

## White paper on Industry, Employment and Skill Development, IT and Tourism

### Most Important Talking Points for Hon'ble Chief Minister

#### Today's White Paper covers

**Industry sector** - Manufacturing & MSME, Employment and Skill development

**Services sector:** IT, Electronics & Communication, Tourism

#### 1. Industry and Services Sector

- **Growth of Industrial and Services Sector** is critical for achieving the **12-13% over all economic growth**, to create employment and to increase per capita income
- Andhra Pradesh has about 58% labor work force engaged in agriculture and related which produces about 32% share of GSDP.
- It is imperative for AP to **shift excess labor engaged in agriculture** to other sector of economy
- To shift labor from agriculture, first step is to **create low skill high** volume jobs simultaneously in sectors

like Food Processing, Basic Electronics, Apparel, Tourism and related indirect jobs.

- Share of manufacturing in AP(9.6%) is below the national average (16.7%)and need to be improved to create job
- Advanced countries have services sector contribution as high as 75-80%.
- Share of services sector in AP is at 44%
  - India - 54%, Telangana – 63.8%, Maharashtra: 58.5%
- Tourism sector – a GVA propeller and employment generating sector including medical, health care tourism and eco-tourism services
- Multi-pronged strategy required to focus on emerging technologies

## 2. State of Industry in June 2014 and unfulfilled commitments of Gol under AP Reorganization Act 2014

- **Manufacturing sector growth** in AP was below national average and negative in 2014

Sl. No	Year	Andhra Pradesh	All India
1	2012-13	-20.74	5.5
2	2013-14	-4.02	5.0

- State was power deficit, with erratic power supply, leading to losses in industrial production
- Large industrial incentive backlog of Rs 2,060 crores was pending from 2010-11
- Fiscal measures and tax incentives to promote industrialization and economic growth – on the lines extended to other erstwhile Special category States, was not provided to AP post bifurcation
- Visakhapatnam – Chennai industrial corridor was facilitated through a loan, and not directly through equity and grants by Government of India as was the case for ‘Delhi-Mumbai Industrial Corridor’
- Well-developed IT/ITeS sector in Hyderabad and which was a large employment generator, was left behind in Hyderabad
- Setting up of Greenfield Petrochemical Complex in AP not taken up by Gol
- Setting up of Integrated Steel plant in YSR Kadapa district was not taken up by Gol

### 3. Growth Scenario Post 2014

- **State Industrial and manufacturing growth-outpacing India**

Growth rates of industrial sector (constant prices 2011-12)			Growth rates of manufacturing sector (constant prices 2011-12)		
	India	AP		India	AP
2015-16	8.80%	9.61%	2015-16	10.80%	13.89%
2016-17	5.60%	7.40%	2016-17	7.90%	8.56%
2017-18	4.40%	8.49%	2017-18	4.60%	8.36%

#### Ease of Doing Business

- In 2015, AP was ranked 2<sup>nd</sup> behind Gujarat.
- Today, Andhra Pradesh is ranked No. 1 amongst all Indian states on ease of doing business for two consecutive years (2016 and 2017) by DIPP and World Bank
- **Single Desk Portal (SDP):** Launched SDP in April 2015; Offers 69 services cutting across 19 departments.
- All industrial approvals within 21-days.
- As of 21st December 2018, a total of 33,565 approvals provided; Service level compliance of 99.85% in the last six months.

- **Public Service Delivery Guarantee Act 2017:** To provide time-bound delivery of 74 public services for industry.
  - **Business Reforms undertaken**
    - GIS system for industrial land availability
    - Online system for instant scrutiny of building plans
    - Self-certifications for inspections (medium-risk industries)
    - Third party verifications of certificates issued by departments
    - On-the-spot allocation of raw materials
    - Automated tools for monitoring electricity outages

### **Enabling Policy Environment**

- **Industries:** State released 12 policies including the Industrial development policy and various policies to promote focus sectors

### **Increase in Budget for industrial development:**

- During period 2014-19, average annual budget provided to Industries Department was Rs 1,593 crores, which is 2.25 times the average annual budget of Rs 707.58 crores during the two years prior period (2012-13 and 2013-14) in the combined State.

## Incentives released to the Industry

- Increased budget allocation for industrial incentives from average of Rs 312 crores per annum during 2009-14, by nearly 4 times, to an average of Rs 1,218 crores from 2014-15 onwards
- Rs 3,675 crores (28,083 claims) released towards industrial incentives
- Out of these, Rs 1,816 crores (26,597 claims) released to MSME units

## MSME Development

- Dedicated policies for development of MSME sector, MSME Parks and Stressed Enterprises
- Since 2014: 30,349 MSME units established with investment of Rs 14,292 crores and employment generated for 3.3 lakh people
- Establishment of MSME Parks in 175 assembly constituencies; 31 MSME Parks under development across 1317.97 acres
- **MSME Credit flow:** Between 2014-18, Rs 82,097 crores has been disbursed as credit to MSME sector (organized & unorganized)
- Dedicated MSME Corporation set up

## Investment Promotion

- Conducted **Partnership Summits** in 2016, 2017 and 2018 at Visakhapatnam.

- Executed 1,437 MoUs with committed investment of Rs 13.35 lakh crores & committed employment 24.6 lakhs

• **Investments attracted and employment**

Departments	No. of Projects	Committed Investment (inRs. Cr.)	Committed Employment
18	2,622	15,48,743	32,35,916

a. **Projects gone into production:**

- Numbers: 810
- Committed Investment - Rs 1.77 lakh crores
- Committed employment - 2.51 lakhs

b. **Projects with Civil works under progress:**

- Numbers: - 1,211 projects
- Committed investment - Rs 5.27 lakh crores
- Committed employment - 7.66 lakhs

c. **Total employment picture:** Employment from Large & Mega projects (2.51 lakhs), MSME (3.30 lakhs), Placements facilitated by APSSDC (1.78 lakhs), Placements facilitated by APITA (0.13 lakhs)

**Marquee Investments sector-wise** (includes those gone into production as well as those in pipeline)

Sector	Marquee companies attracted to AP
<b>Automotive</b>	Isuzu, Kia Motors, Apollo tyres, Ashok Leyland, Bharat Forge, Hero group
<b>Food processing</b>	Emami, Mondelez, Kellogg's, Pepsi, Nekkanti, Big Basket, Sumeru, Capricorn, Lavazza, Avanti Seeds, Podaran and Everton. Patanjali, Jain Irrigation, Parle, Jersey, Indus Coffee, Future Group, Continental Coffee, International Flavours & Fragrances, Godrej, SH Group, Tata Foods, ITC, ConAgro and Manpasand
<b>Pharmaceuticals</b>	Hospira Healthcare, Dr. Reddy's labs, Lupin, Laurus Labs, Aurobindo Pharma, West Pharma, Divi's Labs and Natco Pharma
<b>Textiles:</b>	Toray, Texport, Mohan Spintex, Indian Design, Shahi Exports, Sri Govindaraja Textiles, SAR Denim, Kallam Spinning Mills, Page Industries, (Jockey), Arvind Group, Nisha Designs, Guntur Textile Park, Tarakeswara Textile Park



## **Development of infrastructure for economic growth**

- **Quality power supply for industry**
  - Power surplus state with 24\*7 reliable, affordable and quality power to industry
  - Industrial power consumption almost doubled from 1,784 MU in 2014-15 to 3,321 MU in 2017-18
- **Industrial Land Allotments:**
  - APIIC allotted 14,213 acres of industrial land to 1,945 units

### **Vizag Chennai Industrial Corridor (VCIC)**

- Funded by ADB (Rs 4,170 cr); GoAP contribution (Rs 1,434 cr)
- Total 4 industrial nodes to be developed - Visakhapatnam, Srikalahasti (Chittoor), Machilipatnam (Krishna) and Donakonda (Prakasam)
- Master planning of 2 nodes – Visakhapatnam (7,680 acres)&Srikalahasti(11,000 acres) – completed
- 13 projects worth Rs 1,958 crores covering industrial infrastructure, urban infrastructure, roads and power projects are under various stages of execution
- Projects worth Rs 2,846 crores finalized

## **Chennai – Bengaluru Industrial Corridor (CBIC)**

- Total 3 industrial nodes to be developed - Krishnapatnam (Nellore), Orvakal (Kurnool) and Hindupur (Anantapur)
- Krishnapatnam node (15,975 acres) to be developed in Phase 1; Master planning is completed
- CBIC included under National Industrial Corridor Development and Implementation Trust (NICDIT)

## **Industrial parks and clusters: Equitable & decentralized industrial development**

- Mega Food parks (Nellore, Prakasam) and Integrated food parks (Vizianagaram, Kadapa, Chittoor)
- 2 Electronics Manufacturing clusters (EMC) in Tirupati
- MSME parks in 31 assembly constituencies (out of total 175) under execution
- Orvakal Mega Industrial Hub, Kurnool (12,203 acres)
- Mega Seed Park, Kurnool (650 acres)
- Koparthy Mega Industrial Park, Kadapa (6,553 acres)

- Fintech Valley in Visakhapatnam
- Common Effluent treatment plants (CETP) under execution at Atchutapuram and Naidupeta; CETPs planned in Srikalahasi South, Nakkapalli, Rambilli and Mallavalli
- Sewage Treatment plant in Tirupati

### **Skill Development Linked to Industries**

- **MukhyamantriYuvanestam: -**
  - Provides Rs. 1000 monthly allowance to unemployed youth; Opportunities for skill training, internships, apprenticeships, or self-employment
  - Around 3.3 lakh youth have enrolled till 25<sup>th</sup> Dec 2018; Total Rs 81 crores disbursed.
- **Trainings:** APSSDC trained a total of 8.66 lakh youth,
  - 7.42 Lakh - Students
  - 77,000 - Unemployed Youth
  - 19,000 - Entrepreneurships programs and for competitive exams
  - 26,000 - Up Skilling
- **Placements:** Total of 1.78 lakh people have been placed
  - APITA conducted 73 employment drives; Offers rolled out - 12,973

- International Institute of Digital Technologies (IIDT) setup in Tirupati
- State Institute of Hotel Management (SIHM) at Tirupati and Indian Institute of Tourism and Travel Management at Nellore are functional
  - 4,050 trainings have been completed in courses for tourism,
  - Hospitality & culinary trainings (1,230), guides (600) and cab drivers (2,220)

## Service Sector - IT/ ITeS and Tourism Sector

### Information Technology and & IT Enabled Services

The State has identified IT & Electronics as focus sectors and developed a strong vision to enable the creation of **1,00,000 IT jobs** and bring in investments worth USD 2 billion. It also envisions to create **2,00,000 jobs in the electronics** sector and bring in USD 5 billion investments.

- One (1) in four (4) IT professionals are from India, and among them, at least 25% of them are from Andhra Pradesh, enabling the progress of growing the IT/ Electronics sector in the State.
- In the Electronics sector, five (5) companies have started operations with a committed investment of INR 927 Cr. and a committed employment of 21, 850.
- Recently announced State Start up Rankings 2018 - AP stood no. 1.
- Hosted Asia's largest Block chain conference in 2017 and Vizag Fintech Festival in 2018

## Enabling policy framework

- To achieve its vision, the State has formulated a robust policy and incentive framework, especially targeted at IT/ITeS and Electronics as focus sectors.
- Offering the best-in-class fiscal and non-fiscal incentives to businesses. GoAP has created a set of **robust policies** including:
  - Consolidated AP IT Policy,
  - AP Electronics Policy,
  - Designated Technology Parks (DTP) Policy,
  - Integrated Innovation & Technology (IIT) Policy,
  - Global In-house Centers (GIC) Policy,
  - AI Cloud Hub Policy,
  - AP Innovation & Startup Policy,
  - Animation Visual Effects Gaming and Comics (AVGC) Policy

## Marquee companies attracted to AP in IT & Electronics sector:

- Foxconn, Celkon, Flextronics, Dixon, Reliance, TCL, Voltas

### a) Tourism:

**Major Campaigns:** (a) Let's Vizag, (b) Konaseema Monsoon and (c) Festive AP

- **Large scale Festivals** conducted: (Ex - Amaravati F1H2O Grand Prix, Social Media Summit & Awards, Buddha Jayanthi Festival, Lepakshi Festival, VizagUtsav, AR Rehman live concert etc.)
- Promotion of Andhra Cuisine through culinary competitions, publications of book of recipe
- Project Sanskriti - 4 Rural Tourism hubs under development
- Tourism: Growth in tourist footfalls every year

State	2013	2014	2015	2016	2017	2018 (Till Nov)
<b>Tourist</b>	9.80	9.33	12.18	15.35	16.57	16.90
<b>% Growth</b>		-4.81	30.48	26.00	8.00	15

State released the AP Tourism Policy to develop AP as one of the most preferred tourist destinations

### Marquee companies attracted to AP - Tourism sector

- Novotel Hotel, Vijayawada, Holiday Inn and Taj Gateway, Tirupati, ITC My Fortune, Guntur, JW Marriott and Sun Ray Resort, Vizag.