% of the total profit made by all the 20 profit making SLPEs.

- APGENCO (Rs.436.58 crore),
- A.P TRANSCO (Rs.417.40 crore),
- Singareni Clooeries Company Ltd. (SCCL) (Rs.401.14 crore)
- AP Mineral Development Corporation (Rs.324.78 crore)
- APS Ware Housing Corporation (Rs.78.48 crore)

### Mines and Geology

Minerals & Agriculture are one of the main sources of revenue to Andhra Pradesh with minerals forming the major contributor for the economic growth of the State.

Andhra Pradesh is well known globally for variety of rocks & minerals and called Ratna Garbha. Minerals form a major contributor to the economic growth of the State. Andhra Pradesh is a mineral rich state containing a vast variety of mineral wealth particularly industrial minerals. The State is a house for various minerals specifically Crude Oil & Natural Gas, Barytes, Bauxite, Heavy Mineral Beach Sand, Manganese, Limestone, Dolomite, Quartz, Feldspar, Silica Sand, Semi-precious Stones, Ball Clay, Laterite, Iron Ore, Gold & Diamonds, Mica, Asbestos, Calcite, Uranium, Lead, Zinc, Shale, Pyrophyllite, Steatite, Serpentine, Graphite, Kyanite, Vermiculite, Clays, Ochre, Black & Colour Granites, Limestone Slabs, Fullers Earth, Marble, Road Metal/Building Stone/Ballast, Gravel/Earth, Mosaic Chips and Ordinary Sand.

The State is focusing on inventory of mineral resources, key issues of legislation, objective and strategies in tune with the National Mineral Policy for accelerating growth leading to overall development of the mining sector.

The main aim of State Mineral Policy is to serve as a guiding force to translate the State's mineral potential into reality with eco-friendly and sustainable mining.



### Mineral Resources

- The areas of Agnigundala, Bondalamottu in Guntur district are famous for mining of Copper, Zinc, Silver and other base metals.
- The alkaline and ultra-basic rock formations in Guntur and Prakasam districts are enriched in Nepheline Syenite.
- The State contains huge Uranium deposits in Thummalapalli, YSR district. The Department of Atomic Energy, GoI already started exploitation of the resources through M/s. Uranium Corporation India Ltd, a Public Sector Undertaking.

- The Dharwar Super Group Meta sediments contain rich deposits of Iron Ore confining to Bellary Reserve Forest and surrounding areas in Anantapur District.
- The State is endowed with a number of scattered low grade iron ore deposits in Prakasam, Krishna, Kurnool and YSR districts.
- The State is well known for exclusive Granite varieties - Chimakurthy Black Galaxy, Steel Grey, Ocean Blue, Black Pearl in Prakasam, Srikakulam Blue in Srikakulam, Vizianagaram Green in Vizianagaram, River White, Kashmir White & Moon White in Visakhapatnam, Yellow Granite in East Godavari, Silver Pearl, Indian Labrador, Blur Paradise, Copper Green, Platinum Blur in Guntur, Viscon White, Tiger Black, Kuppam Green English Teak in Chittoor, Pista Green in YSR Kadapa Dist, Chilli Red in Anantapur and Chocolate Brown in Kurnool Districts.

### Departmental Functions/Activities

The department of mines and geology looks after promotional and regulatory functions for overall development of mineral sector and also collection of mineral revenue for the state exchequer. the department is responsible for processing of mineral concession applications, grant of leases for minor minerals, approval of mine plans, inspection of mines, curbing of illicit mining and transportation, vigilance, monitoring of mineral production, survey and demarcation of areas, mineral revenue collection, mineral investigations and explorations and dissemination of mineral information.

### Leases and Mining

There are 47 prospecting licenses and 1420 mining leases for major minerals (industrial minerals), 1720 quarry leases for cut and dressed blocks of granites and 4808 quarry leases for other minor minerals (construction minerals) during 2014-15.

Mining for Limestone, Barytes and Natural Gas falls under large scale mechanized sector, while Granite, Dolomite, Quartz, Feldspar, Clays etc all under semi mechanized medium sector and the other minerals fall under semi mechanized small sector. Nearly 90% of the Mines fall under small sector and remaining 10% under medium and large sectors.

### Mineral Based Industries

Both Public & Private Sectors established large and medium scale mineral based industries for manufacture of Cement, Steel, Sponge Iron, Ferroalloys, Glass, Ceramics, Refractories, Chemicals, Granite, Marble & Limestone cutting & polishing units, Slate cutting units, Gem Cutting & faceting units, Granite monuments manufacturing units, Pulverizing units, stone crushers, Mosaic & Ceramic tile units, Lime Kilns, and Manufactured Rocksand units in the State.

The Mining Sector is identified as one of the growth engines and certain minerals have been identified as focus minerals viz. Bauxite, Heavy minerals, Beach Sand, Limestone, Gold, Diamond, Dolomite, Oil & Natural gas, Uranium, Garnet, Granite, Titanium, etc. for establishment of Cement, Gas based Thermal Plants, Oil Refinery, Cutting & Faceting, Mining & Refinery, Steel & Sponge, Alumina Smelter and Aluminium Refinery etc., as focus industry for overall development of the Mining Sector in the State.

### Mineral Production and Value

Mineral consumption is increasing due to promotion of various industries and manufacture of Mineral based products. The State produces about 56 million tonnes of industrial minerals and 105 million cubic meters of dimensional stones. The production of Crude Oil, Natural Gas and Limestone is given in Annexure 6.6.

### Revenue

The State Mineral and Mining sector contributed Rs.966.11 crore of Mineral Revenue to the state exchequer during 2014-15 and Mineral Revenue during 2015-16 (upto Oct, 2015) earned Rs.716.17 Crore. The percentage growth compared to last year during the same period was 45%. Details of Mineral revenue achievements are shown in Table 6.4. District wise mineral revenue from 2011-12 to 2015-16 (upto Oct, 2015) is given in Annexure 6.7.

Table 6.4 Mineral Revenue Achievement (Rs. in Crore)

Year	Achievement	Growth over Previous Year (%)
2011-12	1040.90	8.11
2012-13	1068.68	2.67
2013-14	884.64	-17.22 (due to agitation)
2014-15	966.11	9.21
2015-16 (up to Oct 2015)	716.17	

Source: Director of Mines & Geology

## INDUSTRIES

### Vigilance

The Department controls illicit mining and transportation of minerals. There are 9 Vigilance offices in the Districts and 5 Regional Mobile Squads stationed at 5 Regional Dy. Directors of Mines & Geology and operating at Srikakulam, Vizianagaram, Guntur, Kurnool and YSR. There are two integrated check posts at Tada and Naraharipet and observation check posts at Ibrahimpatnam Krishna District, Piduguralla, Guntur Dist.; Bugga, Bethamcherla, & Dhone, Kurnool Dist. for effective vigilance to curb illegal mining & transportation of minerals. The department has booked 1315 cases and collected Rs.4.15 crore as penalty.

### Task Force

Government of India advised the State Governments to constitute State Level, Central level and District Level Task Forces for effective vigilance to curb illegal mining and transportation of minerals in respective states. Consequently, the State Government constituted a State Level Task Force under the Chairmanship of the Secretary, Industries & Commerce Department and similarly a District Level Task Force was also constituted under the Chairmanship of the District Collector.

### Mineral Projects

The Department took up initiative for grounding of Bauxite mining project and establishment of Alumina/ Aluminum project with an investment of Rs.40,000 crore. M/s. Anrakh (Andhra Pradesh & Govt. of Rasal Khaima) has already established Alumina Smelter at Makavarapalem, Visakhapatnam. M/s Jindal Southwest Holdings acquired lands at Batwada Village, Vizianagaram for establishment of Alumina Smelter and Aluminium Refinery. Besides this, National Aluminium Company (NALCO) also proposes a similar project for exploitation of Bauxite in the State of AP. Uranium exploitation project is already commenced at Thummalapalli, YSR District by the Department of Atomic Energy through Uranium Corporation of India Ltd. The extraction of heavy minerals from Beach Sand deposits along the coastal line is presently under private sector by M/s Trimax Sands Pvt. Ltd. M/s APMDC Ltd. identified the Beach Sand placer deposits and called for Expression of Interest for establishment of mineral separation units under Joint Venture. M/s.VV Minerals entered into JV agreement with M/s.APMDC Ltd for

establishment of mineral separation plant with a project cost of Rs.6,000 crore. Basing on the availability of huge deposits of Cement Grade Limestone a number of green field projects are proposed in the area in addition to the expansion by the existing Cement plants with Rs.3,000 crore.

### Participation in Exhibitions

The Department participated in International granite trade fairs Marmomacc -International exhibition of Stone, design and Technology, Verona-Italy, PDAC- Canada and National exhibitions at Jaipur, Chennai and Bangalore to disseminate and promote the mineral potential and Mining Sector opportunities in the State.

### Policy Initiatives

- Enacted “the A.P. Mineral Bearing Lands” (infrastructure) Cess Rules, 2005 for collection of Cess on Mineral Bearing Lands for promotion of infrastructure facilities and rapid exploitation of Mineral resources in the State. Initially, only Coal, Oil, and Natural gas, Barytes, Lime Stone, Iron Ore and Granite are brought under the Cess Rules.
- The Government announced New Sand Policy 2014 in August, 2014. As per new Sand Policy the Quarrying allotted to the Women Self Help Groups only under the control of SERP Dept.
- Initiated on-line filing mineral concession applications and successfully launched through Mee-Seva.
- Initiated on-line “Mineral e- permit” system throughout the State successfully.
- The GoI Promulgates MM(D&R) Amendment Ordinance 2015, dt. 12.01.2015, wherein, as per section 10B the grant of mining leases in respect of major minerals (Bauxite, Iron Ore & Limestone & Manganese etc.) through auction system only.
- The GoI issued a Notification by declaring 31 major minerals as minor minerals.

### Other Initiatives

- State pursued with Central Geological Agencies for exploration of Diamond, Gold, Base Metals, Rare Earths, Beach Sand minerals, Volcanic Ash, Granites.
- Identification of exclusive quarry zones around

Vijayawada, Visakhapatnam, Guntur & Chittoor districts.

- The Department has taken initiative to promote the manufactured sand. The Government conducted a workshop to create awareness for usage of Manufactured Sand as an alternative to River Sand. The Government intends to conduct some more workshops at different places in Andhra Pradesh in due course.
- The Department encouraged the Andhra Pradesh Mineral Development Corporation & other Private Sector entrepreneurs for mining & establishment of Beach Sand Mineral Separation Units, Titanium Slag & downstream industry at Vizianagaram & Srikakulam districts.
- The Department encouraged APMDC for establishment of Low Grade Iron Ore beneficiation Plant at Ongole (Prakasam District) and large scale mining of Galaxy Granite (Prakasam District).
- The Department has taken initiative in establishment of cement plants at Krishna, Guntur, Kurnool, and Anantapur & YSR Districts.
- The Government through APMDC intends to enter into Oil and Natural Gas exploration.

The Department requested the Government of India to allocate on-shore Oil and Natural Gas blocks to APMDC for exploration on nomination basis so as to cater the needs of the State.

### Future Activities

- Utilization of Limestone slab quarry waste dumps in Kurnool, Kadapa, Guntur and Ananthapuramu Districts for manufacture of Cement and Building lime.
- Framing of Rules for 31 minerals recently declared by GOI as minor minerals and rates of seigniorage fee for these minerals.
- Framing of Rules for collection of contribution fund to District Mineral Foundations and Establishment of District Mineral Foundation Trusts in each of 13 Districts.
- Re-christening of DMRTUF into Mineral Exploration, Research & Innovation Trust (MERIT) and framing of Rules for collection of 2% of amount on seigniorage fee as contribution fund to MERIT.
- Amendments to Rules for stricter punitive measures for prevention of illegal mining and transportation of

minerals bench marking with other states.

- One time settlement of pending cases related to illegal mining, storage, transportation and consumption etc., to realize long pending locked up mineral revenue arrears.
- State Mineral Development Policy'15 is under examination before the Govt.,
- Detailed study on value addition on various minerals and its export potential by appointing consultants to promote mineral based industry in the state.
- Implementation of e-office in the department.
- Promotion of manufacture sand as an alternative to river sand.
- e-auction of mineral blocks for both major and minor minerals.

### Action Plan for Achieving Double Digit Growth

#### A. To utilize information technology for improving Revenue administration

#### B. Important Mineral-wise Targets

##### Barytes

- Increase in Production (2014-15)-1 Million Tonne to 3 Million Ton in 2015-16.
- Better price realization in this year.
- Commencement of beneficiation (2 lakh ton per annum)
- Commercial exploitation of Dolomite.
- Promotion of Barium based chemical industry.

##### Granite

- Increase in production from 35000 CBM (2014-15) to 50000 CBM in 2015-16
- Exploitation of new reserves (State High Way)

##### Heavy Mineral Beach Sands

- GoI issued for integrated HMBS development in (3) reaches.
- Separate policy is under pipe line giving priority to grant mineral concessions to those giving value addition.

**Calcite:** Commercial exploitation of 2015-16 – 40000 MTs per year

**Ball Clay:** Commercial Exploitation in 2015-16.

#### Preparedness for auction of Mineral blocks

Initially 4 blocks (10 sub blocks) 3-Limestone in Guntur & 1-Limestone in Ananthapur District, identified for auction based on GSI reports.

## INDUSTRIES

## Commerce and Export Promotion

The Exports from the state have recorded as Rs.19183.74 crore in the first half of the year 2015-16 (from April 2015 to September 2015). The Major exports from the State are Drugs & Pharmaceuticals and Allied chemicals and plastics, Agriculture and Agro based products, Handicrafts, Minerals and Mineral products and Software are shown in Table 6.5.

**Table 6.5 Value of Exports**

(Rs. crore)

Sl. No	Product Group	2015-16
1	Misc. (Mfg Goods)	9.23
2	Electrical & Electronics parts	235.94
3	Leather, Animal and Marine Products	246.57
4	Engineering Items	1137.66
5	Handloom & Textiles	1294.11
6	Software (IT & ITES)	1725.00
7	Mineral & Mineral Products	1912.56
8	Handicrafts & Carpets	1961.49
9	Agriculture & Agro based and Forest Products	3139.70
10	Drugs & Pharmaceuticals and allied Chemical Plastics.	5302.00
Total Exports		19183.74

Source: Commerce and Export Promotion Department (DGCIS, Kolkata)

### India International Trade Fair (LITF)

National and International trade promoted by participating in this event being conducted by India Trade Promotion Organization (ITPO) every year during the month of November at New Delhi. The products particularly of MSME sector, Self Help Group (SHG) manufactured in the State are exposed to domestic and international market at New Delhi during this event.

### Pravasi Bharatiya Divas

Pravasi Bharatiya Divas (PBD) is celebrated on 9th January every year by Govt. of India to mark the contribution of Overseas Indian community in the development of India. These conventions provide a platform to the overseas Indian community to engage with the government and people of the land of their ancestors for mutually beneficial activities. These conventions are also very useful in networking among the overseas Indian community residing in various parts of the world and enable them to share their experiences in various fields. During the event, individuals of exceptional merit are honored with the prestigious Pravasi Bharatiya Sanman Award to appreciate their role in India's growth. The event also provides a forum for discussing key issues concerning the Indian Diaspora.

The Commissionerate of Industries, Commerce and Export Promotion is organizing State's participation in the above annual event by organizing AP Pavilion for showcasing the strengths and investment opportunities in Andhra Pradesh State.

The status of investment and other details under large & mega industries and MSMEs as in October, 2015 and the those expected by March 2016 are placed below. However, the projected numbers are indicative only.

### Industries

	Till October, 2015	March, 2016
<b>Total investment</b>	<b>24,135</b>	<b>40,435</b>
Large & Mega	22,542	37,935
MSME	1,593	2,500

	Till Oct., 2015	March, 2016		Total
<b>Gone into Production</b>	<b>15,793</b>	<b>25,040</b>	-	<b>25,040</b>
Trial Production	2,025	9,216	-	9,216
Machinery Erected	2,024	1,622	-	1,622
Civil Works commenced	4,294	4,207	350	4,557

*(Investment Pipeline (at approval stage) from H2 = % will move to Civil Works in H2)*

*(all numbers in INR crores)*

### Industrial Relations

Industrial peace is a prerequisite for the growth and development of Industries. Work stoppages due to industrial disputes between employers and workmen and consequential loss of man-days in a given period are an important indicator of labour management relations in Industries. Government through its conciliation machinery has been making efforts to settle disputes amicably and promote industrial peace for congenial work environment. Efforts are being made by the department to promote productivity-linked settlement in order to make Industries more competitive.

The number of workers involved and man-days lost due to work stoppages decreased this year compared to the corresponding period in last year. Details about industrial relations are shown in Table 6.6.

Details about the number of strikes, lockouts, workers involved, and man-days lost from April 2015 to September, 2015) are shown in Annexure 6.8.

**Table 6.6 Industrial Relations**

Item	2014	2015 (up to Sep)
Strikes (No.)	4	1
Lockouts (No)	5	10
Workers involved (No.)	13042	12568
Man-days lost (lakh No.)	21.41	17.79

Source: Labour Department.