



CHAPTER 6 INDUSTRIES

## INDUSTRIES

## Industries

The new state of Andhra Pradesh despite being a predominantly agrarian economy, especially after state re-organisation, while strengthening the agriculture sector to make farming a profitable occupation also started undertaking structural reforms to give impetus to accelerate industrialization. To create a good ecosystem for investments, the government has come up with an innovative industrial policy coupled with attractive fiscal incentives. Sector specific policies put in place by for developing different segments like food processing, textiles, electronics hardware, automobiles, aerospace, defence, tourism and others are creating opportunities for entrepreneurs and generating employment.

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. 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.

As part of the low skill and labour intensive focus, the state government is devising strategies to develop opportunities in agro-processing, garments, leather, furniture, induce private investment in target sectors, develop cost-effective infrastructure and logistics support and Regulatory and policy support to anchor large units.

Post bifurcation, the MSME profile of the state has changed significantly towards capital intensive industry. The government has identified competitive MSMEs as a central theme for developing the MSME sector and to make MSMEs a central part in the global value chain and becoming the flag bearer of Brand Andhra Pradesh

### 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.

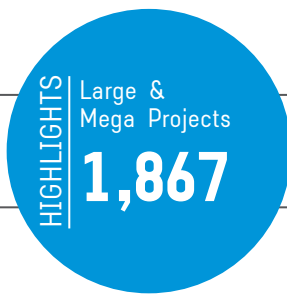
As a part of facilitation through e-Governance, sanction of industrial incentives pertaining to industries department are processed through online submission of applications.

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 through online submission of applications.

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

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".



### A. State Level Nodal Agency

During the period from April to September 2016, 321 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 589 clearances/approvals from various departments. 515 cases were given clearances/ approvals by different Competent authorities, 22 proposals were rejected/returned and 52 cases are in process with an investment of Rs.14308.08 Crore providing employment of 63,523 persons.

### B. District Level Nodal Agency

During the period from April 2016 to September 2016, 2650 Micro & Small Enterprises with investment below Rs.5.00 Crores on plant & machinery filed their proposals with the District Level Nodal Agency for 4656 clearances / approvals from various Departments. 4264 cases were given clearances / approvals by various competent authorities and 12 proposals were rejected / returned and 20 cases are in process with an investment of Rs.1928.11 Crores, providing employment to 41758 persons.

## Large & Mega Projects

1867 Large and Mega Projects with an investment of Rs.86893.93 crore have gone into production creating employment to 4,67,642 persons as on December, 2016. During 2016-17 (upto Dec 2016), 57 Large and Mega industrial projects are established with an investment of Rs.5051.04 Crore and employment generation of 23756 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 has 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.

During 2016-17 (upto Dec) 6849 Micro, Small and Medium Enterprises were established, providing employment to 89,128 with an investment of Rs.2542.30 Crores. District wise details are given 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 quasi-judicial body, provides impetus towards facilitating the payments to MSEs from their buyers.

## 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

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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 PMEG, 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 2015-16, 302 units were established with a margin money assistance of Rs.924.86 lakhs and provided employment to 3237 persons. During the year 2016-17 (upto December, 2016), 288 units were established with a margin money assistance of Rs.1066.90 lakh and provided employment to 3666 persons as against the target of 1009 units, and financial assistance of Rs.1018.61 lakh and providing employment of 8072 persons.

### New MSME Policy 2015-20

New Micro, Small and Medium Enterprises (MSME) Policy 2015-20" had been introduced 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, 2016 (2005-10 and 2010-15 schemes) are shown in Table 6.1

Table 6.1 Scheme wise Incentives sanctioned during 2016-17 (upto Sept, 2016)

Sl. No.	Type of incentives	2016-17	
		No. of cases	Amount (Rs. in Cr)
1	Power Cost reimbursement	1874	298.19
2	PavalaVaddi (interest subsidy)	1021	62.75
	General Incentives	0	0
3	Cleaner Production	0	0
4	Interest Subsidy	0	0
5	Investment Subsidy	675	89.15
6	Land Conversion	14	0.24
7	Land Cost	15	0.75
8	Mortgage Duty	8	0.10
9	Sales Tax	326	137.00
10	Stamp Duty	114	2.80
11	Quality Certification	1	0.03
	Total	4048	591.01

Source: Industries Department

### SC Sub Plan and Tribal Sub Plan

460 claims with Rs.34.72 crores under SC sub Plan and 63 units with Rs.4.07 crore under Tribal Sub plan were sanctioned during 2016-17 upto November, 2016.

### Cluster Development Programme

#### MSME 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 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).

40 Cluster proposals are under active consideration. Of which, 4 Infrastructure Development (ID) Projects are under active consideration by DC-MSME, 2nd instalment was released to ID-Project i.e. JRD Tata Industrial Estate in Vijayawada, Krishna District. 4 Common Facility Centres are under active consideration by DC-MSME. 12 Diagnostic Study Reports (DSRs) / Soft Interventions (SIs) are under consideration by the State Level Project Steering Committee (SLPSC).

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### 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.

### Partnership Summit 2016

The Government had organised Partnership Summit in the year 2016 and 328 projects committed MoUs with an investment worth Rs.4,67,577 cr. and employment of 9,58,896. Of these projects the Industries Department with its 115 projects worth Rs.1,90,101 cr. investment and 3,58,361 employment contributed majorly. Some marquee investments were Foxconn, Colgate Palmolive, Hareon Solar, Hindustan Coca Cola, Britannia, Bharat Forge, Rashtriya Ispat Nigam Limited etc. The major focus sectors were Aerospace and Defence, Food Processing, Pharmaceuticals, Mining etc.

### Partnership Summit 2017

During the Partnership Summit held in Visakhapatnam on 27–28 January 2017, 665 Memorandum of Understandings (MoU) were signed with an investment of Rs.1,054,594 cr and an employment potential of 2,234,096. Of these almost 109 MoUs were worth more than Rs.1000 cr investment in

total. Some marquee investments were signed by various department of GoAP, such as IOCL, ONGC, Apollo Tyres, Wipro etc. with the Industries Department; Patanjali Ayurveda and Parle by the Food Processing Department; GMR, Gamesa, IL & FS Energy Development with the Energy and I&IDepartment; BPCL, Torrent Power, Tata Power with APCRDA; VIT, Amity, SRM University, IFMR University, Amrita University, Edibon International with Higher Education; Emami Cement, Chettinad Cement, Shree Cement with Mines and Geology; NSL Mining, Xingrong with EDB; Gokul Das Exports, Shahi Exports Pvt. Ltd. with Textiles & Handlooms; People Tech, Karvy, VTech Web, Indo American Society with IT Department; Air BNB Homestays, Feedback Group, BNR Infrastructure, G&C Group with Tourism Department and LEPL Ventures Pvt. Ltd., Raaga Mayuri Builders Pvt. Ltd with APTIDCO. Some of the major focus sectors were Aerospace and Defence, Electronics, Pharmaceuticals & Biotechnology, Food Processing, Automobiles and Tourism.

### 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. Subsequently, APIIC has received the final approval for NIMZ in Prakasam. APIIC has initiated land acquisition for NIMZ Prakasam and is in the process of appointing a Master Plan consultant for the project. For NIMZ, Chittoor the final approval from Govt of India is awaited.

## 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 power management and an efficient water and waste management system.

Sectors of focus include general manufacturing; automobiles & auto ancillary, agro and food processing, metals and metallurgical products; biotech and services sector.

The Japan International Cooperation Agency (JICA) has agreed in principle to support the Chennai- Bangalore Industrial Corridor (CBIC).

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.

Under CBIC project, three Nodes have been identified in Phase-I: One node each in Andhra Pradesh, Tamilnadu and Karnataka. Each node is to be developed as an industrial township. In Andhra Pradesh, Krishna Patnam Node has been selected for development in Phase-I. Draft Final Report (DFR) covering the critical gap assessment along with concept master plan and development plan is prepared for Krishna Patnam node.

Krishna Patnam 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 Krishna Patnam Node as NIMZ and to form the Special Purpose Vehicle (SPV) are under process. The Conceptual Master Plan for CBIC has been completed and presented to DIPP along with all state stakeholders workshop in New Delhi on 21st August 2015.

DMICDC has also been engaged as Nodal agency for expediting environmental impact assessment study and also for carrying out detailed engineering plan for the identified 3 Nodes in CBIC. CBIC project has reached implementation stage. The formation of SPV has been started in the CBIC project. Government of Japan has been asked to indicate their financing support for this project.

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).

Out of (11) Additional Projects-A under CBIC, two projects are concerned to A.P State i.e (1) Chittoor Drinking Water Supply (Implementing Agency is INCAP) and (2) 6 Lane access road to Krishnapatnam (Implementing Agency is GoAP/Private). Project is under process

Out of (08) Additional Projects-B under CBIC, two projects are concerned to A.P State i.e (1) Sewage Recycle and Industrial Wastewater Recycle in Andhra Pradesh (Implementing Agency is APIIC) and (2) Power Plant/ Transmission project in Andhra Pradesh (Implementing Agency is GoAP/Private). Project is under process

Each node is envisaged to be implemented by a Special Purpose Vehicle (SPV) set up as a joint venture between the GoI (to be represented through the Fund/Trust) and the concerned State Government. It is to state that about 60-65% of the infrastructure projects are proposed to be implemented on PPP basis and rest relating to trunk infrastructure on assistance from Government .

The Govt. of India has appointed DMICDC as a technical advisor for the CBIC project. APIIC and DMICDC have jointly prepared and finalized the State Support Agreement (SSA) and Stake Holders Agreement (SHA) for the

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project which is under process of approvals and signing. As per the broad terms of the SHA, Govt of India shall be contributing Rs.5,000 crores as its equity contribution and soft loan funding for the development of the requisite project infrastructure. GoAP shall contribute the land required for the project as its equity.

### 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 focus sector of Industries proposed.

VCIC is poised to play a critical role in driving India's economy and to further integrate the Indian economy with the dynamic global production networks of east and south-east Asia. Greater connectivity and economic integration between South and Southeast Asia is likely to contribute to significant benefits for both sub-regions and foster regional cooperation. The key objectives of VCIC are:

- Increase the manufacturing sector's contribution to state and national output
- Increase employment opportunities in formal sector
- Increase labour productivity & wages
- Promoting dynamic SMEs
- Integrating India and the VCIC region in global production networks, particularly East and Southeast Asia

In traditional framework, an economic corridor has three complementary components: (i) a trade and transport corridor, (ii.) production clusters producing goods for both consumption in surrounding region and for global trade, and (iii.) urban centers along the corridor. VCIC corridor's long coastline and strategically located ports provide

it with an opportunity to create multiple international gateways to connect India with vibrant global production networks of Southeast and East Asia that forms the bedrock of global manufacturing today. The VCIC is proposed as a node centric development platform with four nodes: (i) Vishakhapatnam node, (ii) Kakinada node, (iii) Gannavaram-Kankipadu node, and (iv) Yerpedu – Srikalahasti node. Some of the critical industrial sectors shortlisted for achieving the targeted outcomes are textiles, food processing, metallurgy, chemicals and petrochemicals, electronics, pharmaceuticals, and automobiles.

As a part of the VCIC project, several projects have been identified across various infrastructure sectors for debottlenecking and enhancing ease of doing business that would make VCIC more competitive in attracting industrial investments. Asian Development Bank, through its Vizag Chennai Industrial Corridor Development Program (VCIC DP) is partnering with Government of Andhra Pradesh in developing the industrial corridor. The VCIC loan comprises: (i) a Policy-based loan to support policy reforms, and institutional development in the state's industrial sector; and (ii) a Project loan for priority infrastructure projects within the Visakhapatnam-Chennai Industrial Corridor (VCIC). The Policy loan will provide budgetary support to the GoAP to promote accelerated industrial development through policy, institutional, and governance reforms. The Project loan will support investments in physical infrastructure in industrial infrastructure, urban infrastructure, roads, and power sectors. Sector wise Project Preparatory Status and Project Cost & Financing Mechanism are as follows:

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

The Department of Economic Affairs (DEA), Government 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.

### Progress on VCIC Development Program

The chronological progress achieved on VCIC-DP is set out below.

As stipulated by Department of Industrial Policy and Promotion (DIPP), Government of India, GoAP is mandated to prepare three documents with regards to VCIC – i) Conceptual Development Plan, ii) Regional Perspective Plan and iii) Master Plan. PricewaterhouseCoopers Private Ltd. was appointed by ADB to prepare the Conceptual Development Plan (CDP) and Regional Perspective Plan for VCIC. The draft Regional Perspective Plan was submitted to Govt. of Andhra Pradesh and Asian Development Bank by PwC in March, 2016. In January 2016, a consortium of Jurong Consultants and KPMG was appointed for preparation of Master Plan of the 4 nodes of VCIC.

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

Sl. No	Node	Cluster	District
3	Srikalahasti-Yerpedu (1st Phase)	Srikalahasti-Yerpedu (1st Phase)	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), ADB has identified several infrastructure projects. The identified infrastructure projects by CDP include debottlenecking and capacity augmentation of existing assets and also some greenfield infrastructure projects for 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.

1. As a part of ADB loan approval process, the ADB project team needs to submit a project proposal to the board of ADB for their approval.
2. The PMSC will support the PMU in day to day activities of the VCIC – DP. The selection of the PMSC is envisaged to be completed by November 2016. 18 expressions of interest were received by May 22, 2016.
3. Loan negotiations between DEA (Govt. Of India), ADB, and GoAP for Tranche I of Project Loan, entire Policy Loan and the grants funding under Technical Assistance and UCCRTF were held on July 5, 2016.
4. On 6th August 2016, premier institutes were invited to send their financial quotes for providing support to Govt. of Andhra Pradesh in evaluation of the submitted EoIs for PMSC and subsequent RFP submissions. In response, 3 institutes (IIM Calcutta, Administrative Staff College of India, and IIM, Ahmedabad) submitted their financial quotes. Administrative Staff College of India (ASCI, Hyderabad) was selected on the basis of its low price quote and unconditional offer.

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List of Projects identified for financial assistance under ADB

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	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 state government is readying an ambitious plan for extensive infrastructure creation including integrated development of port-based infrastructure, using the state’s 974-km-long coastline, part of East Coast which faces progressive south eastern nations, and industries that help the state emerge as a logistics and cargo hub.

The AP government developing the new ports—through the public private partnership (PPP) route —modernize

existing minor ports and set up port-based industries along the coastal corridor. The state is also working on building a strong inland waterway system that is linked to ports through national highways.

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.



## 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 December 2016

Description	No. of SEZs	Investment made (including FDI) (Rs. in Cr.)	Employment generated (No.)	Physical Exports from SEZs for during 2015-16 as on 31.12.2016 (Rs. in Cr.)
APIIC	6	3,415.67	13,908	2,057.40
APIIC,JVs	3	3,944.81	5,646	793.30
APIIC Assisted	5	8,100.11	34,665	2,517.04
Private Developers	8	4,828.79	13,916	4,459.00
VSEZ	1	1,239.96	4,647	972.17
Total	23	21,529.34	72,782	10,798.92

Source: VSEZ

Out of 23 SEZs 4 were IT/ITES SEZs, 6 Multi Product SEZs, 4 Pharmaceuticals SEZs, 2 Textile and Apparel SEZs, 1 Biotech, 1 Paper Based, 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.

### 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

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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

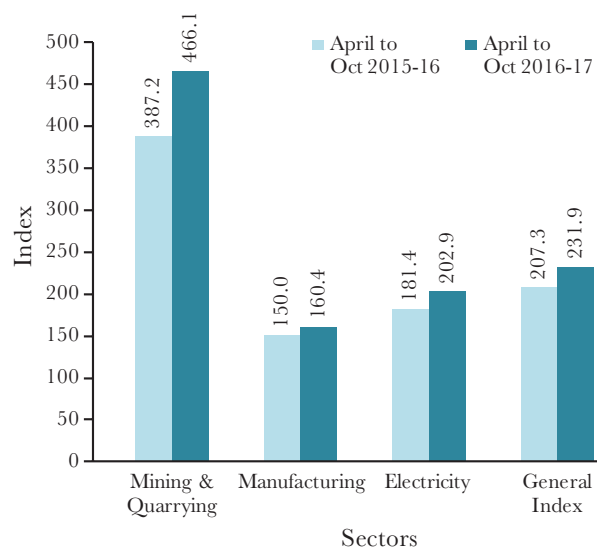
The Index of Industrial Production (IIP) is a yardstick for measuring industrial growth. It includes the relative change of physical production in the field of Industry during specific period as compared to the previous period. The IIP is estimated monthly by collecting data from selected units of Manufacturing, 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 20.4%, 6.9% & 12.0% respectively during the period April to Oct 2016 over April to Oct 2015. The indices of IIP of the State are given in Annexure - 6.4.

The Industrial Production in terms of IIP is shown in chart 6.1. The IIP (General Index) for the period from April to October 2016 in Andhra Pradesh stands at 231.9 against 207.3 observed in the same period of April to October 2015.

Chart 6.1 Index of 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. The ASI 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 2008-09 to 2013-14 is given in Annexure-6.5.

### Highlights of ASI 2013-14

The number of factories increased from 12,503 in the year 2012-13 to 12,941 in 2013-14, registering a growth rate of about 3.50%. The factories in the state generated employment to 5.22 lakh persons by the end of 2013-14 registering a growth of 3.66%. The Gross value added is decreased by 13.48% in the year 2013-14 over the previous year 2012-13 and the Net value decreased by 21.81% at the end of the year 2013-14.

## 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 2013-14 can broadly be summarized as:

### Capital Employed

The capital employed by all the state level public enterprises was Rs.51,683.89 crore. The top five State Level Public Enterprises with the highest 'Capital employed' are A.P.GENCO, APSRTC, APTRANSCO, APSPDCL and APSFC. The capital employed by the top five SLPEs constitute 83.15 % 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.47,475.65 crore. The top five state level public enterprises whose turnover is highest are - A.P.GENCO, APSRTC, APSPDCL, APEPDCL and APSHCL. The turnover achieved by the top five state level public enterprises to total turnover works out to 83.38%.

### Profit

22 SLPEs, out of the total 44, made a profit of Rs.2098.96 crore during 2013-14. Out of these following top five SLPEs made a profit of Rs.1798.32 crore, accounting for 85.70% of the total profit made by all the 22 profit making SLPEs.

- APSHCL-----Rs.655.88 crore
- APGENCO-----Rs.555.76 crore
- APMDC-----Rs.287.06 crore
- APFDC-----RS.176.80 crore
- APSWC-----Rs.122.82 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.

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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 Anantapuramu 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 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 10 prospecting licenses and 437 mining leases for major minerals (industrial minerals), 1761 quarry leases for cut and dressed blocks of granites and 1037 quarry leases for other minor minerals and 4617 Quarry leases for other Minor Minerals (Construction Minerals) during 2015-16.

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 Rock sand 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 43 million tonnes of industrial minerals and 156 million cubic meters of dimensional stones building materials with a value of Rs.14633 crores during 2015-16. The production of Crude Oil, Natural Gas and Limestone is given in Annexure 6.6.

## Revenue

The State Mineral and Mining sector contributed Rs.1496.05 crore of Mineral Revenue to the state exchequer during 2015-16 and Mineral Revenue during 2016-17 (upto Oct, 2016) earned Rs.859.67 Crore. The percentage growth compared to last year during the same period was 55%. Details of Mineral revenue achievements are shown in Table 6.4. District wise mineral revenue from 2012-13 to 2016-17 (upto Oct, 2016) is given in Annexure 6.7.

Table 6.4 Mineral Revenue Achievement (Rs. in Crore)

Year	Achievement	Growth over Previous Year (%)
2012-13	1068.68	2.67
2013-14	884.64	-17.22 (due to agitation)
2014-15	966.11	9.20
2015-16	1496.05	55
2016-17 (up to Oct 2016)	859.67	

Source: Director of Mines & Geology

## 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 9953 cases and collected Rs.29.06 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. The Government constituted a State Level Task Force committee and similarly a District Level Task Force was constituted.

## 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 East Godavari district in the State. 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. is obtaining Mining Lease for Beach Sand Minerals and Planning setup value additional units through Joint Venture (JV). 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

### Participation in 22<sup>nd</sup> Partnership Summit:

The Government in partnership with CII & DIPP organized 22nd partnership summit and the 1st Sunrise Andhra Pradesh Investment Meet, from 10th to 12th Jan'2016 at Visakhapatnam. The Department has actively participated in Summit and signed "27" MOU's for investment of Rs.8955 crores and to generate employment for 12890 members.

### Policy Initiatives:

- Revised the rates of Seig. fee and Dead Rents for 17 Minor Minerals and 31 Major Minerals which were declared as Minor Minerals by the Ministry of Mines, GoI.
- Enacted DMF Trust Rules 2016 establishing District Minerals Foundation in all 13 District of the State, as per the said Rules, All Mining and Quarry lease holders shall pay 30% on Royalty/Seig. fee in addition to the Royalty/Seig. fee, the Manner of working and receipt of contributions thereto, in mineral bearing districts, for the



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interest and benefit of persons and areas of affected by the mining related operations and for purposes connected therewith.

- Issued Punitive measures have been taken to control illegal Mining and transportation of Minor Minerals by issuing amendments to Rule 26 & 34 of APMMC Rules, 1966.
- Government of India has established “The National Mineral Exploration Trust (NMET)” as per MMD&R amendment Act, 2015. The Objective of the Trust is to use the funds accrued to the trust for the purpose of Regional and detail explanation of major minerals. As per said act all the Mining lease holders shall pay to the trust, a sum equivalent to 2% of the royalty as per the II-Schedule of the Act. Accordingly, the department is collecting 2% amount on royalty from the mining lease holders and transferring the same to the Central Account of the NMET by every month.
- Re-Christened the DMRTUF trust as MERIT (Mineral Exploration, Research and Innovation Trust) and framed Rules for collection of 2% of amount on Seig.fee as contribution fund to merit from minor mineral lease holders on par with NMET for research and exploration of new reserves.
- The Government announced “New Sand Policy-2016” in January, 2016. As per new sand policy the sand shall be made available to the public without charging any fee from 2nd March from 2016.
- The Government announced Manufactured Sand Policy-2016 in March, 2016 for promotion of manufacture of sand in place of river sand as alternative to the river sand in construction activity in view of the increase in demand of sand of domestic consumption as well as the scarcity of river sand. According to the said policy priority shall be given to the entrepreneurs who are interested to establish manufactured sand units.
- The collection of royalty/Seig.fee, NMET, MERIT, DMF and all other payments is integrated with the mineral e-permit system and collecting through online only.

## 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 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.
- Onetime 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.
- e-auction of mineral blocks for both major and minor minerals.



## Action Plan for Achieving Double Digit Growth during 2016-17

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

#### B. Grant of new leases:

- Identification of new mineral blocks for auction Chigurugunta Gold block, Chittoor, is proposed for auction in 2016-17. NMET committee recommended for auction.
- Feasibility study in progress for auction of Ramagiri Gold block.
- Assessment of 9 Limestone blocks for auction is under progress.
- Identification of Manganese and Iron ore blocks in Vizianagaram District.
- Exploration work for coal in West Godavari and Krishna Districts by MECL
- NoCs received will be processed further for grant of lease.

#### C. Technology Implementation:

E-permit system for royalty collection and online lease application system developed and implemented, the collection of contribution fund to NMET, DMF and MERIT is integrated with the Mineral e-permit system, online mineral data bank & lease tracking application under development, Implementation of e-office, integration of the departmental website and information with E-pragati., mobile based application under testing for real time data uploading from inspection site, Geo-referencing of leases for lease area monitoring - Mines Surveillance System for major and NRSC system for minor minerals, Satellite-based monitoring system, Identify illegal mining activity, Geo-referencing of mining lease area, superimposing of Remote Sensing Satellite images Triggers will be generated if any mining like activity takes place in the vicinity of approved mining lease area, field verification will be done to identify illegal mining, if any, mobile app is under development, implement drone / laser surveys for 3D Mine Mapping to track production. To use drone based 3D Mapping to monitor mines production and mineral stock in the mine. Pilot study initiated to evaluate applications specific to mining industry using Drone in limestone mine, Nandigama and 4 sq. km area was covered

#### D. Operationalize non-working Mines:

- 1900 mines covering 18000 Ha in the state are non-operational
- Identification of reasons and focus on operationalizing the mines
- Efforts to be directed towards larger lease with area >20 Ha
- Necessary action will be taken for cancellation of nonworking leases

#### E. Vigilance activities:

- Keep constant vigil on illicit prone areas to prevent revenue leakage.
- Onetime settlement mineral revenue dues of Rs.451.22 Crores by the builders

#### F. Value addition:

- Allocation of leases on priority basis for value addition in the State
- Promotion of ceramic industry in the State
- Players with firm investment plans in ceramic industry: Jet Granito (Morbi), Sokri Tiles, Spartex Ceramics, Lotus and Balaji Agro Products
- Glass industry potential in Nellore/Kurnool is under study
- Policy development under pipeline for allocation of mining leases with priority to value addition industry

## Important Mineral-wise Targets

### Barytes

- Increase in Production (2015-16)-1 Million tons to 3 Million tons in 2016-17.
- 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 915575 CBM (2015-6) to 1.2 million CBM in 2016-17
- Exploitation new reserves of Black Galaxy Granite in Ongole (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.

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## Commerce and Export Promotion

The Exports from the state have recorded as Rs.29629.65 crore in the first half of the year 2016-17 (from April 2016 to September 2016). The Major exports from the state are Drugs & Pharmaceuticals, Marine, Agriculture and Agro based products, Handicrafts, Minerals and Mineral products and Software products are shown in Table 6.5.

Table 6.5 Value of Exports (Amount Rs.in crores)

Sl. No.	Product Group	2015-16	2016-17 (Up to Sep)
1	Agriculture & Agro based and Forest Products	11830.29	5570.36
2	Leather, Animal and Marine Products	8707.89	6245.56
3	Mineral & Mineral Products	13021.25	2333.27
4	Handloom & Textiles	6169.06	2007.90
5	Handicrafts & Carpets	707.64	4220.66
6	Drugs & Pharmaceuticals and allied Chemical Plastics.	17008.56	6847.32
7	Engineering Items	8199.86	1660.97
8	Electrical & Electronics parts	1069.67	505.70
9	Misc. (Mfg Goods)	5981.62	18.39
10	Software (IT & ITES)	477.93	219.52
	Total	73173.77	29629.65

Source: Commerce and Export Promotion Department (DGCIS, Kolkata) and Software exports (ITE&C)

## India International Trade Fair (LITF)

National and international trade promoted by participating in fairs conducted by India Trade Promotion Organization (ITPO) and other agencies every year in 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. PBD is going to be held at Bangalore. 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.

## 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 2016 to September, 2016) are shown in Annexure 6.8.

Table 6.6 Industrial Relations

Item	2015	2016 (up to Sep)
Strikes (No.)	1	2
Lockouts (No.)	13	3
Workers involved (No.)	15500	6023
Man-days lost (lakh No.)	23.94	4.83

Source: Labour Department.