

*“The Incubation Centre at T-Hub reflects the new face of India ”*

**Ratan Tata**

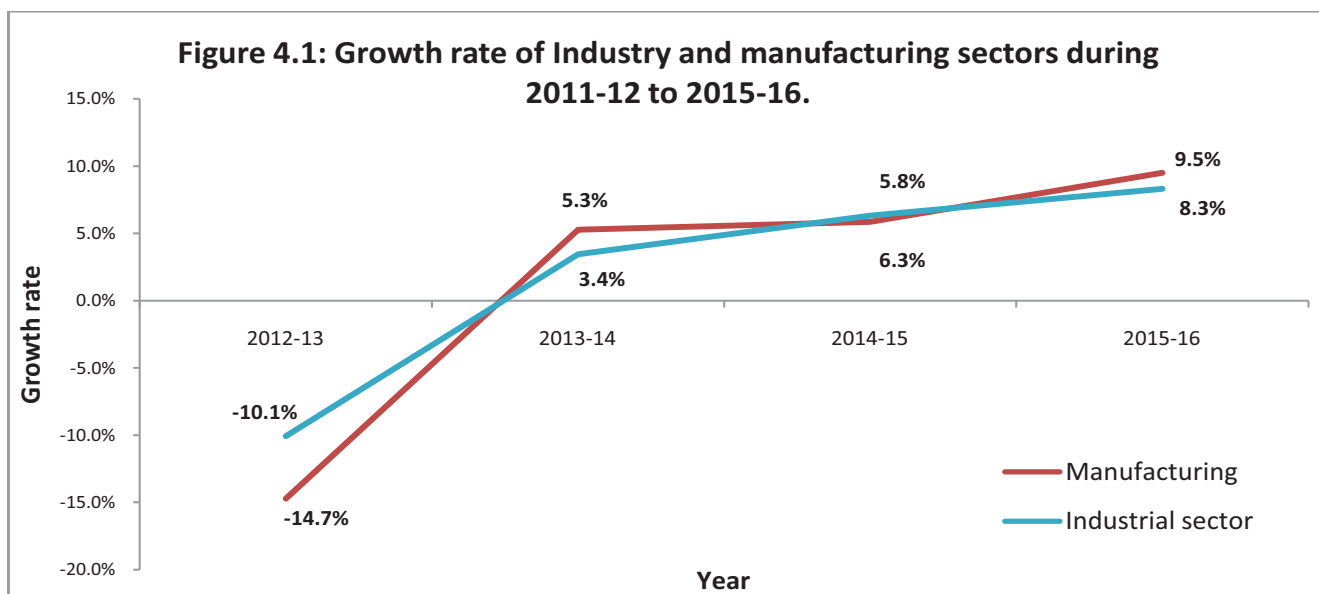
Industrial sector plays a vital role in employment generation, providing higher standard of living and achieving balanced economic development. Apart from contributing around 24 percent of State's GVA, industrial sector, comprising of Manufacturing; Electricity, gas, water supply & other utility services; Construction and Mining & Quarrying, provides employment opportunities to 17.8 percent of total work force in the State. Presently, Telangana has diversified its industrial base, with the thrust on high-tech sectors including pharmaceuticals, biotechnology and nano-technology. Traditional sectors such as textiles, leather, minerals, and food processing are also playing an important role in industrialization process through backward and forward linkages to large scale industries in the State.

As the State progresses on development front, there is a trend of people shifting from agriculture to non-agricultural sector, most of those who are either semi-skilled or unskilled. While services sector could absorb the educated and skilled labour force, it is important that we develop the industrial sector to generate employment opportunities for semi-skilled labour force which is on rise. Thus, growth of industrial sector is a key for solving the problem of unemployment in the State. It is also important that in order to garner the benefits arising out of increase in working age population due to change in demographic profile and increase number of skilled workers as a result of various skill imparting schemes; we need to develop the industrial sector.

Giving further boost to industrial sector in the State, Government has initiated measures on following four fronts: making Telangana a business friendly State, created dedicated cells for facilitating investment projects, providing various kinds of incentives to encourage the first generation entrepreneurs and providing additional incentives to SCs, STs and Women owned enterprises, in the State.

### **I. Growth and performance of Industrial Sector in Telangana**

There is a high fluctuation in growth performance of industrial sector in Telangana in recent years. Manufacturing sector contributes about 55.0% in total industrial sector GVA in the State, as a result, growth in manufacturing sector has high impact on industrial sector. Industrial sector in the State is likely to register a growth rate of 8.4% in current prices and 8.3% at constant (2011-12) prices during 2015-16 (AE) (Figure 4.1), during the same period manufacturing sector is likely to grow at 8.2% in current prices and 9.5% in constant prices. A trend analysis reveals that industrial sector growth has picked up over a period of time, putting in a high growth trajectory.



At current prices, mining & quarrying grew at 8.9%, electricity, gas, water supply and other utility services likely to grow at 10.3%, and construction sector at 8% in 2015-16 (AE). Sub-sector wise growth rate of industrial sector is given in Table 4.1.

**Table 4.1: Industry Sub-Sectoral growth during period 2011-12 to 2015-16**

Industry Sector	Growth in Current Prices				Growth in Constant (2011-12) Prices			
	2012-13	2013-14	2014-15	2015-16	2012-13	2013-14	2014-15	2015-16
Manufacturing	-10.8	8.7	8.7	8.2	-14.7	5.3	5.8	9.5
Mining and Quarrying	14.5	-3.2	19.8	8.9	4.1	-4.3	21.7	6.9
Electricity, Gas, Water supply and Other Utility Services	-24.7	42.6	-10.6	10.3	-31.9	35.9	-14.7	8.4
Construction	3.6	8.7	8.6	8.0	1.8	-3.5	4.9	6.2
<b>Industry</b>	<b>-5.5</b>	<b>8.8</b>	<b>8.7</b>	<b>8.4</b>	<b>-10.1</b>	<b>3.4</b>	<b>6.3</b>	<b>8.3</b>

### Structure of Industrial Sector in Telangana

The Annual Survey of Industries (ASI) is the major source of industrial statistics. Structure of industry sector in the State could be analysed using ASI data of the State from 2008-09 to 2012-13. ASI covers all units registered under the Factories Act, 1948 i.e., those employing 10 or more workers with power and 20 or more workers without power respectively.

Number of factories increased from 7,357 in 2008-09 to 10,279 in 2012-13, registering a growth of 40 percent in number of factories in the State. Details are shown in the Table 4.2.

**Table 4.2: Important Economic Indicators of the Industrial Sector**

Sl. No.	Characteristic	2008-09	2009-10	2010-11	2011-12	2012-13
1	Factories	7,357	7,729	8,980	9,005	10,279
2	Fixed Capital	37,710	39,193	52,672	54,094	59,521
3	Employees (including workers)	7,07,487	6,56,438	7,09,863	7,00,357	7,07,738
4	Emoluments	5,042	5,642	7,172	8,267	9,757
5	Total Input	70,246	71,023	1,12,300	1,18,287	1,20,647
6	Gross Value Added (GVA)	24,117	24,373	31,034	36,476	33,975
7	Net Value Added (NVA)	21,584	21,428	27,394	31,986	28,728

Source- Annual Survey of Industries, Directorate of Economics and Statistics, Government of Telangana.

Note – The Factories and Employees are in number and the fixed capital, emoluments, total input, GVA and NVA are in Rs. crore.

**Type of Industries:** Industries have been classified as corporate, non-corporate and other sectors. The ‘non-corporate sector consisting of mainly individual and partnership companies, while the ‘corporate sector’ comprise private limited companies and ‘other sector’ include khadi & village industries, handloom, cooperative societies & others. Though the number of non-corporate factories are twice the number of corporate industries, the number of employees, net value added and capital formation is high in corporate sector in the State . While 89 percent of total net value addition is in corporate sector, non-corporate sector and other sector accounts for mere 3 percent. The Gross Capital Formation (GCF), which is an indicator for investment in the Sector, reflects that around 91 percent of the total investment in the State is in the corporate sector (Table 4.3).

**Table 4.3: Distribution of Industries by type of Organization, 2012-13**

Type of Organization	Number of Factories	Number of Employees	Net Value Added (Rs. Crore)	Gross Capital Formation (Rs. Crore)
Non-Corporate Sector	7,018	2,83,115	2,937	958
Corporate Sector	3,214	3,97,048	25,606	9,580
Other Sector	47	27,575	186	22
<b>Total</b>	<b>10,279</b>	<b>7,07,738</b>	<b>28,728</b>	<b>10,559</b>

Source: Annual Survey of Industries-2012-13, DES.

Around 57% of the total factories in the State have employment size of less than 50 and 5.96 % factories have employment size of 500 and above. It is also observed that with the increase in investment levels, output value is also increasing, indicating that large factories have a lion’s share in total output in the State.

#### Performance of Telangana vis-à-vis India:

The GVA of industrial sector in the State as per ASI, 2012-13 is about Rs. 33,975 crore accounting for about 3.37 share in all India GVA (Table 4.4). However, the share of industrial output in industrially developed States like Maharashtra, Gujarat, and Tamilnadu is comparatively much higher and at the same time Telangana also has the huge potential to develop on par with industrially developed States..

**Table 4.4: Industrial performance, 2012-13 - Telangana vis - a - vis All-India**

State/All India	Factories (number)	Employees (number)	Value output (Rs. crore)	Gross value added (Rs. crore)	Gross Fixed Capital Formation
Telangana	103	7,077	1,54,622	33,975	7,926
India	1,791	1,29,500	60,25,945	10,07,280	3,57,526
Share of Telangana	5.73	5.46	2.56	3.37	2.22

Source: Annual Survey of Industries-2012-13, DES, Government of Telangana.

**Major Manufacturing Industries in Telangana:** Manufacture of pharmaceuticals, medicinal, clinical and botanical products constitute about 29% of the GVA within the manufacturing sector, followed by manufacture of electrical equipment (11%), manufacture of other non-metallic mineral products (9 %) and manufacturing of food products (9 %).

In terms of investment, manufacture of pharmaceuticals, other non-metallic mineral products, rubber and plastic products, electrical equipment and food products account for about 54 percent of total investment (fixed capital) within total manufacturing sector in the State.

**Table 4.5: District wise distribution of Factories in 2012-13**

SI. No.	District	Factories (Number)	Employees (Number)	Gross Value Added (Rs. crore)	Gross Fixed Capital Formation (Rs. crore)
1	Adilabad	285	18,664	399	89
2	Nizamabad	519	2,03,775	1,073	44
3	Karimnagar	730	58,002	541	147
4	Medak	1,355	1,13,588	9,055	1,854
5	Hyderabad	665	28,059	1,732	307
6	Rangareddy	3,797	1,75,837	11,735	2,253
7	Mahabubnagar	699	30,604	1,882	1,132
8	Nalgonda	678	45,815	6,657	1,500
9	Warangal	614	19,339	506	84
10	Khammam	937	14,055	394	516
	<b>Total</b>	<b>10,279</b>	<b>7,07,738</b>	<b>33,975</b>	<b>7,926</b>

Source: Annual Survey of Industries-2012-13, DES, Government of Telangana.

**District-wise Distribution of Industries:** District wise distribution of factories in respect of the number of factories, GVA and GFCF, Rangareddy district stands first followed by Medak district in the State (Table 4.5). While in terms of employees, Nizamabad district stands first in the State. From the Table 4.5, it could be inferred that Adilabad and Khammam districts comparatively low in the State in terms of Number of employees, investment and GVA. District-wise potential industries are given in Table 4.6.

**Table 4.6: District-wise Potential Industries**

District	Investment Opportunities
Adilabad	(i) <b>Agro based industries:</b> Solvent Extraction of Soya bean, Cotton mining, Surgical/ banded Cotton.
	(ii) <b>Textile:</b> Cloth Processing, Cotton Spinning Mills.
	(iii) <b>Power Generation:</b> Hydro- Power Generating units on the water falls at Kuntala and Pochera.
Nizamabad	(i) <b>Agro based industries :</b> Maize Starch Powder, Corn flakes, Ethanol, Cotton ginning
	(ii) <b>Horticulture based industries:</b> Dehydration of Vegetables and Fruit Processing, Floriculture.
	(iii) <b>Textile based Industries:</b> Spinning mills.
Karimnagar	(i) <b>Agro based industries:</b> Maize Starch Powder, Corn flakes, Ethanol, Cotton ginning and forming
	(ii) <b>Textile:</b> Cloth Processing, Cotton Spinning Mill, Polyester Oriented Yarn, Modern Textile weaving
	(iii) <b>Horticulture based industries:</b> De hydration of Vegetables, Cold storage, Floriculture.
	(iv) <b>Poultry &amp; Meat Processing:</b> Poultry Processing, Emu birds processing unit., Rabbit Rearing
Medak	(i) <b>Agro based industries:</b> Rice Mills, Mini Dal Mills, Spice Powders, Potato wafers, Rice and corn flakes, Oil extraction from Aromatic Plants
	(ii) <b>Chemical based industries :</b> Pharmaceutical formulations, Mosquito Coils, Chemical Compounds
	(iii) <b>Engineering Industries:</b> Heavy Equipments, Electrical Turbines, Engineering components, Waste Heat recovery system

<b>Hyderabad</b>	<p><b>(i) Agro based industries:</b> Processing and packaging of Snack foods, Bakery products, Confectionary, Vermicelli, Instant mixes of idly and dosa</p> <p><b>(ii) Textile :</b> Embroidery works, Readymade garments</p> <p><b>(iii) Horticulture based Industries:</b> De hydration of Vegetables, Cold storage</p> <p><b>(iv) Miscellaneous Products:</b> Pearls Processing, Lac Bangles, Diamond Cutting &amp; Polishing, I.T, I.T.E.S &amp; B.P.O.s</p>
<b>Warangal</b>	<p><b>(i) Agro Based Industries:</b> Rice Cakes, Oleo Resins, Rice Bran Oil</p> <p><b>(ii) Textile:</b> Cotton Ginning / Bale Pressing, Spinning Mills</p>
<b>Mahabub nagar</b>	<p><b>(i) Agro Based Industries :</b> Rice Mill, Fibre board's from agro waste, Imitation handmade paper, Wood wool boards, Cement like product from paddy husk ash,</p> <p><b>(ii) Multipurpose Foods:</b> groundnut meal and Bengal gram flour with added vitamins and minerals, Processing and preservation of custard apple pulp.</p>
<b>Nalgonda</b>	<p><b>(i) Horticulture based:</b> Cold storages, Fruit Processing, squashes, Jams and jellys, Fruit Pulp</p> <p><b>(ii) Agro Based:</b> Rice Bran Oil, Straw Boards, Seed Processing, Rice re-processing, Oil Mills, Castor Oil and its derivatives, Rice based products, Dal mills, Rice Flakes and other Rice based snacks, Vermicelli, Bread units, Dairy products, Baby foods.</p>
<b>Rangareddy</b>	<p><b>(i) Pharmaceuticals Industries:</b> Bulk Drugs, Pharmaceutical Formulations, Vaccines, Biotech Products</p> <p><b>(ii) Hi Tech Manufacturing:</b> Special purpose machines, High precision machined components, Spare parts used in defence and space industries, IT Hardware, Automation, Nano-technology related, CNC Machines, Castings, Electronic Goods &amp; Telephones, Solar Photo Voltaic Modules.</p> <p><b>(iii) Automobile Based Industries :</b> Grey-iron castings, Leaf springs, Lubricants and Greases, Diesel fuel injection equipment, Front axles &amp; gears, Fuel filters, Fan.</p> <p><b>(iv) Plastic &amp; Plastic Products:</b> Plastic Buckets, PVC pipes, HDPE Woven sacks, Plastic nawar, Fibre.</p> <p><b>(v) Miscellaneous :</b> Steel, Polyester &amp; Cotton Yarn, Ready Made Garments, Tele Communication cables, Optic Fibre Cables, Food Processing products like Biscuits, Confectionery.</p>
<b>Khammam</b>	<p><b>(i) Agro Based Industries:</b> Rice Mills and Dall Mills, Mango Pulp, Pickles, Cold Storage, Bakery products, Cashew nut processing, Dairy Farm, Ginning Mills</p> <p><b>(ii) Forest Based:</b> Ayurvedic medicine, Herbal based units, Medicine &amp; Aromatic plantation, Leaf plates and cups, Wooden furniture units, Paper, Paper Boards, Nursery</p>

Source: DIC Reports, Commissioner of Industries, Government of Telangana

## II. Sixth Economic Census

Economic Census is a complete enumeration of all establishments/units located within the geographical boundaries of the State. All units engaged in production or distribution of goods and services other than those for own consumption were counted. As per the provisional results, there are 20.86 lakh establishments in the State, which are engaged in different economic activities other than crop production, plantation, public administration, defence and compulsory social security services. Out of which, 11.81 lakh establishments (56.62%) are in rural areas and 9.05 lakh establishments (43.38%) are in the urban areas. Growth in establishments is 77.82% in the State as against 41.73% all-India, while growth in employment in the State is 37.78% as against 34.35% of All India.

Total number of persons employed in all the establishments is about 56.12 lakh, of which, 23.50 lakh persons (41.87%) are employed in rural areas and 32.62 lakh persons (58.13%) are employed in the urban areas. There are about 0.46 lakh handicraft/ handloom establishments, accounting 2.21% of the total number of establishments and Warangal district (19.10%) stands first in terms of number of handicraft/handloom establishments in the State.

District-wise analysis reveals that the Hyderabad district stands first with 16.97% of total establishments, and Adilabad district with 5.29% has lowest number of establishments in the State.

### III. MSME Sector in Telangana

The Micro, Small and Medium Enterprises (MSME) is playing a key role in economic and social development of the State and is providing direct employment opportunities to 64,604 people and with a vast network of around 5,787 units. Its contribution in terms of indirect employment, providing inputs/ raw material for other sectors and export earnings, is immense.

As per the Micro, Small and Medium Enterprises Development Act, 2006, manufacturing and service enterprises are categorized into micro, small and medium enterprises based on investment criteria as shown in Table 4.7.

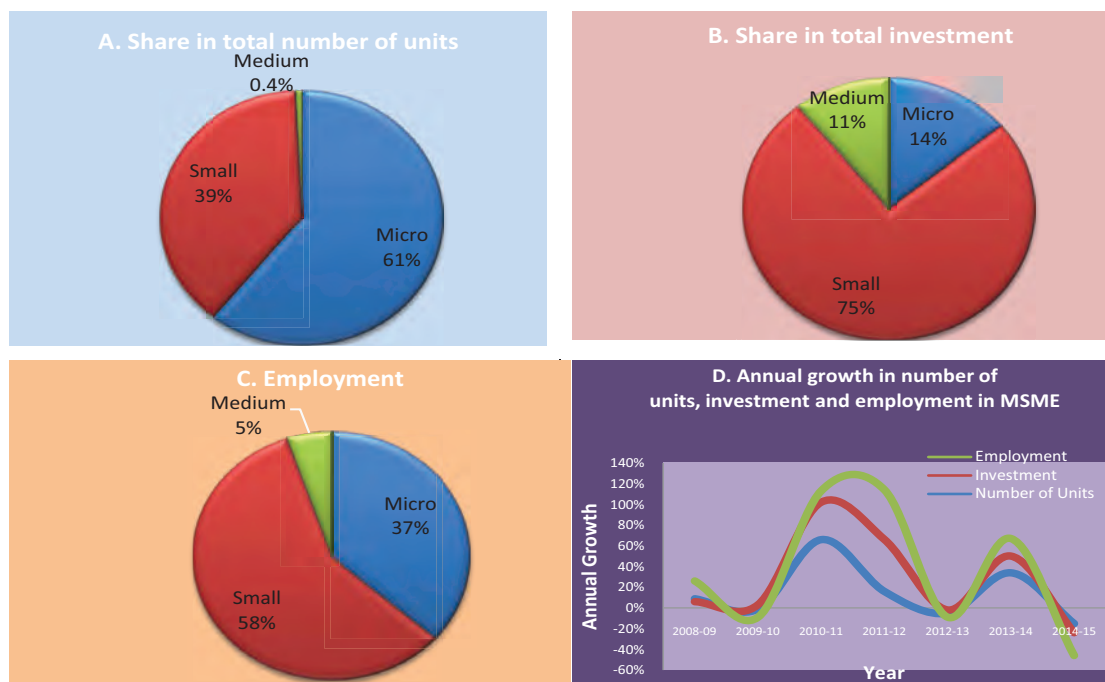
**Table 4.7: Definition of MSME**

Enterprises	Manufacturing Sector (investment in plant and machinery)	Services Sector (investment in equipments)
Micro	Less than Rs. 25 lakh	Less than Rs.10 lakh
Small	More than Rs. 25 lakh but less than Rs. 5 crore	More than Rs. 10 lakh but less than Rs. 2 crore
Medium	More than Rs. 5 crore but less than Rs. 10 crore	More than Rs. 2 crore but less than Rs. 5 crore

Source: MSME Act, 2006

Out of 5,787 MSME units in 2014-15, around 61 percent constitute micro enterprises, 39 percent small enterprises and mere 0.4 percent medium enterprises. However, it is noted that in terms of employment and investment, small enterprises occupies significant share in total MSME.

**Figure 4.2: Share of Micro, Small and Medium Enterprises in terms of units, investment and employment.**



Note: Calculated from the data provided by the Commissioner of Industries, Government of Telangana.

The growth rates of MSME industry has seen high fluctuations in the recent times. It is observed that (Figure 4.2) number of units, employment, investment in MSME sector has peaked during 2010-11 and declining with another peak in 2013-14. The absolute and relative share of number of factories, investment and employment of the micro industries has been declining during the period 2008-09 to 2014-15. However, the share of small and medium enterprises has seen an increasing trend though the absolute trend shown a decline.

#### IV. Handloom and Textiles

Handloom industry occupies unique place in the country for its exclusive arts and artifacts of handloom weavers. Ethnic handloom design of Telangana has been promoting the cultural glory of the State, over the years. The design pattern of Pochampally Ikat's, Gadwala cotton, Silk and Sico sarees, Narayanpet cotton, Silk sarees, Warangal durries, Karimnagar bed sheets and furnishings shows the outstanding skills of handloom weavers of the State. Significant portion of State workforce is dependent on handloom industry for employment. Details of Handloom and Textile industry in the State is given in the Table 4.8.

**Table 4.8: Handloom and Textiles at a glance**

Handloom Co-operative Societies	Number
Cotton	259
Silk Weaver Cooperative Societies (WCSs)	33
Wool ICSs	44
Power loom WCSs	157
Tailor CSSs/ Garments CSs	122
<b>Total</b>	<b>615</b>
Handloom Weaver in Cooperative folds	82435
Handloom Weaver outside Cooperative folds	32002
Identity cards issued to the weaver under Cooperative folds	23100
Identity cards issued to the weaver outside Cooperative folds	17839
Number of Power looms	49112

In order to resolve the problems faced by the handloom weavers and for their socio-economic development, Government is implementing several schemes such as credit support, health insurance, market support etc. Some of the important programmes are illustrated below:

**(i) Marketing Support Scheme:** In order to enable the weaver cooperatives to sell their products, 11 expos have been conducted and sold stock worth Rs 6.45 lakh in 2014-15.

**(ii) Health Insurance Scheme:** A new scheme 'Rashtriya Swasthya Bima Yojana' is proposed to implement on the lines of health insurance scheme to 24,148 weavers from 01.10.2014.

**(iii) 20% price Subsidy on Hank Yarn, Dyes & Chemicals:** 10% price subsidy on hank yarn, dyes and chemicals is being provided to the handloom weavers cooperative societies.

**Loan Waiver Scheme:** Government has implemented loan waiver scheme to individual handloom weavers / Weavers cooperative societies and released an amount of Rs 48.56 crores. Working capital loans and Government loans pertaining to 163 weavers cooperative societies worth of Rs 33.46 crore were waived benefiting 58,014 weavers. Individual loans worth of Rs. 15.1 crore to 7540 handloom weavers was waived off.

#### V. Powerloom Industry

There are 49,112 powerlooms in the State, spread over Karimnagar, Warangal, Khammam, Nalgonda, Rangareddy and Mahabubnagar districts. Out of total powerlooms, 38,000 are working in Siricilla town alone. Most of these looms are 56 width producing low end varieties. Following are some of the initiatives of the Government to support the powerloom industry:

**(i) Up-gradation of Plain Powerlooms:** As the powerlooms in Siricilla are outdated, Government of India selected Siricilla area under pilot project scheme of In-Situ Up-gradation of Plain Powerlooms. As many as 2000 powerlooms were upgraded with the assistance of Government of India, Government of Telangana and beneficiary contribution.

**(ii) 50% Power Tariff concession to Powerloom Weavers:** The State Government has been giving 50% power subsidy to the powerloom weavers for the powerloom units up to 5 HP. Under the scheme, 10,000 Powerloom units were benefited and Rs 2555.15 lakhs were released to TRANSCO for the year 2014-15.

**(iii) 50% Power subsidy to Textile Park at Siricilla:** 50% power subsidy to the Textile park at Sircilla is being provided by the State Government. About Rs. 7.19 crore have been released during 2015-16 towards this purpose benefiting 108 units during 01.01.2010 to 31.12.2014.

**Institutional Credit to Micro and Small Enterprises:** As part of Annual Credit Plan for Telangana State, 2014-15 a total of Rs. 6,588 crore was allocated for financing micro and small industries. As against this a total of Rs. 13,330 crore were disbursed by Commercial Banks in 2014-15 almost doubling the target.

MSME sector performs a critical role in manufacturing and value chains. Recognizing its importance Government of Telangana is providing various incentives to MSME sector. Major incentives being offered to Micro and Small Enterprises as a part of T-IDEA scheme are:

- 100 percent reimbursement of Stamp duty on purchase of land or lease of land/shed/ buildings,
- 25 percent rebate in land cost (limited to Rs.10 lakh),
- fixed power cost reimbursement @ Rs. 1 per unit for 5 years,
- 15 percent investment subsidy on fixed capital investment (a maximum of Rs.20 lakh),
- reimbursement of 100 percent net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years, interest subsidy under Pavala Vaddi Scheme etc.
- Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment
- 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
- 50% subsidy on the expenses incurred for quality certification / patent registration limited to Rs. 2.00 Lakhs.
- 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.

Government is also creating congenial and hassle-free environment to help small scale industries to acquire new technologies and skills, improve export performance, promote linkage between large and small sector.

## **VI. Industrial Policy of Telangana**

The vision for industrialization of the State is “Research to Innovation; Innovation to Industry; Industry to Prosperity”. The industrial policy framework is driven by the goal of “In Telangana-Innovate, Incubate, Incorporate”. The policy framework intends to provide a business regulatory environment for ease of doing business in the State.



**(i) Industrial Policy, 2015:** Telangana is the first State in India to bestow on investors the right to get clearance for their projects within a set time-limit. It also makes the State liable for penal action if it fails to respond to investment proposals within the time frame. All the mega projects (over Rs. 200 crore) will get clearance in 15 days, while the other projects will be approved in a month. There is also a provision of automatic approval system on submission of a self-certification.

**(ii) Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014:** The “Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014” was enacted to create investor friendly environment by repealing the AP Industrial Single Window Clearance Act, 2002. It provides speedy processing of applications for issue of various clearances at a single point. TS-iPASS is forward-looking and a model legislation in the country as it provides novel provisions such as automatic approval system on submission of self-certification by entrepreneurs.

#### **Box-4.1: The Salient features of the TS-iPASS**

1. A single Common Application Form (CAF) for all departmental approvals
2. All departments connected for establishing and operation of an Enterprise brought under purview of TS-iPASS
3. Time limit set for each approval varying from 1 day to a maximum of 30 days depending upon the complexity of the approval.
4. Pre-scrutiny of the applications at state level and district level to assist the entrepreneurs in proper submission of applications and to avoid delay in processing the files by the departments.
5. Making mandatory for the competent authorities to seek shortfall/additional information required, if any, only once within three days from receipt of the application.
6. Providing deemed approvals, in case of failure of according approvals by departments, within the set time limits.
7. Empowering the entrepreneurs with right to clearances under TS-iPASS, to know the reasons for delay, if any, in getting the clearance within time limits and penalising the officers responsible for the delay.
8. Provision for automatic approval system on submission of a self-certification.
9. Providing all approvals within 15 days to mega projects by “Telangana State-Wide Investment Facilitation (T-SWIFT)” Board under the chairmanship of the Chief Secretary to Government, to enable implementation of the project swiftly.

Proposals for setting up of 1,609 units were approved with an investment of Rs. 33,101 crore of employment potential of over 1.20 lakh. Of these, over 100 permissions were accorded at State level, including some of the national and international companies.

**(iii) Industrial Infrastructure Development Fund (IIDF) Scheme:** Infrastructure like roads, power and water will be provided to the industry for standalone units by contributing 50 percent of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 crore, subjected to location not extending 10 kms., from the existing Industrial Estates/IDAs having vacant land/shed for allotment and cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

**(iv) Incentives for setting up of new Industrial Enterprises:** Apart from providing a business-friendly environment through above mentioned policy frameworks, Government of Telangana started various incentives for encouraging establishments of new industrial enterprises catering to the needs of different sections of society such as, T-IDEA scheme, special incentives for first generation entrepreneurs and women entrepreneurs, and T-PRIDE for developing entrepreneurship among SCs, STs, etc.

### **(1) T-IDEA Scheme**

A new industrial incentive scheme called Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) was launched to extend various incentives for setting up of new enterprises in the State. Incentives given to various enterprises to be set up under this scheme are given below:

**(a) Incentives given to micro, small and medium enterprises (MSME):** These are discussed in the MSME section.

**(b) Incentives to Medium and Large Enterprises:** Major incentives being offered to medium and large enterprises are:

- 100 percent reimbursement of Stamp duty on purchase of land or lease of land/shed/ buildings,
- 25 percent rebate in land cost (limited to Rs.10 lakh),
- fixed power cost at @ Rs. 1 per unit for 5 years,
- reimbursement of 75 percent net VAT/CST or State Goods and Services Tax (SGST) for medium enterprises and 50 percent for large scale enterprises for a period of 7 years,
- 25% subsidy on specific cleaner production measures limited to Rs.5 lakh,
- provision of infrastructural facilities such as roads, power and water at door step for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1 crore, provided that the location should be beyond 10 kms. from the existing Industrial Estates and cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

**(c) Incentives to Mega Projects:** Mega Project is an industrial unit, which is set up with a capital investment of Rs.200 crore or more or a project that creates employment to more than 1000 persons. The Government is extending tailor-made benefits to Mega Projects to suit its investment requirements on case to case basis.

**(d) Incentives to Women Entrepreneurs:** Units established as sole proprietors of woman or having 100% share by women in Partnership/Private Limited Companies are eligible under incentives for women owned enterprises. These enterprises are given all incentive of MSE enterprises along with an additional 10 percent investment subsidy on fixed capital investment.

**Table 4.9: Incentives provided under various Schemes during 2014-15 to 2015-16**

Sl. No.	Component of Subsidy	2014-15		2015-16 (up to 30.10.2015)	
		Number of cases	Subsidy (Rs. crore)	Number of cases	Subsidy (Rs. crore)
1	Investment Subsidy	266	43	72	9
2	Sales Tax	267	130	129	210
3	Land Conversion	13	0	3	0
4	Land Cost	29	2	2	0
5	Stamp Duty	67	3	15	1
6	Mortgage Duty	5	0	3	0
7	Interest Subsidy	-	-	-	-
8	Skill Up-gradation and Training Cost	-	-	1	0
9	Pavala Vaddi	1,092	75	482	37
10	Power Cost	1,152	215	480	151
<b>Total</b>		<b>2,891</b>	<b>467</b>	<b>1,187</b>	<b>409</b>

Source: Commissioner of Industries, Government of Telangana.

As mentioned in the Table 4.9, about 2,891 incentives were availed under different schemes by the industrial units amounting to Rs. 467 crore during 2014-15 in the State. About 1,152 units availed power subsidy amounting to Rs. 215 crore and about 267 units availed reimbursement of sales tax amounting to Rs. 130 crore in 2014-15. In the financial year 2015-16, main incentives availed are reimbursement of sales tax, followed by power subsidy.

## (2) T-PRIDE Scheme for Encouraging Entrepreneurship among SCs and STs

Historically marginalized sections such as SCs and STs may not have economic capacity to start an enterprise; they need to be supported by way of subsidies and preferences to bring them on par with the mainstream. In this direction, Government of Telangana has launched a novel scheme called T-PRIDE, extending various incentives for encouraging establishment of new industrial enterprises by these sections. The Telangana State Programme for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE) scheme is aimed at developing entrepreneurship among Scheduled Castes and Scheduled Tribes by extending following incentives:

- 100 percent reimbursement of Stamp duty and transfer duty paid on purchase of land meant for industrial use.
- 100 percent reimbursement of Stamp duty for Lease of Land/Shed/ Buildings
- 33.3 percent rebate in land cost (limited to Rs.10 lakhs) in industrial estates / industrial parks
- 25 percent land conversion charges for the industrial use (limited to Rs.10 lakh).
- Fixed power cost @ Rs. 1.50 per Energy unit for a period of 5 years.
- Seed capital assistance to first generation entrepreneurs to set-up micro enterprises @ 20 percent of the machinery cost.
- 35 percent investment subsidy on fixed capital investment (limited to Rs. 75 lakh per unit). Additional 5 percent investment subsidy for units set up in Scheduled Areas by ST entrepreneurs (limited to Rs.75 lakh per unit).

Other initiatives to promote entrepreneurship among the SCs and STs include allotment of land in proportion to their population share, providing investment subsidy under SC/ST Sub-plan etc. During the period from 02.06.2014 to 30.10.2015, about 1086 units started by SCs and 890 units by STs were provided with investment subsidy of Rs. Rs.51.39crore and Rs. 40.77 crore under SCSP and TSP, respectively.

**(v) Telangana State Industrial Infrastructure Corporation (TSIIC):** TSIIC was established in 2004 for identifying and developing potential industrial growth centers and to develop infrastructure in these centers. Following are some of the initiatives undertaken by TSIIC:

**(1). Establishment of Hyderabad Pharma-City:** A World Class ‘Pharma City’ with an estimated project cost of Rs. 13,064 crore is being developed in Rangareddy and Mahabubnagar districts. The Project is conceptualized as an integrated Pharma City, including a university, R&D Lab and Township apart from creation of all the required common utilities like CETP, STP etc.

**(2) National Investment and Manufacturing Zones (NIMZ):** The Department of Industrial Policy and Promotion, Ministry of Commerce and Industries, Government of India has accorded approval for establishment of NIMZ project at Zaheerabad, Medak districts. It is estimated that the NIMZ will generate employment to 2.4 lakh persons (direct- 96,200 and indirect-1.45 lakh) and Rs. 17,303 crore are estimated to be invested in NIMZ by end of phase III in year 2040.

**(3) Aerospace and Precision Engineering SEZ at Adibatla:** The Aerospace SEZ at Adibatla, Ibrahimpatnam Mandal of Rangareddy is being developed hosting 10 operational units manufacturing aerospace components. The SEZ is near to the new Green Field International RGIA Airport.

**(4) Genome Valley:** Genome Valley is the largest organized cluster in the country for biotechnology spreading over 1500 acres and being developed in 4 phases: Biotech Park Phase-1 at Turkapally, Biotech Park, Phase II and Park Phase II extension at Lalgadi Malakpet, and Biotech Park Phase III at Karkapatla. With a perfect blend of knowledge parks, special economic zones, multi-tenanted wet laboratories, incubation facilities, office space and outstanding support facilities, the cluster has over 150 life science companies, with direct and indirect employment strength of over 50,000 people. Biotech Park Phase – IV is being developed at Mulugu. This will provide opportunity to more biotechnology companies to locate their manufacture/ R&D facilities in this cluster and to benefit from the high-quality eco-system that has emerged.

**(5) Special Economic Zones (SEZs):** With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances and to attract foreign investments, SEZs are being promoted in the State. There are 67 SEZs in the State at different stages of completion (Table 4.10).

**Table 4.10: SEZs in Telangana: Details of SEZs funded by organizations**

Sl. No.	Type of SEZs	Number
1	AP MARKFED	1
2	Urban Development Authority	1
3	TSIIC - Joint Ventures	3
4	SEZs - TSIIC	7
5	Urban Development Authority Formal Approval	12
6	TSIIC Allottees Notified as SEZs	17
7	Private Developers	27
	<b>Total</b>	<b>67</b>

#### **Box 4.2: State Level Public Enterprises in Telangana: A case Study of Telangana State Road Transport Corporation**

There are about 29 functioning State Level Public Enterprises (SLPEs) in the combined state of Andhra Pradesh. The bifurcation process is in progress. A case study of performance of Telangana State Road Transport Corporation (TSRTC) is discussed below.

Contrary to the popular belief that public sector undertakings would always run inefficiently without achieving its objectives, the Telangana State Road Transport Corporation (TSRTC) stands top among the State Transport Corporations in India. TSRTC stands top in the area of physical performance in the vehicle productivity and in resource utilization indicators like vehicle utilisation, fleet utilization, average number of passengers transported, fuel efficiency, tyre life, break down rate and accident rate.

The Transport needs of the people in the state were first met by a wing of Nizam Railways mainly looking after the needs of passengers connected to Railway Stations. Later on a separate Road Transport Corporation was initialized. After formation of Hyderabad State, a Corporation was created which had a fleet strength of 609 buses (16 depots) with a staff of 5,081. Over a period of time needs of transport have also increased, forcing the implementation of nationalization and increase in fleet strength year after year.

As per the A.P. Re-organisation Act, TSRTC is formed which is operating 10,377 buses on 3,660 routes from 95 depots. There are 357 bus stations located in the 10 districts catering to the public needs. It is operating 33.36 lakh kms per day transporting 89.43 lakh passengers with a workforce of 56,425 employees. TSRTC has 2 zonal workshops and 3 tyre retreading shops. The Zonal workshops are located at Karimnagar and Hyderabad. Tyre retreading shops are located at Karimnagar, Warangal and Hyderabad.

The Corporation has introduced trend setting improvements in the quality of travel in rural and urban areas by providing newly designed ordinary coaches 'Pallevelugu' for rural passengers; 'Garuda', Garuda Plus, Indra AC & Vennela AC (Sleeper) for long distance passengers, 'Seethala Hamsa', 'Metro Deluxe' and 'Metro Express' for urban passengers. Buses were also introduced under JNNURM scheme for urban passengers in major cities like Hyderabad and Secunderabad. Further improving the services, TSRTC has introduced on-line ticket booking system for the convenience of passengers.

## **VI. Mines and Minerals**

Mining Sector is identified as one of the growth engines of the economy and has paramount importance for overall growth and development in general and industrial sector in particular. The Mineral consumption has been increasing over a period of time due to increase in living standards. As the State is a house for various minerals specifically coal, iron ore, limestone, dolomite, manganese etc., and as such the Government is promoting various mineral based industries in the State.

There are four reconnaissance permits for gold, diamond, base metals, precious metals, 24 prospecting licenses, and 517 mining leases for major minerals (industrial minerals), 1205 quarry leases for cut and dressed blocks of granites and 1453 quarry leases for other minor minerals (construction minerals) in the State. Nearly 90% of the mines fall under small sector and remaining 10% under medium and large sectors.

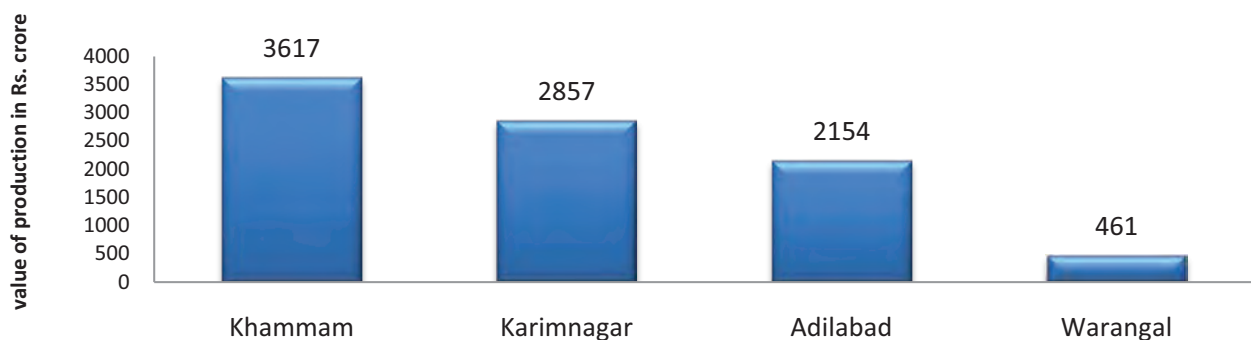
**Table 4.11: Mineral production for the year, 2014-15**

Sl. No.	Type of Mineral	Output Value (Rs. crore)	Share in total mineral output
<b>A</b>	<b>Major Minerals (I+II+III)</b>	<b>9,530</b>	<b>60.32%</b>
I	Fuel Minerals	9,088	57.50%
1	Coal	9,088	57.50%
II	Metallic Minerals	3	0.00%
1	Iron Ore	2	0.00%
2	Manganese Ore	1	0.00%
III	Non-Metallic Minerals	439	2.80%
1	Lime Stone	317	2.00%
2	Stowing Sand	36	0.20%
3	Other Non-metallic minerals	86	0.50%
<b>B</b>	<b>Minor Minerals</b>	<b>6,268</b>	<b>39.70%</b>
1	Black Granite	1,127	7.10%
2	Colour Granite	2,182	13.80%
3	Road Metal	2,099	13.30%
4	Other minor minerals	860	5.40%
	<b>Total (A+B)</b>	<b>15,797</b>	<b>100.00%</b>

Source: DES, Government of Telangana.

Mines and Minerals is an important sub sectors contributing around 4% to the total GSDP of the State and 16% to the industrial sector in the State. The value of major minerals produced, consisting of fuel, metallic & non-metallic and minor minerals produces in 2014-15 along with their share is explained in Table 4.11. The coal production is around 57.5 %, which constitutes the major share of the total mineral production, followed by colour granite with 13.8 % and Road metal with 13.3 %. The percentage share of the major minerals increased from 53.12% to 60.32% in total minerals, whereas the minor mineral share has declined from 46.88% to 39.68 in 2014-15 over 2013-14.

**Figure 4.3: District-wise Coal Production in Telangana-2014-15**



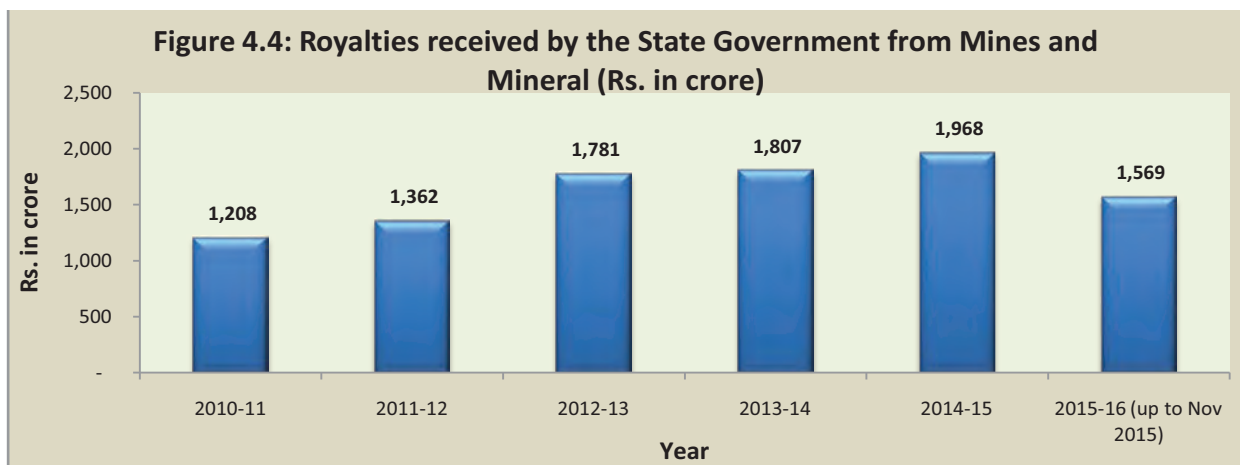
**Coal production:** The coal production is concentrated in four districts of the State and around 40 % of the coal mineral production extracted only from Khammam district, followed by Karimnagar with 31% and Adilabad with 24% and Warangal with 5% (Figure 4.3).

### Box-4.3: Mineral Resources Status in Telangana State

- ❖ Telangana is the only State in the entire Southern India containing vast deposits of coal and is being mined by M/s Singareni Collieries Company Ltd. a State public sector unit.
- ❖ The State is also endowed with a number of scattered medium grade iron ore deposits in Bayyaram Reserve Forest and float iron ore deposits in Khammam district and low grade scattered iron ore deposits in Karimnagar, Adilabad, Warangal districts.
- ❖ Uranium deposits with an estimated reserves of 11 Million Tonnes in Lambapur, Pulicherla, Nammapuram and Yellapuram villages of Nalgonda district.
- ❖ Vast limestone deposits being mined by cement industries in Nalgonda, Rangareddy, Karimnagar and Adilabad districts
- ❖ Manganese ore available in Adilabad district was earlier exploited by M/s Manganese Ore India Ltd. (MOIL), a Central Public Sector Undertaking (CPSU). However, after relinquishment of the areas by MOIL, manganese is now being mined by private sector.
- ❖ The Tan Brown Prophyritic granite deposit occurring as a younger emplacement in Karimnagar district is unique and being exploited on large scale by private sector. Depending upon the proportion of reddish/brownish component, this variety of granite is also marketed under commercial name coffee brown, maple red mostly exported to China and South East Asian countries. The Tandur Blue Limestone Slab (Shahbad Stone) useful for flooring is famous in entire South India available in Rangareddy district.
- ❖ The gneissic granite occurring in Bheemgal and other areas in Nizamabad district is marketed under commercial name Indian Arora and it is mostly used for manufacture of monuments and flooring purpose.
- ❖ The Dolerite dykes occurring in Khammam, Warangal, Nalgonda and Mahabubnagar districts are famous for extraction of cut & dressed blocks of jet black, absolute black, tiger skin and other varieties of granite.

### Revenue from minerals:

The revenue from mining and mineral sector in the State contributed around Rs.1968.27 crore in 2014-15 and targeted to achieve Rs.3300.00 crore in the year 2015-16 (Figure 4.4).



District wise minerals and potential mineral based industries are given in the Table 4.12.

**Table 4.12. District wise minerals and potential mineral based industries**

District	Potential for development of mineral based industries
<b>Adilabad</b>	<b>Available minerals:</b> Coal, Manganese, Limestone, Laterite, Sand, Fire Clay, Road Metal, Black Granite, Brick Earth, Morrurum etc. <b>Potential Mineral Industries:</b> Establishment of more number of Power plants near to the places of Coal availability fetches to overcome of power deficit for the State and scope for units of Cement Industry.
<b>Nizamabad</b>	<b>Available minerals:</b> Iron ore, Deccan trap, Granites and Aluminium blocks containing 25%-35% Aluminium. <b>Potential Mineral Industries:</b> Mineral based ancillary units like fly ash bricks and blocks, Cement Mosaic tiles, White Cement, Granite cutting & Polishing units, ceramics and chemical industry have good scope for growth.
<b>Karimnagar</b>	<b>Available minerals:</b> Coal, Limestone, Iron ore, Granite, Sand and Quartz. <b>Potential Mineral Industries:</b> Suitable location to setup Thermal Power plants based on Coal, establishment for Granite cutting & polishing units.
<b>Medak</b>	<b>Available minerals:</b> Quartz, Feldspar, Yellow ochre, Laterite and Granite. <b>Potential Mineral Industries:</b> Suitable for establishment of Ferro Silicon industries, Granite cutting & Polishing units, manufacture Sand units, Glass industries & Stone crushing units.
<b>Warangal</b>	<b>Available minerals:</b> Iron ore, Laterite, Dolomite, Coal, Clay, Black Granite, Limestone & Sand. <b>Potential Mineral Industries:</b> Scope for establishment of Power plants based on Coal, Granite cutting & polishing units, Fly ash bricks, Hydrated lime units, sponge Iron plants.
<b>Rangareddy</b>	<b>Available minerals:</b> Limestone, Laterite, Clay, Quartz, Feldspar, Fullers Earth & Granite. <b>Potential Mineral Industries:</b> Scope for establishment of Cement plants, Ceramic industries, Glass and Ferro Silicon industries, Granite cutting & polishing units, Manufactured Sand units & Stone crushing units.
<b>Mahabubnagar</b>	<b>Available minerals:</b> Quartz, Feldspar, Limestone slabs, Limestone, Stone & Metal, Black and Colour Granite, Sand, Clays, Diamond & Gold (under surveys for establishment). <b>Potential Mineral Industries:</b> Glass & Ferro Silicon Industries, Pulverising units, Granite cutting & polishing units, Stone crushing units.
<b>Nalgonda</b>	<b>Available minerals:</b> Limestone, Uranium, Laterite, Quartz, Clays, Black & Colour Granites. <b>Potential Mineral Industries:</b> Scope for establishment of Uranium refining unit, Cement manufacturing units, glass & Ferro Silicon Industries, Granite cutting & polishing units, Stone crushing units.
<b>Khammam</b>	<b>Available minerals:</b> Coal, Iron ore, Graphite, Granite, Limestone, Sand, Barytes, Mica, Marble, Quartz & Corundum. <b>Potential Mineral Industries:</b> Scope for power generating plants, Hydrated lime units, sponge Iron plants, Steel plant, Marble & Granite cutting & polishing units, Glass & allied units.



## Policy Initiatives for Growth of Mining Sector

- (i) **Constitution of State-level and District-level Task Force on Mining:** As a measure to minimize illicit mining and transportation and fasten the decision making related to mining, Government constituted a State Level Task Force under the chairmanship of the Secretary, Industries and Commerce Department and District Level Task Forces in each district under the chairmanship of District Collector. The State Level Task Force is empowered to take decisions related to obtaining clearances from Department of Forest and Revenue for quick disposal of mineral concession applications. Similarly, the District Level Task Force empowered to take decision on matters relating to prevention of illegal mining/quarrying and transportation of minerals.
- (ii) **Exclusive Mining Zones:** The Department of Mines & Geology carried out preliminary studies and identified exclusive mining zones in Rangareddy, Mahabubnagar, Nalgonda and Medak districts for declaration as mining zones for sustainable development and safe Mining.
- (iii) Government introduced a One Time Settlement (OTS) Scheme for payment of penalty of Seigniorage fee on the consumption of minor minerals in construction activity.
- (iv) Government introduced the new Sand Mining Policy, 2014 for the State of Telangana.
- (v) with a view to boost mining sector in the wake of economic recession, Government provided certain concessions in levy of Seigniorage fee in respect of granite useful for cutting and polishing and limestone slabs for a period of 2 years.

## Outlook for Industrial Sector in Telangana

Telangana State has high potential for industrial development, to list some of them: (i) Geographically Telangana located at the centre of the country providing advantage to manufacture and supply goods across India. (ii) Availability of best infrastructural facilities such as world class airports, express highways, quality power and water supply etc, (iii) Telangana has bountiful natural resources and is one of the rich states in terms of minerals, (iv) Increase in working age population due to demographic dividends and availability of vast skilled labour force at cheaper costs, (v) Presence of reputed bio-technology and pharmacy research institutions, aero-space and defense research laboratories like DRDO, DRDL, RCI, BDL, MDN, Ordnance Factory, DMRL etc. at Hyderabad, (vi) Business friendly industrial and labour policies which provide a hassle free investment environment, and (vii) Effective policy framework and committed Government machinery to see to it that investment proposals are realized.

Even while giving a boost to the traditional industrial sectors such as textile, leather, minerals, and food processing, State Government has identified a few thrust areas which could provide employment opportunities to upcoming high-skilled labour force. These sectors include life sciences, precision engineering, food processing, automobiles, textiles and apparel, FMCG, engineering and capital goods, gems and jewellery etc. Hyderabad is considered as country's capital for bulk drug and vaccine production and the hub for aero-space, computer and electronic related hardware industry.

Government is making concerted efforts to provide uninterrupted quality power supply, which is an important requirement for the growth of the industrial sector. In the past, due to the power holidays and erratic supply to the industries, most of the industries had shelved their expansion plans. With the turnaround of the power sector in the State many industries are now actively expanding their production base, apart from the new units coming up in the State. Further, under the “Mission Bhageeratha”, 10 percent of the water is earmarked for industrial use, to ensure rapid growth of industrial sector.

While the entrepreneur devote his/her energy and passion to implement new ideas and creative solutions, it is important that they have conducive environment to operate their business. As the future of industrial growth happens only with innovations, Telangana Government has established a T-Hub for nurturing and shaping innovations into startups. TS-iPASS is a first of its kind legislation providing self certification to start a business in the State. These measures are also reflected in the fact that Hyderabad has been ranked as 2nd best city in the World Bank’s report on Ease of Doing Business in India.



Aerospace SEZ at Adibatla, Rangareddy District