

<u>Andhra Pradesh – Industrial Profile</u>



सूक्ष्म, लघु एवं मध्यम उद्यम MICRO, SMALL & MEDIUM ENTERPRISES

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FOREWORD

Andhra Pradesh is the largest southern state in the country, both in area and population, blessed with good natural resources. The state is endowed with fertile soil, perennial rivers, good forest cover, and good mineral deposits. It has a wide agriculture base, with a variety of crops like Paddy, Jowar, Bajra, Maize, Pulses, Oilseeds, Horticulture crops like fruits, vegetables and flowers, and commercial crops like cotton, tobacco, chilies and other spices etc grown extensively.

With these inherent advantages, Andhra Pradesh has emerged as an investor's destination. The abundant surplus agricultural resources, mineral wealth, sea wealth and oil and natural deposits, coupled with highly skilled workforce have put Andhra Pradesh on the forefront of fast developing states in the country.

Andhra Pradesh has seen vast improvement in infrastructure facilities in the recent past. Information technology has revolutionized the way of working and living of the people. IT enabled services are available in remote villages of the State. The improved connectivity has brought about overall development in all spheres, like Governance, industry, education, health care, etc. Rail, road and air linkages are one of the best in the country. It has been one of the first states to invite private participation in infrastructure building.

Andhra Pradesh has recorded impressive progress in the industrial front. It has been a leading producer of IT and enabled services. It is now forging ahead in the areas of Biotechnology, Agro based industry, Chemical and pharmaceutical industry, etc. The small-scale sector in the state too has been performing well, winning National Awards year after year, in spite of facing severe hurdles like power shortage.

This compilation aims at presenting a detailed picture of the state of Andhra Pradesh, with an aim to assist existing and prospective entrepreneurs by disseminating information on the availability of resources, surplus resources and the scope existing for further exploitation of these resources. It would also serve as good material for researchers and Policy makers in the Government and Non Government sectors.

HYDERABAD April 2015

ARVIND PATWARI
DIRECTOR

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CHAPTER - I

PHYSICAL FEATURES AND DEMOGRAPHIC PARTICULARS

1.1 Formation of Andhra Pradesh:

Andhra was formed in the year 1956, separating certain districts from the erstwhile composite Madras State, with Kurnool as its capital. With effect from 1-11-1956, Andhra Pradesh emerged in the present form, duly merging the Telangana districts situated on Deccan Plateau with Andhra, and delineating Bellary area to merge with Karnataka state. The final shape came into being with 9 Coastal districts, 10 Telangana districts and 4 Rayalaseema districts, with the State capital at Hyderabad. On 2-6-2014, the Telangana state was formed with 10 districts and the Andhra Pradesh with the remaining 9 Coastal districts and 4 Rayalaseema districts.

1.2 Topography:

Andhra Pradesh is the largest State in the Southern peninsular region. It is situated between 12° 14'N and 19° 54'N latitude and 76° 46' and 84° 50'E longitude. It is bounded by the Bay of Bengal on the East, the State of Karnataka on the West and the State of Tamil Nadu on the South. Its Northern boundaries are shared by the States of Orissa, Maharashtra and Madhya Pradesh. The State has a long coastline of 974 kms.

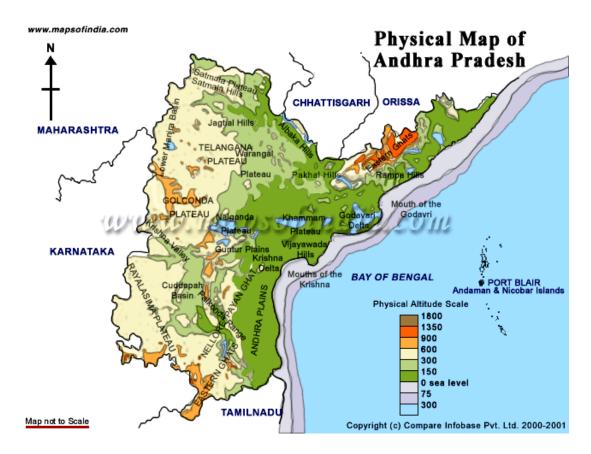
1.3 Physical features:

Based on its physical features, Andhra Pradesh is generally divided into three regions:

The Eastern Ghats, the Peninsular Plateau and the Coastal Plains.

- i) The Eastern Hills: The Eastern Hills, stretching to a width of more than 60 kms, form a chain of hills with the northern section of the chain being wider than the Ghats in the southern section. Mahendragiri is the highest of all the peaks in this chain, rising to a height of 1500 m (or 4,920 ft.). The southern section hills occur in two series of ridges the outer ridge and the inner ridge. The outer ridge comprises of the Nallamala and the Velikonda ranges, while the inner ridge comprises of the Erramala, Seshachalam and the Palakonda ranges.
- ii) The Coastal Plains: The coastal plain stretches from the foot of the Eastern Ghats to the Bay of Bengal. The coastal Plain is narrow in the north and is widest in the middle, where the rivers Krishna and Godavari form deltas. The

Plains are the most populous and the most prosperous of all regions in the State as the river waters deposit rich alluvium in the delta region, making it one



of the most fertile regions in the Country. The Coastal districts are also industrially well-developed.

iii) The Peninsular Plateau: The Peninsular Plateau, lying in the Central part of the State is mainly made of granite rock, sandy soil and scrub. The Plateau rises to a height of more than 600 m above sea level. Along the lower Godavari valley, a faulted trough of Gondawana rocks, containing rich deposits of coal is found. This lies in the districts of Adilabad, Warangal and Khammam.

1.4 Rivers:

Andhra Pradesh is endowed with a good river system of perennial rivers that sustain the economy of the State. The major, medium and minor rivers that flow through the state number around 40. The rivers of A.P. carry 15% of all the river waters in the Country. Godavari, Krishna, Pennar and Vamsadhara are the major rivers flowing through the State. There are 36

smaller rivulets flowing through the state. The State has the advantage of having most of the east flowing rivers in the heart of the state, bringing copious supplies from the Western and Eastern Ghats, and the Deccan Plateau, upto the Bay of Bengal.

- The Godavari system: River Godavari takes its birth at Triambakam, near Nasik in Maharashtra, and flows for a distance of 692 kms, before entering AP in Adilabad district. It flows through Eastern Ghats at Polavaram. At Dowlaiswaram, it gets divided into 2 branches, the Gautami, and Vasishta and finally merges in the Bay of Bengal after traversing a total distance of 1446 kms. It has a catchments area of 3,10,692 Sq.kms of which 23.62% lies in AP. Godavari delta is formed in between these two branches. In the State, Godavari flows through the districts of Adilabad, Nizamabad, Karimnagar, Warangal, Khammam, East and West Godavari. It is fed by a number of tributaries, of which Kinnerasani, Manjira and Indravathi are important.
- The Krishna system: River Krishna is the second largest river in the state. It flows 780 kms from Mahabaleswar in Maharashtra, before it enters AP. The main tributaries are Koyna, Bhima, Ghataprabha, Mallaprabha, Tungabhadra, Yerla, Warna, and Dudhganga. The river gets most of its water form the Western Ghats. The catchment area of the river is 2,58,818 Sq.kms, of which 29.45% is in AP. The Country's biggest man-made Reservoir formed by the famous masonry dam the Nagarjuna Sagar, is built across the river Krishna in Nalgonda and Guntur districts.
- The Pennar system: River Pennar also known as Uttara Pinakini, enters Anantapur district(AP), after traversing 40kms from Nandidurg hills of Mysore. The important tributaries of river Pennar are Jayamangali, Chitravati, Kunderu, Papagni, etc. It falls into the Bay of Bengal 29kms north of Nellore.
- The Vamsadhara system: Vamsadhara is the biggest of the rivers flowing from the Eastern Ghats into the Bay of Bengal, mostly through Srikakulam district. It runs for 250 kms with a catchment area of 41,400 Sq.kms
- Apart from these major rivers, many small rivers like the Musi, Swarnamukhi, Gosthani, Bahuda, Sarada, Varaha, Tandava, etc. flow through the State. Hence, the State of A.P. is called the River State of the South. These rivers are the main sources of irrigation in the State. They also offer good scope for navigation, fish and prawn farming, generation of electricity etc. The total surface water available from the river systems of AP is estimated to be 2746 TMC at 75% dependability. In the available total surface water, about 1900

TMC(69%) is being utilized presently. Climate changes have affected inflows into the river, with the water availability in the year 2011-12 being highly precarious.

1.5 Climate:-

The Western parts of the State experience wide variations in temperature during summer and winter regions as they are at a higher altitude when compared to the coastal region. The minimum temperature experienced during winters in Nizamabad, Madanapalli, Ananthapur etc. is 8-10°C, whereas the maximum temperature recorded during summer in Guntur, Khammam, Karimnagar, Nizamabad and Krishna districts often crosses 45° C. Humid to semi-humid conditions prevail in the coastal area, while arid to semi-arid situations pronounce in the interior parts of the State, particularly Rayalaseema, and some districts of Telangana region. The areas covered by Deccan Plateau are characterized by hot summers with relatively pleasant winters.

Rainfall: The normal rainfall in the State is 925mm. The coastal districts and the Telangana region receive good rains, while the Rayalaseema region is generally dry. The State receives rainfall during both South West monsoon and the North East Monsoon. 70% of the total rainfall is received by the South-West Monsoon, which generally sets in between June and September, followed by the North East Monsoon between October and December (about 22.3%). The rest of the rainfall is received during the winter and summer months.

Rainfall received, (in mm) during 2009-10 and 2010-11 is as follows:

	South West Monsoon	North East Monsoon	Winter	total
2009-10	454 (624 N)	185 (224 N)	15 (14N)	624
2010-11	810 (624 N)	333(224N)	13.5 (14N)
1156.5				

1.7 Districts: - Andhra Pradesh has been divided into 23 districts for administrative convenience. Of these, nine districts are coastal districts, ten districts fall under Telangana region and four under Rayalaseema region. The following are the 23 districts of the State.



	Copyright (a) Mapletoc Maid Emitted 2001				
S.No	Coastal Region	S.No	Telangana Region	S.No	Rayalaseema Region
1.	Srikakulam	1.	Adilabad	1.	Anantapur
2.	Vizianagaram	2.	Karimnagar	2.	Kurnool
3.	Visakhapatnam	3.	Khammam	3.	Kadapa
4.	East Godavari	4.	Nalgonda	4.	Chittoor
5.	West Godavari	5.	Nizamabad		
6.	Krishna	6.	Warangal		
7.	Guntur	7.	Mahbubnagar		
8.	Prakasam	8	Ranga Reddy		
9.	Nellore	9.	Medak		
		10.	Hyderabad		

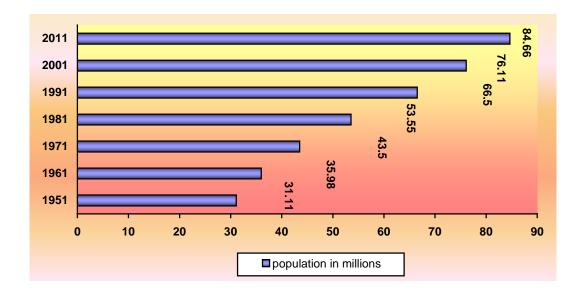
The Coastal districts are agro-rich. They are also densely populated. The Telangana region is relatively backward, with low rate of literacy. Districts in Rayalaseema region are also not industrially well developed, though there is immense potential for industrial activity — especially in the mineral based sector. The districts of Adilabad, Khammam, Nizamabad and Karimnagar have a good forest cover. Some of the important cities and commercial centres of the State are the Capital City of Hyderabad, Visakhapatnam, Vijayawada, Guntur, Tirupathi etc.

1.8 DEMOGRAPHIC PARTICULARS :-

i) Population:

The population of A.P. as per the 2011 census stands at 84.66 millions. This constitutes about 6.99% of the total population of the country. This makes A.P. the most populous of the 4 southern states. The decadal growth rate of population in A.P. is 11.1 % down from14.44% in 2001 and 24.2% in 1981-91, whereas the average All India decadal growth rate is 17.64 %. The population of the State stood at 31.11 millions in 1951, 35.98 millions in 1961, 43.5 millions in 1971 and 53.55 millions in 1981, and 66.5 millions in 1991, with increasing decadal growth rates (15.65 in 1961, 20.9 in 1971, 23.1 in 1981 and 24.2 in 1991 and a decline to 14.44 in 2001 and 11.1 % in 2011-12) during the 4 decades.

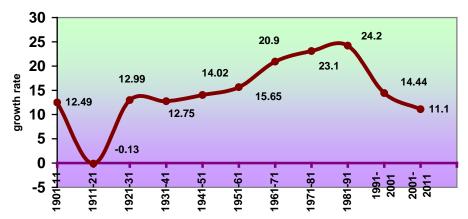
Growth of AP population over the decades ...



ii) Density and Dispersal of population:

The State's density of population (as per 2011 census) is 308 persons per Sq km, recording an increase from 277 persons per sq km in 2001 and 242 in 1991. The density of population has been steadily increasing from 113 persons/Sq.km. in 1951 to 131 persons/Sq.km. in 1961,157 persons/Sq.km. in 1971 and 195 persons/sq.km. in 1981 and 242 persons per sq km in 1991. The Country's density of population in 2001 stands at 312 persons per Sq.km. and 382 persons per Sq Km in 2011.

decadal growth rate of population - AP



The following table gives the total population in the 23 districts of the State:-

	Population as per 2011
Name of the District	census
Srikakulam	26,99,471
Vizianagaram	23,42,868
Visakhapatnam	42,88,113
East Godavari	51,51,549
West Godavari	39,34,782
Krishna	45,29,009
Guntur	48,89,230
Prakasam	33,92,764
Nellore	29,66,082
Coastal region total	3,41,93,878
<u>Telangana Region</u>	
Ranga Reddy	52,96,396
Hyderabad	40,10,238
Nizamabad	25,52,073
Medak	30,31,877
Mahbubnagar	40,42,191
Nalgonda	34,83,648
Warangal	35,22,644
Karimnagar	38,11,738
Adilabad	27,37,738
Khammam	27,98,214
Telangana region total	3,52,86,757
Rayalaseema Region	
Chittoor	41,70,468

Total	8,46,65,533
Rayalaseema region total	1,51,84,908
Anantapur	40,83,315
Kadapa	28,84,524
Kurnool	40,46,601

The coastal districts are the most populous as they are the most prosperous districts, owing to good natural resources. The Telangana Region has less density of population owing mainly to good forest cover. The Rayalaseema region is generally drought prone, with no major rivers flowing through it. The average density of population of the Coastal, Telangana and Rayalaseema regions speaks of this. The maximum density of population is in the capital city of Hyderabad (17632 persons per Sq.km.).

The rural population of the State is 552.96 lakhs constituting 72.65 % of the State's population. The crude birth rate per 1000 population in A.P., as per the 1991 population census was 26 while the estimated figure for 2000 is 21. The crude death rate per 1000 population is 8.2(which was 13.8 in 1981 census)Death rate in rural areas is 9.0 and that in urban areas is 5.8. Infant mortality rate in rural areas is 74 per 1000 live births, and that in urban areas is 36. Average infant mortality rate is 65. The sex ratio (no. of females per 1000 males) stands at 977 (up from 972 in 1991).

iii. <u>Literacy</u>: The average literacy rate in the State is 67.66 which is a good increase from the 2001 figure of 61.11 The literacy rate among male population is 75.56, and that amongst female population is 59.74

The following table gives the literacy rates in different districts of the State. The average literacy rate is highest in the coastal districts of AP followed by the Rayalaseema districts. Prosperity, industrialization and awareness may be attributed to the high literacy rates.

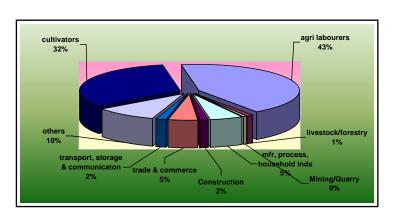
District		literacy	Literacy rate – male	Literacy rate – female
	AP	67.66	75.56	59.74
1.	Adilabad	61.55	71.22	51.99
2.	Ananthapur	64.28	74.09	54.31
3.	Chittoor	72.36	81.15	63.65
4.	Kadapa	67.88	78.41	57.26
5.	East Godavari	71.35	74.91	67.82
6.	Guntur	67.99	75.40	60.64
7.	Hyderabad	80.56	83.35	78.42

8.	Karimnagar	64.87	74.72	55.18
9.	Khammam	65.46	73.20	57.85
10.	Krishna	74.37	79.13	69.62
11.	Kurnool			
12.	Mahbubnagar			
13.	Medak			
14.	Nalgonda			
15.	Nellore			
16.	Nizamabad			
17.	Prakasam			
18.	Ranga Reddy			
19.	Srikakulam			
20.	Visakhapatnam			
21.	Vizianagaram			
22.	Warangal			
23.	West Godavari			

iv. Working Population:

The industry wise categorization of the total population, as per 2001 census is as follows:

S.No.	Category	Population (lakhs)	Percentage of working population
1	Main workers	1292277	4.03
2.	Agricultural labourers	555594	42.99
3.	Livestock/forestry	16863	1.31
4.	Mining/quarrying	4425	0.34
5.	Manufacturing, processing, household industry	68519	5.3
6.	Construction	19507	1.51
7.	Trade and commerce	59784	4.63
8.	Transport, storage & communication	22392	1.73
9.	Others	74995	5.8



An interesting fact is that, among agricultural labourers and marginal workers, female workers out-number male workers. While female workforce constitutes 51.12% of the total agricultural workforce, 92.32% of marginal workers are female workers. The contribution of Manufacture & Processing Sector (both household and non-household sector) to employment generation is only about 10%.

1.9. <u>Important Economic Activities</u>

The rich and varied natural resources that the State of Andhra Pradesh is endowed with have helped the State in its Economic and Industrial development. Agriculture, being the main backdrop of the economy, and many other sectors, such as the Agro Industry, textile industry, handloom sector, etc. are directly or indirectly dependent on it. The bountiful harvests of the Coastal region have helped Andhra Pradesh reach new heights in exports, and provide raw material to Agro and food based industry in far off parts of the country. The horticulture produce based industry in the State too has developed, making the State one of the leaders in fruit production. Commercial crops such as chillies, coconut, groundnut, tobacco, cashew, turmeric etc. have been earning good revenue and foreign exchange for the State since many decades.

The good irrigation facilities in the State, coupled with fertile soil have helped the State earn the epithet of 'Rice Bowl of India'. The State grows several varieties of fine rice. The State is now witnessing changes in cropping patterns, with oil seeds like sunflower & castor seed, being grown in vast areas. Floriculture, Sericulture, Aquaculture and Mushroom culture are other economic activities that are being encouraged in a big way, as they have been identified as sunrise industries, offering immense export potential.

Andhra Pradesh also has rich deposits of various minerals. It is the leading producer of some minerals. The State leads in production of Barytes, Mica, Bauxite, etc. with a large number of Research Institutions; the State Capital is a centre of Science and Technology. Hyderabad has attracted many computer software and hardware firms and has now emerged as a leading centre for Information Technology. With the

establishment of private industrial parks for Information Technology, the State has become a pioneer in private investment in infrastructure industry.

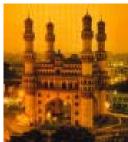
The Government's thrust is in developing tourism by improving the infrastructure base and logistics. To facilitate foreign investment, it has embarked upon providing an investor friendly environment and world class infrastructure.

1.10: Places of tourist interest:

The State has many places of Tourists' interest. Among them are the valleys of Eastern Ghats, forts and temples of Warangal, stupas of Amaravathi (Guntur Dt.) and Tirupathi (Chittoor dt), abode of Lord Venkateswara, and many places in the Capital city of Hyderabad. However, the tourism industry is not well developed and it offers tremendous scope for development. This sector is a potential revenue earner for the State.



Thousand pillar temple, Warangal



Charminar, Hyderabad



Lepakshi Nandi, Anantapur Dt



Monolithic Buddha Statue, Hyderabad





Lord Balaji Temple, Tirupathi

Church at Medak



Nagarjuna Sagar Dam across river Krishna

Handlooms & handicrafts of Andhra Pradesh





Silk sarees of Pochampally



Wooden toys, Kondapalli





Bidri ware



Banjara needle work

budithi brass ware

CHAPTER II

AGRICULTURE & ALLIED ACTIVITIES

2.1 Agriculture is the mainstay of the State's economy. Rich alluvial and black cotton soil and perennial rivers have given the State good harvests year after year. The State is one of the leading producers of Rice, jowar, bajra, pulses, oilseeds, maize, chillies, cotton, tobacco, fruits, coconut, cashew, and fruit crops.

This chapter deals with the important crops grown in the state and the other important farm related activities.

2.2 <u>Land Utilization Pattern:</u>

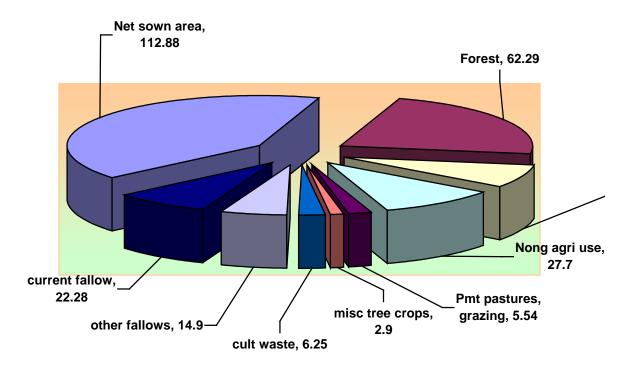
Of the total geographical area of 275.04 lakh hectares of the state, 112.88 Lakh hectares was net sown area in the year 2010-11 , when compared to 1 lakh hectares during the year 2009-10. The area under forest cover was 62.29 lakh hectares. Current fallow accounted for 22.28 lakh Ha, down from 33.6 lakh hectares during 2009-10.

The following table shows the pattern of Land Utilization in the State during 2010-11(latest available data)

S.No	Category	Area
		(in lakh hectares)
1.	Total Geographic area	275.04
2.	Forests	62.298
3.	Barren & Uncultivable land	20.26
4.	Land put to non-agricultural use	27.70
5.	Culturable waste	6.25
6.	Permanent Pastures & other	5.54
	grazing lands	
7.	Land under Misc.tree crops and	2.9
	groves	
8.	Other fallow lands	22.287
9.	Current fallow	14.9
12.	Net area sown	112.88

Source: Statistical Abstract, 2011. Govt. of AP

land utilization pattern, 2011



2.3 Agricultural Land Holdings:

The average size of agricultural land holding in AP is 1.36 hectares. Maximum No. Of land holdings are found in 'less than 0.5 hectares' category. The following table shows the different sizes of land holdings in the State (data as in 95-96 (P).

Holding size in hectares	No. of Holdings	Total area in hectares
Less than 0.5	3859336	1097778
0.5 – 1.0	2440457	1806249
1.0 to 2.0	2262134	3229297
2.0 to 3.0	985165	2334565
3.0 to 4.0	410317	1401651
4.0 to 5.0	242277	1072864
5.0 to 7.5	232635	1403515
7.5 to 10	88340	754530
10 to 20	71284	931125
More than 20	11424	342078
	10603369	14373652

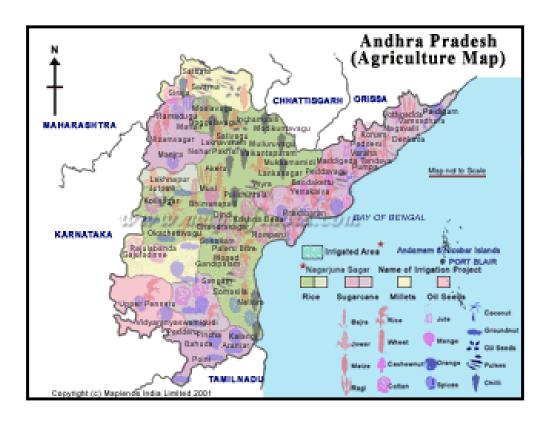
Source: Bureau of Economics and Statistics, Govt of AP

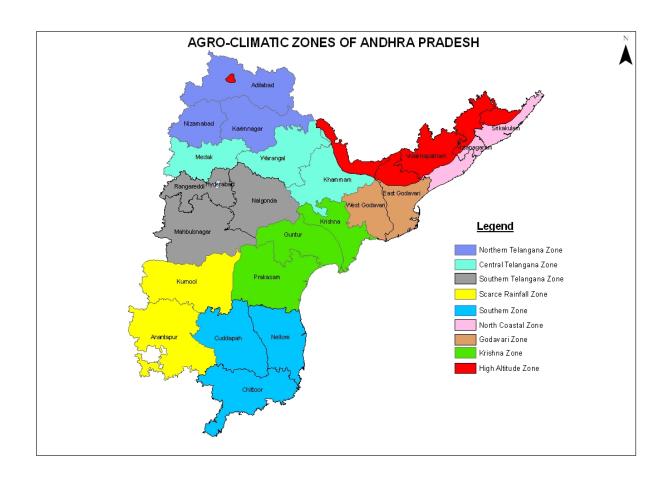
2.4 Cropping Pattern In the State:

The State has definite cropping seasons, mainly based on the rainfall received through the Southwest and Northeast monsoon periods. The two seasons are Khariff and Rabi seasons. There was a significant change in cropping pattern in the state during the past three years, due to drought in all areas. Net sown area decreased considerably.

Khariff season: This is the main cropping season in the district, and starts with the onset of Southwest monsoon, and runs up to October. Major crops that are rain fed, tank fed or canal fed are cropped during this season.

Rabi season: This season coincides with the onset of North East monsoon. The southern coastal region and Rayalaseema regions of the State have maximum cropped area during this season, as they receive good rainfall during this period. This season starts in Oct-Nov and extends up to February – March. Rice, jowar, bajra, ragi, maize and pulses like bengalgram, red gram, green gram and Black gram are the food grain crops grown in the State.





The following paragraphs discuss the major crops grown in Andhra Pradesh,: Data given pertains to the year 2010-11

Food Grains: Food grain production, district-wise, during the year 2010-11, was as follows(figures in Thousand tones)

S. No	District	Production of	Production of
		food grains in	food grains in
		thousand tons	thousand tons
		2010-11	2000-01
1.	Adilabad	432.4	316.4
2.	Anantapur	369.24	157.1
3.	Chittoor	2.19	145.8
4.	YSR Kadapa	250.12	114.4
5.	East Godavari	1374.7	1103.0
6.	Guntur	1871.9	861.0
7.	Hyderabad	0	0
8.	Karimnagar	1803.58	880.1
9.	Khammam	949.17	245.5

10.	Krishna	1333.05	959.4
11.	Kurnool	960.1	461.8
12.	Mahboobnagar	974.4.	507.6
13.	Medak		525.2
14.	Nalgonda	1029.7	343.6
15.	Nellore	1047.88	693.3
16.	Nizamabad	1301	417.4
17.	Prakasam	817	307.3
18.	Rangareddy	237	206.2
19.	Srikakulam	285	301.7
20.	Visakhapatnam	278	137.7
21.	Vizianagaram	443	160.3
22.	Warangal	1151	506.2
23.	West Godavari	1802	1304.3
	Total	20314.1	10655.3

a. Rice(paddy)

Rice (paddy) is the single major crop grown throughout the State. Andhra Pradesh ranks 4th in the country in area under paddy cultivation, its share being 9.6%, and second in rice production, its share being 14.36 %. During 2010-11, area under paddy was 47.51 lakh hectares, and production was 144 Lakh tones, compared to 42 lakh ha of area and 144 Lakh tones production in 200-01, showing a decline in productivity. Paddy area under irrigation accounted for 65.4% of total cropped area irrigated. Among all the districts, West Godavari topped in area, production and productivity of paddy, with an area of 4.56 lakh hectares and an out-turn of 14.9 lakh tonnes, while East Godavari district ranked 2nd a with an area of 4.10 lakh hectares, and a production of 13.07 lakh tonnes and Nalgonda district ranked third in area, with 4.05 Lakh Ha under paddy cultivation, and a production of 13.23 lakh tonnes. Productivity wise, West Godavari topped the chart .

b. Pulses

• This is an important constituent in the diet of Andhriites. During 2010-11, the State, had a coverage of 21.3 Lakh Ha, and a production of 14.4 lakh tones. During 2002-03, it was 23.61 lakh Ha. AP ranks 4th, next to Madhya Pradesh, Maharashtra, and UP in pulses production. In AP, the districts of Kurnool (3.18 lakh Ha, and production of 3.08 lakh tonnes) Prakasam (area - 2.11 lakh Ha, production, 1.71 lakh tonnes), Mahbubnagar, (1.77 lakh Ha, production, 0.9 lakh tonnes) are major pulses producing areas.

c. Chilies:

AP stands first in the country in area and production of chillies crop. The area, however, has been stable for the last 5 decades. Guntur district ranks first in coverage (0.64 lakh hectares and production of 2.19 lakh tones in 2010-11), followed by Khammam (area - 0.29 lakh Ha production of 1.03 lakh tones), and Warangal(0.21 lakhs Ha and production of 0.65 lakh tones) .

d. Groundnut:

Andhra Pradesh is one of the leaders in the production of groundnut in the country, ranking 3rd, the first and second being Gujarat and Tamil Nadu respectively. It contributes about 15% to the total production in the country. In the state groundnut is predominantly grown in all the four districts of Rayalaseema region, with Anantapur topping. During 2010-11, ground nut was grown over 16.22 lakh Ha, and production was around 14.57 lakh tones, Major groundnut growing areas are Anantapur (area- 8.34 lakh Ha, production 4.80 lakh Tons), Kurnool (1.78 lakh Ha, 1.5 lakh T), and, Chittoor (1.61 lakh Ha, 1.91 lakh T)

e. Sunflower:

Though sunflower is relatively a new crop in India, the last two decades have witnessed a phenomenal growth in the cultivation of this crop, due to acute demand for oilseeds. AP ranks third, with a coverage of 2.25 lakh Ha in 2010-11 and 1.56 lakh Tonnes of production. This crop is grown both in Khariff and Rabi seasons, in almost all parts of the state. Kurnool, Prakasam, and Kadapa, districts in the state rank 1st, 2nd, &3rd respectively in cultivation of sunflower in the state.

f. Cotton:

Cotton is one of the major commercial crops grown in the state, with a coverage of 17.76 lakh Ha in 2010-11. It ranks 3rd in the crop area under cotton in the country. The state produced approximately 17.76 lakh bales (of 170 Kgs of lint) in 2010-11. Major Cotton growing districts are Warangal (2.28 0 Lakh Ha, 5.98 lakh Bales,) Adilabad (3.25 lakh ha, 6.62.7 lakh Bales), and Karimnagar(2.35 lakh Ha, 5.02 lakh bales).

g. Sugarcane

About 20% of World's cultivated area under sugarcane is in India, next only to Brazil. AP stands 5th in the country and has a coverage of 1.91 lakh hectares during 2010-11. Production during the year was 15.09 lakh T. 90% of sugarcane area is irrigated. Visakhapatnam district of the state tops in coverage of this crop(Area-0.39 lakh Ha, production, 2.24 lakh T, followed by, Chittoor (0.28 lakh Ha, production 2.3 lakh T) and West Godavari (0.26 lakh Ha, production 2.57 lakh T). These districts are followed by Medak, and Nizamabad

h. Coconut:

The State's vast coastline aids in good production of coconut. In 2010-11, 1.04 lakh Ha was under coconut plantation, and the production was 1220.68 lakh nuts. Nearly 50% of area and production of nuts is from the East Godavari district, followed by West Godavari, Srikakulam and Visakhapatnam districts.

i. Tobacco:

Tobacco is an important foreign exchange earner, grown over 1.57 lakh ha. AP cultivates the Virginia and also Natu variety. Prakasam, West Godavari, Kurnool, and Nellore districts of AP cultivate this crop extensively, while in other coastal districts also, tobacco is cultivated in smaller areas.

The other important crops grown in the state include maize, jowar, ragi, castor, and other pulses.

The area under food grain production during the year 2013-14 is as mentioned bel

Kharif 2013 & Rabi 2013-14 Achievements (Abstract)

(Lakhs tones)

5

			2013-14 (Expected)		
Sl.No.	Сгор	Normal Production	Kharif	Rabi	Total
1	Rice	127.62	82.14	57.05	139.18
2	Pulses	14.38	3.23	12.10	15.33
3	Total Foodgrains	186.82	115.22	101.48	216.71
4	Oil Seeds	23.02	11.11	6.28	17.39
5	Cotton (lakh bales)	39.05	64.75	0.11	64.86

NOTE: This year the food grain production as per 2nd advance estimate of DES is 207.29 LMTs, which will be the ever highest in the state after 2008-09 (204.21LMTs). But this year we may achieve a record food grain production of 216.71 LMTs.

The following table shows the area, production and yield of various oilseeds and commercial crops during 2010-11:

S.No.	Crop	Area in(lakh	Production in
		hect.)	lakh MT
1	Groundnut	16.22	14.57
2	Sesamum	1.25	0.26
3	Castor	1.87	1.21
4	Sunflower	2.25	1.56
6	Coconut	1.03	12202 lakh nuts
7	Cotton	17.76	38.9 bales
8	Sugarcane	1.91	15.09
9	Tobacco	1.57	2.81

The A.P. Oil Seeds Federation has played a vital role in promoting cultivation and processing of oil palm. Private enterprises such as M/s.ITC Agro Ltd., M/s. Mac India ltd., M/s. Foods, fats and Fertilizers, M/s. Navabharath Enterprises, etc. have been allotted land for oil palm cultivation and subsequent processing. The major oil palm cultivating districts are East Godavari, West Godavari and Krishna.

The State has vast resources of Neemseed, which goes largely untapped, Neem seed forms a basic draw material for many Ayurvedic medicines, pesticides etc. This resource needs to be utilized by small oil extraction plants, etc.

The following table gives the percentage of area under food crops and non food crops to total area sown, in all the districts (2010-11)

S. No	District	% of total area sown in food crops and major crop(s)	% area of total area sown in non food crops and major crop(s)
1.	Adilabad	40.5 9 (millets)	59.5 (cotton)
2.	Anantapur	26.4(pulses)	73.6(groundnut)
3.	Chittoor	57.8(paddy, millets)	42.2(groundnut)
4.	Kadapa	50.5 (pulses, millets)	49.5(groundnut)
5.	East Godavari	85.8 (Paddy)	14.2(coconut)
6.	Guntur	73.9 (paddy,	26.1(Cotton)

		pulses)	
7.	Hyderabad	0	0
8.	Karimnagar	68.6 ((paddy)	31.4(cotton)
9.	Khammam	66.9(paddy)	33.1 (cotton)
10.	Krishna	86.3 (paddy,	13.7(cotton)
		pulses)	
11.	Kurnool	60.5 (pulses,	39.5(groundnut)
		paddy)	
12.	Mahboobnagar	59.9 (paddy,	40.1(cotton,
		pulses)	groundnut, castor)
13.	Medak	83.3 (paddy,	16.7 (cotton)
		pulses, millets)	
14.	Nalgonda	73.2 (paddy,	26.8(cotton,
		pulses)	groundnut)
15.	Nellore	83.6 (paddy,	16.4 (sesamum,
		pulses)	tobacco)
16.	Nizamabad	79.9 (paddy,	20.1(cotton)
		pulses, millets)	
17.	Prakasam	61.8 (paddy,	38.2 (tobacco,
		pulses)	cotton)
18.	Rangareddy	79.2 (paddy,	20.8(cotton)
		pulses, millets)	
19.	Srikakulam	82.4 (paddy,	17.6 (groundnut,
		pulses)	coconut)
20.	Visakhapatnam	84.8 (paddy,	15.2 (Coconut)
		millets)	
21.	Vizianagaram	78.8 (paddy,	21.3(groundnut,
		pulses)	sesamum)
22.	Warangal	62.7 (paddy,	37.3(cotton)
20	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	millets)	
23.	West Godavari	86(paddy)	14 (tobacco,
		67.4	coconut)
	Total	67.1	32.9

2.5 Irrigation:

Andhra Pradesh ranks first in India, in terms of area irrigated (erstwhile unified UP ranked first before its division). The net area irrigated during 2010-11 was 50.33 lakh ha.

The main sources of irrigation in the State are canals, tanks, tube wells and other wells. However, over the past few years, it has been seen that the area irrigated by

canals is slowly decreasing, whereas area irrigated by tube wells and pump sets is on the increase. The net area irrigated, source-wise and region-wise during 2010-11 is as follows:-

Source	% to net area irrigated
Canals	34.7
Tanks	12.91
Dug wells	12.23
Tube wells	36.66
Other sources	3.5
Total	100

Source: Bureau of Economics and Statistics, Govt of AP

As the table reveals, major % of the net area irrigated is through tube wells and canals . Of this, more than three fourths of area falls in the river course areas as the major river systems of Godavari and Krishna and their tributaries flow through these districts.

Some of the major irrigation projects in the State are:-

S No.	Project	Districts benefited	Cultivable command area('000Ha)
1	Neelam Sanjeev Reddy Sagar(Srisailam Project)	Kurnool, Kadapa	75.1
2	Jurala Project	Mahboobnagar	40
3	Nagarjuna Sagar	Nalgonda, Khammam, Krishna, Guntur, Prakasam	880
4	Prakasam Barrage	West Godavari, Krishna and Guntur	490
5	Tungabhadra	Kadapa, Anantapur, Kurnool	146
6	Sriram Sagar Project	Adilabad, Nizamabad, Karimnagar, Warangal	369
7	Lower Maneru Reservoir	Warangal, Karimnagar	8
8	Kadam project	Adilabad	14
9	Sir Arthur Cotton	East and West Godavari	400

	Barrage		
10	Rajolibanda	Mahboobnagar, Kurnool	34.8
	Diversion Scheme		
11	Vamsadhara project	Srikakulam	102
12	Somasila Project	Nellore	160
13	Yeleru Reservoir	Visakhapatnam, East	57.6
		Godavari	
14	Kurnool-Kadapa	Kurnool, Kadapa,	111
	canal	Mahboobnagar	
15	Nizamsagar project	Nizamabad	95.6
16	Gazuladinne Project	Kurnool	14
17	Kandaleru	Chittoor and Nellore	80
18	Pulivendela Canal	Kadapa	24
	Scheme		
19	Madduvalasa	Srikakulam	14
	Reservoir scheme		
20	Thandava Reservoir	Visakhapatnam and East	18.6
	Scheme	Godavari	
21	Jhanjhavati project	Srikakulam	10
22	Yerrakalava	West Godavari	10
	Reservoir		
23	Thotapalli Reservoir	Vizianagaram	16.7
24	Narayanapuram	Srikakulam	12.5
	anicut		
25	Telugu Ganga	Kurnool, Kadapa, Nellore,	230
	(ongoing)	Chittoor,	
26	Handri Niva Sujala	Kurnool, Kadapa, Chittoor,	241
	Sravanti Project	Anantapur,	
	(ongoing)		
27	Galeru Nagari Sujala	Kadapa, Chittoor, Nellore	130
	Sravanthi		

Besides the above, work is in progress on modernization of Tungabhadra High canal Stage I & II, Low level Canal, Flood flow canal from Sriramsagar Project, Srisailam Left Bank canal, Priyadarshini Jurala Project, Bhima lift irrigation scheme, Nettampadu lift irrigation scheme, Kalwakurthy lift irrigation scheme, Veligonda project, Shagalnadu Scheme, Potharlanka scheme, etc.

2.6 HORTICULTURE

Horticulture sector in AP has been identified as a sunrise sector, and has been given great importance for its potential. A separate Department of Horticulture was created in 1982, which assists horticulture farmers in cultivation of fruits, vegetables, oil palm, spices, flowers, and coconut. This sector now contributes 10-15% of the State's Agriculture GDP.

AP is a leading producer of many fruits like mango, banana, grapes, citrus, Batavia, pine apple, and a variety of vegetables. It is also a major producer of flowers like Rose, marigold, jasmine, etc, oil palm, and coconuts. Based on the agro climatic conditions, the state has been divided into 7 major zones. The State department advises farmers on cropping pattern, use of fertilizers, pesticides etc, based on these zones.

Source: State Agricultural Profile, Dept of Agriculture.

District wise dispersal of horticulture crops:

1. **Mangoes.** The State is the largest producer of mangoes. The areas of concentration of mango groves are Krishna(13.87%), Khammam(9.56%),Chittoor(12.78%),Vizianagaram(11%),West Godavari(10%), East Godavari(9%), Visakhapatnam (7%), and Kadapa(6%). The famed Banganapalli, Neelam, Totapuri, Chinna rasam, Peddarasam and Manjeera are in great demand overseas for their taste and flavour. Large quantities of fresh fruit are exported to the Middle east, European and South-East Asian countries.

However, lack of cold storage and preservation facilities are leading to damage of a huge quantity of fruit. Small scale units using mango as raw material(like fruit juices, jelly, marmalade, squash, etc) may be encouraged around the areas of concentration of Mango groves for processing various items like fruit juices, jelly, marmalade, fruit concentrate etc.

- 2. <u>Banana:</u> Banana groves are concentrated in the districts of East and West Godavari, , Kadapa, Khammam, Vizianagaram Visakhapatnam and Guntur. Productivity is highest in Kadapa district. The major varieties grown in these areas are Chakkarakeli, Amruthapani and the green plantain. Most of the fruit is consumed domestically.
- 3. <u>Grapes</u>: 85% of area under grapes is in the Ranga Reddy district, surrounding the Capital, Hyderabad. The popular varieties of grapes grown are the Thomson Seedless Variety (also known as Oval kishmish), the Anab-E-Shahi, and the black grape. AP exports grapes to Australia and some European countries.

4. Citrus fruits, lemon & Batavia:

These fruits are mostly grown in Nellore, Anantapur, Nalgonda, Prakasam and Cuddapah, districts

Coconut:

Coconut plantations dot the coastline of A.P. from Srikakulam to Nellore. Major concentrations are found in the delta region between the two Godavari districts, known as Konaseema.

5. Cashewnut:

Cashewnut gardens cover 1.62 lakh hectares (2009-10), mainly in West Godavari, East Godavari, Visakhapatnam, Srikakulam (Palasa) and Khammam districts.

Other fruits grown are guava(in Ranga Reddy, Anantapur, Krishna, West Godavari, East Godavari, and Mahboobnagar districts), papaya(in Kadapa, Medak), Sapota(in Prakasam and Guntur districts), pine apple, pomegranate, sweet lime, and custard apple. The total areas under fresh fruits (2009-10) was 9.21 lakh Ha, while production was 129 lakh Tonnes. The State offers good potential for fruit processing.

6. **Vegetables**:

The major vegetables grown in Andhra Pradesh are tomatoes, onions, bhendi, brinjal, green leafy vegetables, tapioca etc. Only around 3.33 lakh hectares of land is under vegetable cultivation (compared to 9.21 lakh hectares under fruit crops).

Tomatoes are grown , mainly in Kadapa, Ranga Reddy, Medak, Mahboobnagar districts .

Other important crops grown in the district are potato, Bhendi, Beans, Brinjal, Cabbage, gourds, etc

The Govt. of A.P. identified 3.2 lakh hectares of land for development of horticulture crops in the command areas of Telugu Ganga, Jurala, Srisailam Right Canal and the Kakatiya Canal. As only 0.5% of the horticultural produce is being utilized by the food processing industry, small units are being encouraged to utilize the horticultural produce.

8. Spices and Condiments:

Ginger, Chilies, Garlic, Coriander, tamarind and turmeric are grown extensively in the State. Major ginger producing districts are Visakhapatnam and Medak. Ginger production during 2009-10 was 52423 tonnes.

Garlic is mainly grown in the districts of Nizamabad, Karimnagar and Medak. Area under Garlic production during 2009-10 was 828 acres and production was 8280 Tonnes

Area under **Turmeric** in 2009-10 was 72 thousand hectares in the State. The Production of turmeric was 4.46 lakh tones .Turmeric producing districts

are Karimnagar, Nizamabad, Guntur, Warangal Ranga Reddy, Adilabad and Kadapa.

Tamarind is mainly produced in Anantapur, Chittoor and East Godavari districts. Tamarind production during 2009-10 was 30945 T.

Coriander is grown in Kurnool, Kadapa, and Anantapur regions.

2.7 Mushroom culture :

Andhra Pradesh has a climate that is ideal for mushroom culture. Of late, this activity has been recognized as having good export potential. Mushrooms cultivated here are in demand in European countries. These countries are also willing to offer technology for button mushroom cultivation. Availability of cheap labour and inputs helps in keeping the production costs low.

2.8 Floriculture:

During 2009-10, the State had about 21,400 ha of land under flower crops.. The major flower crops grown are Rose, Jasmine, Chrysanthemum, Marigold, Crossandra and Tuberoses. 1.3 lakh tones of flowers were produced during the year. The APEDA has identified roses and Chrysanthemums as having good export potential.

2.9 <u>Sericulture</u>:

China has a market share of 81.65% in the world raw silk production, followed by India with 13.14%. Japan has a share of 0.21% with the production of. Brazil, Thailand and Uzbekistan have been competing with each other with their market share of 1.20%, 1.13% and 0.76% respectively. The other countries which are contributing to the world silk production are, Korean Republic (0.12%), Vietnam (0.60). All the other countries practicing sericulture put together contribute 1.19%.

Sericulture is an agro-based labour intensive industry which provides gainful employment to the rural and unemployed youth and helps to uplift the socioeconomic status of small and marginal farmers. The economic advantages of Sericulture industry lies in its high employment potential with low investment. One hectare of mulberry creates employment to (12) persons throughout the year. 60% of them are women thereby supporting a greater role for women in development. It requires low gestation period and continues to yield for 15-16 years with little expenditure on maintenance. It gives higher returns, unlike other agricultural crops. Andhra Pradesh

occupies 1st position in productivity and 2nd position in the country next to Karnataka in production of Silk. Andhra Pradesh produces all the four popular varieties of Silk worm cocoons namely Mulberry, Tasar, Eri and Muga. Andhra Pradesh has got very strong and traditional weaving base with more than a lakh number of hand looms mostly concentrated in weaving pockets like Dharmavaram, Pochampally,, Gadval, Patur, Peddapuram, Narayanpet, etc., A number of cotton weavers have taken to silk weaving in centers like Rayadurg and Proddatur because of better income in silk weaving. As a rural agro based industry, Sericulture has now expanded to almost all districts in the state.

Sericulture has been identified as a sunrise industry owing to its immense potential for providing employment and export market. The State Government offers special incentives to attract entrepreneurs to this activity.

Sericulture involves four activities – mulberry cultivation, silk worm rearing, reeling and twisting and weaving. Mulberry cultivation provides employment to 12persons per hectacre for 300 days as mulberry is cultivated throughout the year. Now, 5.25 lakh persons are directly or indirectly employed in this activity, 60% of whom are women. Concerted efforts by the govt. have resulted in expansion of acreage under mulberry in the districts of Kurnool, Prakasam, Guntur, Chittoor, Kadapa Nellore, West Godavari and Vizianagaram districts.

The State Govt. has developed 162 non-farm technical service centres at Kadiri, Hindupur, Dharmavaram, Atmakur, Rayachoti, Madanapalli, Kuppam, Palamner, Gannavaram, Karimnagar, Guntur, Choutuppal, Hyderabad, Venugopalapuram and Peddapuram. These centres render technical assistance and consultancy. In association with the Central Silk Technological Research Institute, Bangalore the Sericulture Department of Govt. of AP organizes technical training programmes in fields such as reeling, water quality, cocoon stifling, cooking etc. Reelers training Institute at Madanapalle and Silk conditioning and testing House at Bangalore are other Institutes, which offer assistance to sericulturists. A computerized cocoon testing lab has been opened in cocoon market in Hyderabad. The AP Sericulture Research and Development Institute, established in Kerikera of Hindupur, Anantapur dt, provides R&D assistance. Training in this field is also offered by the Sericulturists and silk weavers Co-op. Society(SERIFED).

The Central Silk Board offers some incentives to Sericulturists, such as:

- 1) An incentive of Rs.50/- per kg of raw silk to good quality silk, which is transacted through silk Exchanges.
- 2) 50% of the project cost (subjected to a maximum of Rs.1 lakh is offered for units utilizing by products of this industry.

2.10 Fisheries:

Andhra Pradesh is a leader in Brackish water shrimp products and fresh water prawn production. It stands second in fresh water fish production and fifth in marine fish production.

Endowed with a coastline of 974 kms, and a continental shelf area of 33,247 sq.kms, with the length of rivers flowing through 8577 kms, AP is one of the states producing large quantities of marine, brackish water and inland fish in the country. There are 102 reservoirs with a Water spread area of 2.34 lakh hectares. 4604 perennial tanks with a Water Spread Area of 1.8 lakh Ha exist Andhra Pradesh has a marine fishing potential of 4 lakh tonnes a year. Inland fishing is a fetching activity with nearly 3.8 lakh hectares under fish farming. As per the latest available figures of 2010-11, the marine fish and prawn production was 2.9 lakh tonnes, compared to 2.93 lakh tones in 2009-10. Major fish producing districts are Visakhapatnam, East Godavari districts and Nellore district. Inland fish production (including prawn production) was 12.25 tonnes, in 2010-11 and 9.7 tonnes in 2009-10.

Kolleru lake is a fresh water lake, while Pulicat lake is brackish water lake. The biggest producer of marine fish is West Godavari district (6.06 lakh T) followed by Krishna district (3.7 lakh T).

The Govt of AP aims at a growth rate of 6% in inland fish production, 7% in inland fish seed production, and to enhance fish consumption rate from 9.58 kgs to 11 kgs per head per annum. Alternative modern technologies are proposed to be introduced. It proposes to involve private participation in creation of infrastructure, and hopes to promote additional employment in private sector, through such ventures.

2.11 <u>Livestock:</u>

The livestock sector has grown at a rate of 6.1%during the period 1999-2000 to 2010-11, as against 6.4% recorded by the crop sector. It contributes 5% to the state GSDP and 30% of agricultural GSDP. The last livestock census conducted in 2007, reveals that the total livestock population in the State stands at 602

lakhs consisting of 112 lakh cattle population and 9.64 lakh buffalo population. The following table gives the categorization of livestock.

Category		A.P.livestock population	
1	Cattle	112.23 lakhs	
2	Buffaloes	1.32 lakhs	
3	Sheep	255.40 lakhs	
4	Goats	96.26 lakhs	
5	Pigs	4.38 lakhs	
6	Other livestock	1.02 lakhs	
7	Dogs	10.9 lakhs	
1		l .	

AP is the largest producer of meat an eggs in the country and the second largest in milk production. But productivity of milch animals is rated very low in the state. The areas identified for strengthening the livestock sector are improvement in quantity and quality of animal feed, artificial insemination, etc. Growing green fodder is being encouraged under NREGS scheme in some districts, this has to be encouraged in all districts.

The huge livestock resources of the state is not utilized to the optimum capacity. The Dairy Industry can be developed better by installation of more milk chilling centres. Milk products, like cheese, butter, ghee, yogurt, milk sweets and other livestock based industries like leather tanning, carcass recovery, leather footwear, leather garments, etc. may be developed in the State to utilize the huge livestock resources.

2.12 **Dairy industry:**

Organized milk supply in Andhra Pradesh began in 1959, with pilot milk supply scheme at Hyderabad. The small scheme picked up momentum to grow into an integrated Milk Project in 1966, forming the A.P.Dairy Development Corporation(APDDC) in 1974. This finally grew into a Federation of milk producers Co-operative (APDDCF) in 1981, under 'Operation Flood'.

Production of milk grew at a faster pace in the decade 2000-01 to 2010-11. It increased from an annual rate of growth of 4.5% in the former to 6.7% in the latter. Per-capita availability of milk improved much during the period. It witnessed a three fold increase and reached 345 grams per day in 2009-10.

The APDDCF organizes co-operatives of milk producers at village and district levels. It provides essential inputs to enhance milk production, like cattle feed, fodder, crossbreeding programmes, veterinary care etc. to help farmers. Infrastructure for chilling and processing of milk through chilling plants located in rural areas is also provided. It markets other milk products like cheddar, cheese, butter, ultra-heat treated milk, flavoured milk, sterilized cream, skimmed milk powder etc. under the brand name 'Vijaya'. The co-operative also encourages entrepreneurs to set up farms and milk plants by assuring ready market through franchise arrangements.

Besides the APDDCF, a number of private Dairies like Heritage, Dolphin, Jersey, etc supply milk .

2.13 Poultry :- The State is a leader in poultry development in the country. It ranks first in poultry and egg production in the country. Andhra Pradesh has a poultry population of 1239.85 lakh birds. The poultry witnessed an increase of 31.37% in the 1999 census over the 1993 census and a 21 % increase in 2007 census over 2003 census.

Poultry farms are concentrated in Ranga Reddy district, followed by East Godavari, west Godavari, Chittoor, and Nalgonda. Egg production in the State

Meat production: There are 1038 slaughter houses in the state, 203 of which are located in Municipalities and 835 in Panchayat Samities. 42.25 lakh animals were slaughtered in 2009-10 in these slaughter houses.

Milk, Meat and Egg production during 2009-10, based on sample survey by Animal Husbandry Dept of Govt of AP is given below:

MILK, MEAT AND EGG PRODUCTION DURING 2009-10

S.no	District	Milk production (lakh MT)	Meat production (MT.,)	Egg production (lakh nos.,)
1	Srikakulam	3.11	7704	967
2	Vizianagaram	3.18	20344	2521

3	Visakhapatnam	4.98	21703	6658
4	East Godavari	7.81	28186	47294
5	West Godavari	6.18	22260	17777
6	Krishna	7.66	44969	11620
7	Guntur	8.30	29791	8327
8	Prakasam	8.35	35363	1704
9	Nellore	3.85	19120	801
10	Chittoor	7.51	38158	12677
11	Kadapa	2.77	14295	1137
12	Anantapur	3.84	36165	1603
13	Kurnool	4.84	31376	846
14	Mahbubnagar	3.63	63570	11095
15	Rangareddy	2.17	40979	26308
16	Hyderabad	0.70	1	1
17	Medak	3.62	83210	19450
18	Nizamabad	2.15	15823	1606
19	Adilabad	2.27	7551	381
20	Karimnagar	5.24	36884	4681
21	Warangal	2.81	25413	6590
22	Khammam	4.29	11575	1068
23	Nalgonda	5.04	45147	8847
Andhra Pradesh 104.30			679586	193958

Source: Sample Survey Estimates of Dept of Animal Husbandry Dept, Govt of AP, accessed at http://ahfd.ap.nic.in

The five coastal districts of East and West Godavari, Krishna, Guntur and Prakasam are the leading milk producers in the state. Medak, Mahbubnagar and Nalgonda are

leading meat producing districts. They house many mechanized abattoirs. Ranga Reddy district is the leading egg producer.

CHAPTER III

AVAILABILITY OF MATERIAL RESOURCES

The agricultural resources of Andhra Pradesh were discussed in the last chapter. Apart from a rich agro base, Andhra Pradesh is also endowed with good deposits of many minerals, which make mining and mineral based industrial activity a major industry in the state. It is a leading producer of some minerals like Barytes and mica, and is a major contributor of some raw materials to the industry in the country. The state has good forest reserves which fetch good revenue. The marine based resources also have much to offer to the industry in the state. The major material resources like mineral resources, Forest resources are discussed in this chapter.

3.1 Mineral Resources

Andhra Pradesh occupies an important place on the mineral map of India. Blessed with a variety of good mineral deposits like coal, limestone, bauxite, ball clay, asbestos, crystallite, mica, copper, Barytes, manganese, etc, Andhra Pradesh is a leading producer of granite slabs, cement, Barytes, mica, etc. The State's share in the country in deposits of some minerals is:

Barytes	97%
Clay	32%
Sand	62%
Silver	40%
Vermicelli	43%
Quartz	40%
Mica Crude	47%
Feldspar	24%
Apatite	27%
	Clay Sand Silver Vermicelli Quartz Mica Crude Feldspar

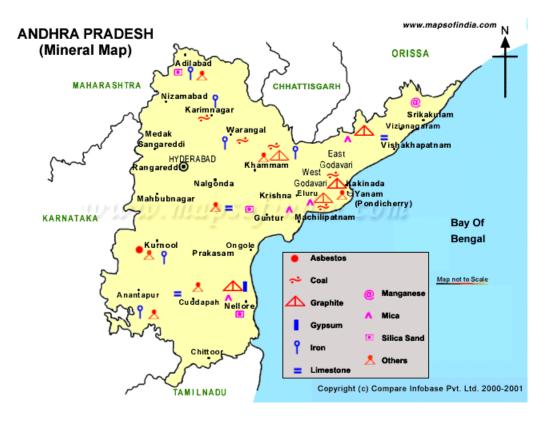
Deposits of some major minerals in AP are:

		,
1.	Coal	13021.5 Million tons
2.	Limestone	30400 million tons
3.	Bauxite	700 mill. tons
4.	Gold ore	6.84 mill. tons
5.	Granite	1072.42 mill. tons
6.	Beach sand	32 million tons
7.	Diamond	194990 carats

The district wise deposits of major minerals in the State is detailed below:

SI.	District	Mineral	Reserves in '000 tonnes
1	Ananthapur	Diamond	No estimate
		Gold	14,922 Kg.
		Steatite	1,580
		Iron Ore	7,540
2	Adilabad	Coal	
		Limestone	50,519
		Clay	7,833.7
		Manganese	360
3	Kadapa	Asbestos	121.25
		Barytes	71,530
		Limestone	39,60,330
		Clay	1613.7
		Steatite	10
		Quartz	
4	Chittoor	Gold	695 Kg
		Quartz	
		Steatite	382
5	East Godavari	Bauxite	
		Graphite	
		Clays	
		Oil and Natural Gas	
6	Guntur	Limestone	24,55,190
		Quartz	
		Copper, Lead, and Zinc	160.4
		Ochre	1730
7	Krishna	Limestone	
		Oil and Natural Gas	
		Iron Ore	
8	Khammam	Coal	
		Dolomite	1,44,580
		Corundum	
		Garnet	31,000
		Copper	8.7
		Chromate	
		Barytes	230
9	Karimnagar	Coal	4800 M.T.
		Limestone	31,810
10	Kurnool	Limestone	90,01,370
		Steatite	
		Soapstone	
		Quartz	

		Clays	3782.3
		Barytes	170
11	Mahboobnagar	Quartz	410
		Silica Sand	.10
		Clays	183.9
		Limestone	46,000
12	Medak	Quartz	3280
	l	Literate	
13	Nalgonda	Limestone	25,000
14	Nellore	Mica	
		Limeshell	
		Laterite	
		Quartz	9,220
		Feldspar	510.6
		Clays	523.3
		Gypsum	22.8
15	Prakasam	Iron Ore(Magnetite)	100M.T.
		Quartz	2,000
		Silica Sand	
		Slate	
16	Ranga Reddy	Quartz	1950
		Limestone	1,59,580
		Feldspar	
		White Shale	
17	Visakhapatnam	Rock Phosphate	1720
		Mica	
		Vermiculite	
		Ilmenite	
		Calcite	
		Graphite	
		Limestone	3,380
		Quartz	20
		Bauxite	4,65,230
18	Srikakulam	Limeshell	
19	Vizianagaram	Manganese	5.00M.T
-	1	Quartz	90
20	Warangal	Coal	254.00
		Dolomite	254.00
		Clays	1000.00
21	West Godavari	Clays	4060.00
		Limestone	1700



The production of important minerals during 2010-11 as follows:

No	Mineral and Unit of	Production.	Value
	production		(Rs in
			Lakhs)
1	Apatite T	2654	56.98
2	Asbestos T	281	137.81
3	Barytes T	1203781	13511.72
4	Ball Clay T	322008	397.27
5	Other clays T	-	1
6	Fire Clay T	56708	117.7
7	Steatite T	91156	346.97
8	Vermiculite T	16883	75.80
9	Ochre T	156366	234.92
10	Silica Sand T	2166719	1846.91
11	Stowing sand T	2296164	937.98
12	Shale T	191327	94.13
14	Manganese ore T	6,69,801	11595.66
15	Mica(crude) T	9031	2979.77
16	Quartz T	630816	1051.63

17	Lead concentrate T		
18	Lime Kankar T	490	1.35
19	Limeshell T	4630	16.02
20	Limestone T	49875547	62279.59
21	Iron ore T	13,97,452	2997.12
23	Laterite T	2878745	2714.37
24	Garnet(Abrasive) T	-	-
29	Dolomite T	1352491	3467.79
30	Feldspar T	515572	1133.90
31	Coal T	5,13,13,804	641422.55
32	Natural Gas T	1377	44071.81
33	Crude oil T	304	16952.69
	Granite (B & C granite)	919000	214356.32

Andhra Pradesh exports iron ore, Manganese ore, Ferro products, charge chrome, silicon manganese ore, cement clinker, alumna powder, Blast furnace clay, feldspar, copper Dump Stag, Bentonite pig iron and granite blocks to other countries.

3.2 Natural Gas:-

Natural gas, found in the Krishna Godavari basin is set to be the fuel of the next century. The Krishna Godavari basin extends over 20,000 Sq.Mts. upto 200 mtrs. Isobath and an additional 30,000 sq.mts. upto 2000 mts. isobath offshore. The exploration on the offshore area, at present is limited to 200 meters isobath. Geological prognosticated reserves of 800 million tonnes of oil and oil equivalent gas have been established on the basis of which 130 million tonnes were reportedly proven reserves. The production potential of gas in Krishna Godavari basin (offshore) is estimated at 17 million cubic meters a day. The ONGC has laid pipelines and is supplying gas to a few large units in the area. The firm allotment by ONGC is around 4 mcm/d. Production of Natural gas during 2010-11 was valued at 440.72 crores.

3.3 Forest Reserves:-

Andhra Pradesh has a total forest cover of 61.99 lakh Ha which constitutes 22.37% of the total geographical area of the state. Around 45% of the cover falls in the Telangana region, while around 30% falls in the coastal region and 25% in Rayalaseema region.

The major forest produces in the State are Timber, fire wood & charcoal, Minor forest produce include bamboo, beedi leaves, soapnuts etc. Plantation products like cashew, teak and coffee are also grown. The pride of A.P's forests –

Red Sanders wood, is grown in 2600 hectares in Kadapa, Nellore, Chittoor and Kurnool districts. Other plantations are sandal wood, pine silver oak and casurina. The major forest produce in 2010-11 was valued at Rs.1873 lakhs while minor forest produce was worth 445.24 millions. Miscellaneous revenue earned was around Rs.187millions.

CHAPTER IV

MICRO, SMALL & MEDIUM ENTERPRISES IN A.P

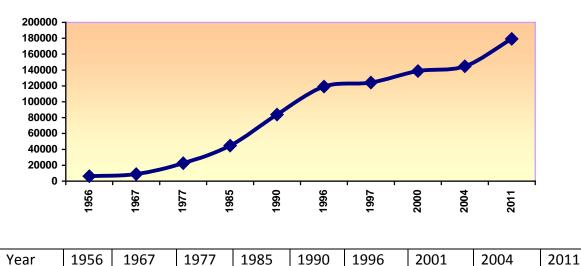
The MSME Sector, being a priority sector has been given special emphasis by both the State and the Central Governments over the decades. With this thrust, the small scale sector in the State has witnessed rapid growth. The inherent advantages of the small scale sector to a growing economy – like high employment potential, low capital investment, use of conventional low –cost technology, etc, have helped industrialization percolate to village level. With the periodic revision of the investment limit of the small scale sector and the advent of new technologies, the product base of this sector has widened. Products manufactured in this sector now include hi-tech products required for space applications, defence, information technology, communications, bio-medical equipment, sophisticated high precision equipment, life saving drugs, etc.

The revision of the investment limit of small scale sector from Rs. 1 crore to Rs. 5 crores brings a wider variety of industries into the fold of this sector. This implies higher credit requirement, adoption of improved technology and certain changes in the policies pertaining to this sector.

4.1 Growth Of The Small Scale Sector In A.P

The small scale sector has seen a phenomenal growth during the last 4 decades. The number of units in this sector, during 1956 was just 6195, while the corresponding figure in 2011 stands at 1,79,330.. The following chart traces the growth in investment in this sector during the last 45 years.

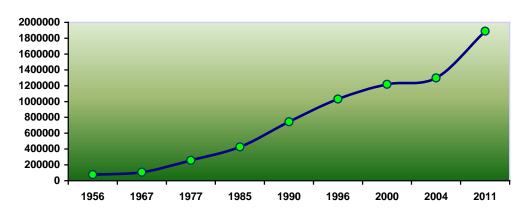
Growth in number of MSEs in AP

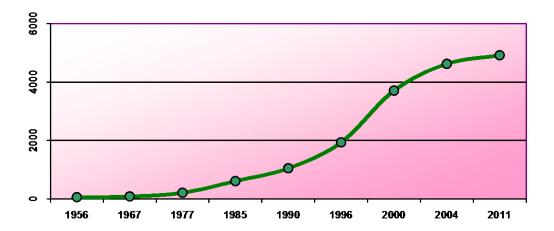


Invstmt	56.93	81.3	209.55	607.44	1044.	1933.43	3706.2	4619.66	29040
at current					9				
prices									

The number of small scale industries has grown 20 fold during the 40 years from 1956. A corresponding increase in investment made and employment provided by the sector is also seen. However, an interesting trend in the investment and employment by the sector is that the average investment per unit in this sector has been rising, whereas, the average employment provided by the sector has been

Growth in emplmt in SSI secector





coming down. The major reason that can be attributed to this trend is the advent of new technology and consequent increase in production. With the increase of bigger units, due to the revised definition more capital intensive units will be included in this sector, the average investment per unit has risen to a much higher level.

Year	Average investment	Employment(persons
	per unit(Rs. In lakhs)	per 100 units)
1956	0.918	1230
1967	0.914	1215
1977	0.927	1139
1985	1.355	949
1990	1.246	887
1996	1.621	864
1997	1.726	860
2000	2.67	877
2003	3.05	889
2004	3.19	8.97

The average investment per unit has risen from Rs.92,000 in 1956 to just over Rs.3.00 lakhs in 2003. This may be due to the fact that majority of units in the sector are in the tiny sector, which involves low level of investment. The number of big small scale units is still proportionately less. 95% of units in SSI sector belong to the tiny category.

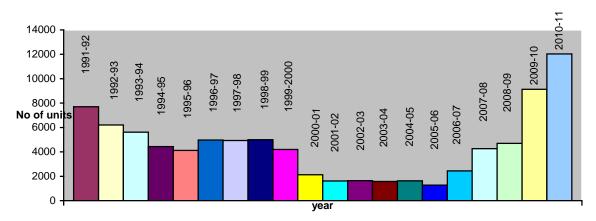
The following table gives details of number of units, investment and employment in the MSME sector, year wise, during the period 1991-92 to 2010-11:

S. No	Year	Units (in Nos)	Investment (Rs	Employment
			in crores) at	(nos)
			current prices	
1	Upto 1990-91	89743	1028	779292
2	1991-92	7706	111	67450
3	1992-93	6201	155	41454
4	1993-94	5612	157	46362
5	1994-95	4435	185	40899
6	1995-96	4123	191	33836
7	1996-97	4970	211	37900
8	1997-98	4935	297	49999
9	1998-99	4997	552	58253

10	1999-2000	4195	539	39664
11	2000-01	2124	327	25433
12	2001-02	1612	261	19211
13	2002-03	1641	235	24293
14	2003-04	1573	204	21949
15	2004-05	1632	266	24076
16	2005-06	1267	245	15832
17	2006-07	2440	886	36019
18	2007-08	4264	2050	77864
19	2008-09	4703	2605	92229
20	2009-10	9129	5422	157781
21	2010-11	12028	13113	198429
	Total	192276	49148	2082617

Source: AP Economic Survey, 2011-12

Year wise no. of units set up



4.2 Dispersal of small scale units over the State:

The 158173 small scale units (as on 2009, latest available data) in the State are not evenly spread over all the districts and over product groups. Food processing industries seem to dominate the distribution:

S.No.		No. of units	Investment crores	Employment
1.	Food Processing Beverage & Tobacco products	36828	2292.52	374529
3.	Cotton Textiles Wool, silk & synthetic fiber textiles Jute, hemp & mesta textiles Hosiery and garments	3105	264.57	49099
7.	Wood products	12769	113.53	71259

8.	Paper products and printing	10223	623.5	74381
9.	Leather & leather products	3512	44.86	18790
10.	Rubber, plastic & petroleum products	8016	873.39	69759
11	Chemical and allied inds	7363	1213.14	111816
12.	Mineral based industries	16251	1403.56	260114
13.	Basic metal industries	2648	460.78	43741
14.	Metal products	15501	919.98	131294
15.	Machinery and equipment	11696	576.78	88940
16.	Electrical and electronic	5420	631.6	64448
17.	Transport equipment and parts	2282	75.82	20244
18	Miscellaneous	3471	167.81	29208
19	Repairs and services	14634	254.65	74306
20	Others	4454	587.84	50087
	Total	158173	10504.33	1532015

With regards to spatial distribution, Rangareddy district alone accounts for 22.75% of the total investment, and 12.5% of total employment, and 12.2% of total number of units, implying that SSI units in this district are more capital intensive.

Number of EMs Part II filed district-wsie during the period 2007-08 to 2011-12

State	: Andhra P	radesh,	Code: 2	8		ı								1				ı			
		2007-	08			2008-0)9			2009	-10			2010-1	11			2011-1	2		
Sl. NO	District	М	S	M d	Т	М	S	M d	Т	М	S	Md	Т	М	S	M d	Т	M	S	M d	Т
01	ADILA BAD	45	4	0	49	54	14	0	68	105	27	0	132	71	369	0	440	31	115	0	146
02.	NIZAM ABAD	37	0	1	38	35	3	0	38	103	32	2	137	58	100	0	158	137	245	0	382
03.	KARIM NAGAR	113	16	0	129	52	36	0	88	80	63	0	143	115	3 0 6	0	421	118	286	0	404
04.	MEDA K	135	149	8	292	101	165	9	275	454	51 0	22	986	226	294	4	524	229	262	5	496
05.	HYDE RABAD	325	63	0	388	331	110	2	443	414	14 8	1	563	313	616	1	930	229	279	2	510
06.	RANGA REDDY	1004	417	5	1426	929	460	3	1392	845	58 1	13	143 9	1261	683	6	1950	1039	1380	16	2435
07.	MAHA BOOBN AGAR	70	25	0	95	84	33	0	117	123	52	1	176	81	244	2	327	86	177	0	263
08.	NALGO NDA	72	48	2	122	136	72	1	209	384	17 5	4	563	288	531	7	826	435	746	9	1190
09.	WARA NGAL	46	37	0	83	63	30	0	93	153	62	0	215	88	232	0	320	95	251	0	346
10.	KHAM MAM	41	82	0	123	44	69	0	113	134	40	0	174	48	233	0	281	137	170	0	307
11.	SRIKA KULA M	33	9	4	46	32	8	0	40	112	46	4	162	25	54	0	79	12	30	0	42
12.	VIZIAN AGARA M	21	7	0	28	50	20	1	71	36	15	1	52	16	31	1	48	20	61	0	81
13.	VISAK HAPAT NAM	136	54	6	196	208	88	1	297	620	25 5	11	886	165	262	3	430	205	444	7	656
14.	EAST GODA VARI	100	53	3	156	93	55	2	150	379	22 4	5	608	125	659	4	788	76	127	0	203
15.	WEST GODA VARI	49	17	1	67	72	22	1	95	96	56	0	152	56	82	4	142	68	68	1	137
16.	KRISH	201	71	1	273	180	60	0	240	187	71	0	258	84	170	2	256	105	222	5	332

	NA																				
17.	GUNTU R	311	25	1	337	235	39	1	275	882	17 4	3	105 9	73	184	1	258	116	141	2	259
18.	PRAKA SAM	149	46	0	195	54	72	0	126	110	78	1	189	93	159	1	253	129	134	0	263
19.	NELLO RE	84	26	0	110	105	25	0	130	260	87	0	347	16	36	0	52	33	32	0	65
20.	CUDDA PAH/K ADAPA	42	10	0	52	33	14	0	47	112	47	0	159	84	122	0	206	116	126	0	242
21.	KURNO OL	43	6	0	49	56	14	0	70	78	26	0	104	42	100	0	142	34	88	0	122
22.	ANANT HAPUR	83	22	0	105	75	39	0	114	53	13	0	66	52	114	1	167	64	115	1	180
23.	CHITT OOR	48	71	0	119	129	102	4	235	299	27 0	5	574	89	117	0	206	74	122	3	199
	Total	3188	1258 1	258	44782	3151	44578	2	31 57 126	6 d 550		25 3	914 4	726 69	5 6989	3	30252	358 73	5621	9544	92603469
				2				5			52		4			7					

Source: www.dcmsmse.gov.in, M: micro, S: small, Md: Medium, T; Total

4.3 Existing Industrial Clusters:

Important MSE industrial clusters in the State developed naturally in some pockets all over the State. Depending on the local availability of resources, be it raw material, skilled labour or based on local demand, these clusters have sprung up and have grown to become important industrial centres, encouraging industrial activities in surrounding areas through backward and forward linkages. Some important industrial clusters identified in the State are being undertaken for modernization, upgradation of technology, conservation of energy and quality improvement. Cluster studies identified are discussed below:

- 1. **Cashew Processing**; This industry is mainly concentrated in Palasa of Srikakulam district and Vetapalem of Prakasam district. The cluster of units in these two areas have come up mainly due to raw material availability in the coastal area. There are more than 300 cashew processing units in the above two places and conventional methods are followed for processing of the cashew to extract kernel.
- 2. Mango jelly: Mango jelly units are concentrated in and around Kakinada of East Godavari district, where mango is grown in abundance. Much of the fruit that is grown is consumed as such, without value addition owing to inadequate storage facility, and lack of processing plants, creating immense scope for establishment of such units. There are more than 125 units, which are mostly labour oriented and seasonal, concentrated at Sarpavaram in East Godavari district.
- 3. **Fruit canning**: Abundance of mango fruit has led to a concentration of fruit canning units in Chittoor and Krishna districts. An Industrial Infrastructure Development Centre(IIDC) is being developed at Nagari, in Chittoor district, for fruit processing.

- 4. **Biscuits and Confectionery**: Hyderabad (Kattedan) Ranga Reddy districts and Tenali (Guntur Dt) have a concentration of biscuit and confectionery units. Hyderabad houses famous biscuits making units, such as Paro Foods, M/s. Asoka Foods etc. besides innumerable smaller units.
- 5. **Marine Foods**: Visakhapatnam and Kakinada (EG Dt.) both Coastal Cities have concentration of marine food processing units. Marine produce like prawn, fish etc
- 6. **Brass metal works** Budithi, Srikakulam dt.(for bronze, bell metal, and brass), Srikakalahasti, (Chittoor), Agraharam(West Godavari dist), Tandur (RR Dist), Chundur (Nalgonda dist), and Siddipet (Medak Dist) have clusters of brass utensils making units.
- 7. **Cast brass hardware**: Pembarthy (Warangal) and Lal Bazaar of Hyderabad has many brass hardware making units.
- 8. **Aluminium utensils**: Rajahmundry (East Godavari Dist.) has a concentration of more than 20 Aluminium utensil units.
- 9. **Steel Furniture**: Chundru (Nalgonda) Hyderabad, Ranga Reddy and Vijayawada have a number of steel furniture manufacturing units.
- 10. **Automobile industry**: Vijayawada is famed for auto parts, body building and spare parts of automobiles, Kakinada too has a concentration of such units.
- 11. **Agricultural implements**: Gudivada (Krishna) and Ramachandrapuram (East Godavari) have cluster of Agricultural implements manufacturing industries.
- 12. **Pneumatic Hammers**, Drill bits, drilling equipments Twin cities(Hyderabad and Secunderabad)
- 13. **Hand pumpsets** }Hyderabad
- 14. Water coolers, freezers. }
- 15. **Wooden furniture**: Mancherial(Adilabad) has a concentration of these units.
- 16. **Steel re-rolling mills**: Ranga Reddy district, Hyderabad, Medak, and Ananthapur districts have concentrations of these units.
- 17. **Balancing Beams**: Dowleswaram(East Godavari) district has a good concentration of these units. About 20 units, all in tiny sector, manufacturing balancing beams, are located in Dowleswaram, near Rajamundry.
- 18. **Wooden toys**: Kondapalli(Krishna district) Srikalahasti and Varipenta of Cuddapah district have clusters of wooden toy manufacturing units.
- 19. **Ceiling fans**: Balanagar(Hyderabad) has many big and small ceiling fan assembling units.
- 20. **Distribution transformers**: Jeedimetla, and Patancheru have concentration of these units.
- 21. Power Supplies, Battery Chargers, and ASCR conductors: Electronic Complex, Kushaiguda, Ranga Reddy district.

22. **Sago rice**: These units are concentrated near Samalkot, in East Godavari district. The cluster has about 15 tiny units.

The following are the list of clusters identified by UNIDO for technology upgradation:

- Oil Mills (Adoni),
- Polished slabs (Banganapalli, Khammam dist.),
- Polished slabs of Bathamcherla, Khammam dt,
- Rice milling, E G Dt.
- Ceiling fans Balanagar (Rangareddy)
- Electronics- Kushaiguda (Rangareddy)
- Polished stones Kolimigundalla, Khammam
- Artificial diamonds- Kurnool
- Cashew Processing Palasa, Srikakulam
- Handloom Dhurries Warangal
- Leather tanning Warangal
- Powerlooms Warangal
- rice milling West Godavari,

Cluster development by various agencies: Both the Central and State Governments have identified that development of existing and new clusters would result in focused growth, as a number of similar units stand to benefit by joint interventions of the Development agencies. The following clusters have been undertaken by the agencies for development:

- 1. fan cluster of Balanagar, Hyderabad SISI, Hyderabad
- 2. Hand made lace cluster of Narsapur NISIET, Hyderabad
- 3. Pharma cluster of Hyderabad State Government
- 4. Auto components of Vijayawada State Government

Under Small Industry cluster development programme, with grants from DC(SSI), GOI

- 5. Imitation jewellery cluster of Machilipatnam, Krishna dt for State Government, by APITCO
- 6. Mango jelly cluster of Bhimli, Vizianagaram for state Government, by APITCO
- 7. Mango jelly cluster at Kakinada, EG dt for state Government, by APITCO
- 8. Burnt lime cluster at Piduguralla, Guntur district for state Government, by APIRCO
- 9. Turmeric processing cluster, Duggirala, Guntur district for state Government, by APITCO
- 10. food processing cluster at Vijayawada, APITCO -
- 11. Graphite crucibles cluster, Rajamundry, for state Government by APITCO
- 12. Precision Components and machine tools cluster of Balanagar, Jeedimetla, Kukatpalli RR district for State Government by FAPSIA

- 13. Plastic cluster at Adilabad, by CIPET'
- 14. Readymade Garments cluster at Rayadurg, Anantapur
- 15. Plastics cluster at Nalgonda
- 16. Electronics cluster at Kushaiguda, Hyderabad, by NSIC
- 17. Fruit processing cluster at Chittoor by APITCO, under UPTECH
- 18. Drugs & pharmaceuticals sector, Hyderabad, under UPTECH, , by IICT
- 19. Foundry sector of AP by Institute of Indian Foundrymen, under UPTECH scheme

4.4 Schemes implemented in the state for development of MSEs;

The following programmes are being implemented in the state for promotion of the SSIs in the state:

S. No	Name of the	Implementing	Other details
	programme	agency/ target	
		sector	
1	Industrial	State Government,	for improving physical
	Infrastructure	Pharma cluster of	infrastructure, Common
	Upgradation	Hyderabad and	facilities, marketing
	scheme	Auto Components	infrastructure etc, with Grant
		cluster of	from GoI
		Vijayawada	
2	MSE Cluster	Clusters at 5 to 17	Conducting diagnostic study,
	Development	mentioned above	R&D, new technology demo
	programme		plant, Common facility center,
			training, workshops etc, with
			grant from GoI, share of
			cluster units, and other
2	LIDTECH ash area	Charter at 17 10	Institutions
3	UPTECH scheme	Clusters at 17-19 mentioned above	Equal assistance from GoI and GoAP.
	for technology upgradation	mentioned above	GOAP.
4	Leather Industries	GoAP	
7	Development	1. Establishment	With CLRI, Chennai
	Programme	of AP Footwear	vvien dem, enerma
	1.08.4	Design Center,	
		Hyderabad	
		2. Nayudamma	with
		footwear design	Nayudamma Foundation for
		centre,	Education & Rural
		Nadimpally,	Development, and CLRI
		Guntur dt	
5	Coir development	GoAP	Promotion of coir units in

	programme		coastal districts
6	Jute Development Programme	GoAP	Diagnostic study on jute clusters in Srikakulam, Visakhapatnam, & Warangal districts- APPC
7	Technology Development fund	GoAP	For technology development of SSIs, Funds from GoI and other Instt.
8	Rate contract system for purchase of 17 products from SSIs	GoAP	Steel furniture, electrical items, air coolers, Absorbent & Non absorbent cotton, IV and Blood donation sets, sterile cotton, phenyl grade II & III, MS, dustbins, wheel barrows

4.5 Credit to MSME sector: Total outstandings to SME sector, as on 30.3.2012 was Rs. 39516 crores, and that to MSME sector was Rs 51776 crores. The sector wise outstanding to MSME sector is as given below:

Sector	Outstanding as on
	31.3.2012 (Rs. In
	crores)
Micro	12775
Small	26741
Medium	12260
Total MSME	51776

4.5 Sickness in SSI Sector in AP.

As per the Third All India census of small scale industries, the share in percentage of sick unit of the state among the total All India figure is 6.04% and the percentage share of incipient sick units is 9.76%. The number of closed units, as per the census, is 38582, working out to 26.6 % of the total number of units. The major causes of sickness in this sector are found to be delayed/insufficient credit to the small scale sector, improper management, lack of financial discipline, improper diagnosis of problems during incipient stages, frequent change in Government policies, obsolete technology, lack of demand, lack of marketing support etc. The following is the number of sick units in A.P. since 1992:

1992	29586
1993	20294
1994	13842

1995	13740
1996	14794
2001(March)	29359(includin
	g closed units)
2012	5816

According to RBI, of the total number of sick MSMEs in AP (5816) (as on 31.3.2012), 546 have been found to be potentially viable, and 5212 are found to be non viable. The non-viable MSMEs involve an amount of Rs. 32561 lakhs. Viable units involve an amount of Rs. 13472 lakhs. Viability of 58 MSMEs is yet to be decided.

State Government measures for combating sickness in SSI sector:

Revival of industrial sickness through A. P. Small Scale Revival Scheme (APSSIRS)

Government of AP introduced a scheme called AP Small Scale Industry Revival Scheme (G. O. Ms. No. 359, Ind. & Com. (IP) Dept. Dt. 25-6-2001), revised in 2006, for revival of Small Scale Industries having plant and machinery exceeding Rs 5 lakhs. Govt of AP launched a revised scheme APSSSIRRS- 2006. Govt of AP has decided to constitute an AP SSI Revival and Rehabilitation Fund for compensating (partially), the losses to Financial Institutions, etc. Under APSSIRS, Govt of AP has Relaxations extended to Sick unit include the following

relaxation from ULC Act, pro-active steps from Labour Department for amicable settlement when there are Labour problems, 6% Interest rebate to sick units, deferment of Commercial tax arrears, etc.

Non-fiscal Relief

- Grant of permission to mortgage surplus land that has been exempted under Sec. 20 of Urban Land Ceiling Act. In favour of banks/financial institutions.
- Labour Department would take proactive action for amicable settlement of disputes between management and representatives of labour so as to ensure success of the rehabilitation package with the cooperation of the workers.

Fiscal concessions:

6% interest subsidy to be provided to all identified /eligible sick units, subject
to a maximum of Rs 2 lakhs per year, for a max of 3 years. (component to be
reimbursed to be calculated by the financing Bank, rest to be borne by
entrepreneur)

- Arrears of payment of purchase tax, sales tax and interest towards nonpayment of sales tax shall be deferred for 3 years from the date of grant of revival package. The amount so deferred will be recovered in six equal half-yearly installments effective after 3 years tax holiday.
- Subsidy in payment of arrears of Current consumption charges to AP Transco.

Industry has agreed to engage APITCO, ASCI, CRISIL, ICRA, IPE etc. to appraise the viability of the sick industry.

Chapter V

LARGE & MEDIUM SCALE INDUSTRIES IN AP

5.1 After Maharashtra, Gujarat, Uttar Pradesh and Madhya Pradesh, AP has the largest number of large and medium units in the country.

Since Reforms in 1991, AP received an investment intent (IEM) for 3130 proposals with an investment of Rs 71732 crores, with a potential to provide employment to 4,68,993 lakh persons The details of Large Industries established since 1991 are as follows:

The establishment of Large and Medium industries in the state since liberalization is detailed below

Year	Units gone	Investment (Rs.	Employment
	into	In crores)	(Nos)
	production		
Upto 1990-	1267	23446	555801
91			
1991-92	130	2311	25992
92-93	234	3357	48286
93-94	176	1127	30252
94-95	341	3271	41844
95-96	157	1130	35168
96-97	164	1436	22663
97-98	236	3317	28911
98-99	297	3856	38333
99-2000	215	1319	28690
2000-01	63	541	7798
2001-02	105	2240	17671
2002-03	65	1181	8103
2003-04	50	404	3464
2004-05	68	1831	6852
2005-06	81	1550	10875
2006-07	194	5516	26193
2007-08	172	6321	23075
2008-09	135	5680	25058
2009-10	74	11610	11933
2010-11	95	9403	20626
Total	4350	95178	1024794

Source: AP Economic Survey 2011-12

5.2 Industrial Sector (Factory sector) in AP:

Manufacturing units registered under section 2m(i) and 2m(ii) of the Factories Act, 1948 (Employing 10 or more workers, and using power, or, employing 20 or more workers but not using power, , and Beedi and cigar are covered under the Annual Survey of Industries. (ASI). Data in respect of ASI 2007-08 on the units covered by ASI is given below.

Number of Factories	Fixed	Working	Total Persons	Total	Net Value
	Capital	Capital	Engaged	Output	Added
16741	64251	21465	1041265	182533	31458

5.3 EXPORTS FROM ANDHRA PRADESH:

Andhra Pradesh is a traditional exporter of spices, processed sea foods, garments, software, artificial jewellery, leather goods, etc. The state is one of the top exporters of software, and tobacco products. There has been substantial growth in the export of software in the last few years from Andhra Pradesh. While exports of mineral products have declined, exports of software, drugs, engineering and agro products has risen.

Export from the State, during the past 8 years is as follows: (Amount Rs in crores)

S1. No.	Product Group	2003-04	2004-05	2005- 06	2006-07	2007- 08	2008-09	2009-10	2010- 11
1	2	3	4	5	6	7	8	9	10
1	Agriculture, Agro based & Forest Produce	1805	1152	1209.6	4894	6083	5799	5833	6347
2	Leather, Animal & Marine Products	1785	1715	1852.2	1808	1746	1915	1889	2582
3	Minerals & Mineral Products	862	910	973.7	3083	2711	4409	3499	8387
4	Handlooms & Textiles	447	447	505.6	680	1097	685	1613	1844
5	Handicrafts & Carpets	252	270	280.8	438	545	1284	885	1116
6	Drugs, Pharmaceutic	3753	3900	4914	7191	10787	14850	13650	15970

	als & Allied Chemicals and Plastics								
7	Engineering Items	1368	1320	2008	2861	7148	13783	9141	16209
8	Electrical and electronic Parts	84	130	143	1037	1104	2371	3151	4136
9	Software	5025	8145	12521	18582	26122	32509	33482	35023
Total		15381	18281	24408	40601	57343	64240	73143	91614

Source: Commissioner of Industries, Commerce & Export Promotion official website http://www.apind.gov.in/Library/Export.pdf

5.4 State Level Public Sector Enterprises

List of State Level Public Enterprises ANDHRA PRADESH

- 1. A. P. STATE FINANCIAL CORPORATION F
- 2. A. P. HANDICRAFT DEVELOPMENT CORPORATION LIMITED. P
- 3. A. P. INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED. P.
- 4. A. P. INDUSTRIAL DEVELOPMENT CORPORATION LIMITED. F
- 5. SINGARENI COLLIERIES COMPANY LIMITED. M
- 6. NON CONVENTIONAL ENERGY DEVELOPMENT CORPORATION OF A. P. M
- 7. A. P. STATE TRADING CORPORATION LIMITED. T&S
- 8. NIZAM SUGAR FACTORY. M
- 9. A. P. TECHNOLOGY SERVICES. P
- 10. A. P. FOODS M
- 11. A. P. MEAT & POULTRY DEVELOPMENT CORPORATION LIMITED. M
- 12. A. P. STATE IRRIGATION DEVELOPMENT CORPORATION LIMITED. P
- 13. A. P. FOREST DEVELOPMENT CORPORATION LIMITED. P
- 14. A. P. STATE POLICE HOUSING CORPORATION LIMITED. M
- 15. A. P. TRAVEL & TOURISM DEVELOPMENT CORPORATION LIMITED. P
- 16. A. P. STATE ROAD TRANSPORT CORPORATION LIMITED. U
- 17. A. P. FISHERIES CORPORATION LIMITED. P
- 18. A. P. SEEDS DEVELOPMENT CORPORATION LIMITED. M
- 19. A. P. STATE AGRO INDUSTRIES DEVELOPMENT CORPORATION LIMITED. M
- 20. A. P. MINERAL DEVELOPMENT CORPORATION LIMITED. M
- 21. A. P. MEDICAL & HEALTH HOUSING INFRASTRUCTURE DEVELOPMENT CORPORATION P
- 22. A. P. STATE CIVIL SUPPLIES CORPORATION LIMITED. T&S
- 23. A. P. STATE TEXTILE DEVELOPMENT CORPORATION LIMITED. M
- 24. A. P. STATE WAREHOUSING CORPORATION LIMITED. T&S
- 25. A. P. STATE HOUSING CORPORATION LTD. M
- 26. NON RESIDENT INDIAN INVESTMENT CORPORATION LIMITED. P
- 27. A. P. STATE FILM DEVELOPMENT CORPORATION LIMITED. P
- 28. A. P. ELECTRONICS DEVELOPMENT CORPORATION LIMITED. M
- 29. A. P. STATE MINORITIES FINANCE CORPORATION W
- 30. A. P. STATE ELECTRICITY BOARD. U
- 31. A. P. SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED. P.
- 32. A. P. SCOOTERS M
- 33. A. P. STATE HOUSING BOARD M
- 34. REPUBLIC FORGE COMPANY M
- 35. A. P. ESSENTIAL COMMODITIES CORPORATION LIMITED. T&S
- 36. HYDERABAD ALLWYN M
- 37. A. P. BEVERAGES CORPORATION LIMITED. M
- 38. LEATHER INDUSTRIES DEVELOPMENT CORPORATION OF ANDHRA PRADESH. P

39. A. P. URBAN DEVELOPMENT & HOUSING CORPORATION LTD*. M 40. TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED. U *MERGED WITH A.P. HOUSING CORPORATION DURING 1999-2000 APEPDCL

APNPDCL

- A. P. Forest Development Corporation
- A. P. Generation Corporation (APGENCO)
- A. P. Housing Board (APHB)
- A. P. Industrial and Technical Consultancy Organization (APITCO)
- A. P. Industrial Infrastructure Corporation (APIIC)
- A. P. Handicrafts Development Corporation (APHDC)
- A. P. Marketing Federation
- A. P. Road Development Corporation
- A. P. State Election Commission
- A. P. State Industrial Development Corporation
- A. P. State Warehousing Corporation
- A. P. Technology Services Ltd.
- A. P. Technology Development and Promotion Centre
- A. P. Tourism Development Corporation (APTDC)

Nizam Sugars

Singareni Collieries Company Limited (SCCL)

Software Technology Parks of India (Hyderabad) (STPI)

Transmission Corporation of Andhra Pradesh (TRANSCO)

Visakhapatnam Export Processing Zone (VEPZ)

5.5 Industrial Growth in AP

During the Eleventh Plan period, the average industrial growth rate was slow, except for the electricity, gas and water supply sector. Construction sector grew at 9.5%. The manufacturing sector grew a rate of 8% against a targeted rate of 10 to 11%.

Structural changes

The registered manufacturing sector (ASI covered units) has not seen major structural changes since the year 1998-99. The Industry groups (2 digit NIC) of Food, Tobacco products, Minerals and metals, Textiles, Chemicals and Equipment Manufacture are the major contributors to number of units, Fixed capital, Employment and Net Value Added. 51% of the industrial units belong to the Agricultural based industries, but the non-agro based units contribute more than 80% to total Net Value Added and 71% to total investment. The share of agro and forest based industries, in total exports has been declining fast due to domination of IT exports from the states. AP is a leading exporter of IT& enabled services,

Pharmaceutical formulations and drugs, engineering goods and handloom & handicrafts. Government of AP has identified Textiles, Drugs and Pharmaceuticals, Engineering goods, Processed foods, Mineral and metal products, fertilizers, paper products (and printing) and bio-technology as the main growth engines.

CHAPTER-VI

INFRASTRUCTURE FACILITIES

Infrastructure is the most important input for a growing economy. The burgeoning population of the country has put a lot of pressure on the existing facilities, which has made the infrastructure sector one of the most neglected sectors so far. The State and the Central Governments are making efforts to improve both the social and the industrial infrastructure, to improve the living conditions of the people, and to make India an Industrially developed nation. With the opening up of the Indian economy, private domestic and foreign investment in infrastructure development is being encouraged. Andhra Pradesh is a pioneer in promoting Public Private Partnership in infrastructure development.

The state has made laudable efforts in attracting foreign investment to improve infrastructure. In the last decade, the Internationally reputed firm, Goldman Sachs had rated Andhra Pradesh and Gujarat as the two States in the forefront of economic reforms. Andhra Pradesh has been recognized an investor-friendly state. This chapter discusses the social and industrial infrastructure in the State, with reference to the small scale sector

A. Social Infrastructure:

6.1

a. Education:

The state's annual budget for 2011-12 had earmarked 75% of the allocation under 'social services' to the education sector. The Government proposes to introduce a scheme for compulsory education of SC children to enhance their literacy rate to above 75% by the end of the 9th plan. An allocation of Rs.21 crores has been made to develop backward areas of AP by increasing facilities in education, health and other social sectors.

According to the latest available statistics (2010-11) there were 66834 Primary schools, 15421 upper primary schools; 18776 high schools; 4947 Junior colleges and 361 degree colleges in the state. The State has 586 B.Ed. colleges. There are 13 Universities in the State, Viz.Osmania University, Andhra University, Sri Venkateshwara University, Kakatiya University, Acharya Nagarjuna University, Sri Krishnadevaraya University, Telangana University, (Nizamabad) Adi Kavi Nannaya University(Rajamundry), Yogi Vemana University(Kadapa), Mahatma Gandhi University(Nalgonda), JNT University, (Hyderabad), Sri Padmavathi Mahila Viswavidyalayam, (Tirupathi), Dr. BR Ambedkar Open University (Hyderabad), Potti Sreeramulu Telugu University(Hyderabad), Dravidian University(Chittoor), Dr. NTR

University of Health Sciences (Vijayawada), Acharya NG Ranga Agricultural University (Hyderabad), Sri Venkateswara Veterinary University (Tirupathi), NALSAAR University of Law, Hyderabad, Sri Venkateswara Vedi University, (Tirupathi), AP Horticultural University, Hyderabad, Krishna University, Machilipatnam, Vikram Simhapuri University (Nellore), Dr B R Ambedkar University (Srikakulam), Rayalseema University (Kurnool), Palamuru University (Mahbubnagar), Satavahana University (Karimnagar) University of Hyderabad (Central University), The English and Foreign Languages University, (a Central university) and Maulana Azad National Urdu University, Hyderabad,

The Deemed universities are Sri Satya Sai Institute of Higher Learning, Anantpur, Rashtriya Sanskrit Vidyapeeth, Chittoor International Institute of Information Technology, Hyderabad, and GITAM, Visakhapatnam. There a total of 37 Medical Colleges, 21 Dental colleges and 210 Nursing colleges in the state. There are 701 Engineering colleges (Govt & Private) and 296 Pharmacy colleges. There are 282 Polytechnics (122 Govt and 160 Private), 891 MBA Colleges and 713 MCA colleges in the state. More than 1.9 lakh Engineers, and 77,000 Management graduates add to the job market every year.

b. Health:

There are many private Hospitals in the State, most of which are in the major cities. As per 2001 Census, the estimated crude death rate in AP is 8.2 per 1000 population , while the Al I India figure is. 9.3. The infant mortality rate in the State is 65 compared to the Country's average of 74. Life expectancy is 59.4 yr. in AP, while that of India as a whole is 57.7 yrs. The crude birth rate of the State is 21.3 compared to All India figure of 28.7. As in 2010, there were 372 Govt. Hospitals, 1386 Public Health Centres, &319 dispensaries in the State, with 36476 beds and 9429 Doctors. Maximum number of dispensaries were located in Hyderabad, then East Godavari District, and followed by Kurnool. Region-wise, Coastal districts have more dispensaries, when compared with Rayalaseema and Telangana districts. Hyderabad has the maximum number of doctors followed by East Godavari district.

6.3 Water Supply, Sanitation, Housing & urban Development:

The State has 7 Municipal Corporations and 108 municipalities which take care of water supply & sanitation of major cities and towns in the State. The water table in major cities is fast decreasing due to increasing pressure on the available resource ground water, through construction of multi storeyed apartments. Lean monsoon periods have compounded the problem in major cities.

Agencies implementing Housing Schemes in the State are the Social Welfare Board, (for Minorities & Weaker sections), the AP Housing Board, AP Police Housing Corporation, Chief Engineer, Buildings etc.

B. Industrial Infrastructure:

Andhra Pradesh has developed many Industrial Estates and Industrial Areas all over the State. These are mainly developed by the AP Industrial Infrastructure Development Corporation (APIIC). The State Govt. has formulated Vision 2020 document which aims at planning the infrastructure required for future development so that the next generation may inherit it.

Special Economic Zones: There are 114 approved SEZs in the state, and of these 75 are notified, and 27 have become operational. The development of SEZs envisaged a total employment generation to 8.5 lakh persons, with a projected investment of Rs.1.05 crores. As per the 2011-12 AP Economic Survey, employment has been provided to 97763 persons so far and an investment of Rs14567.43 crores has been made. Over an area of 603 Sq Kms, a Petroleum Chemical and Petrochemical Investment Region (AP PCPIR) in Visakhapatnam – Kakinada Region in an extent of 603.58 Sq.Km is being developed.

The capital employed by all the 30 state level public enterprises was Rs.32,580.96 crores. The capital employed by the top five SLPEs constitute 81.43% of the total capital employed by all the SLPEs in the state. 23 SLPEs, out of the 30 have made profit totalling to Rs.2258.49 crores during 2008-09.

There are 360 Industrial Development Areas and Industrial Estates, 16 Autonagars, and 20 commercial complexes built by the APIIC in the State. Apart from these, there are special industrial parks for specific industries, a few of which are detailed in the ensuing paras.

Area covered by Industrial estates, Industrial Areas, Autonagars, etc, district wise is given below.

SI	District	No.of	Area		Sheds	No. of
No.		IEs/IDAs	developed		develope	units
			(acres)	Plots	d	working
				developed		
1	Hyderabad	1	25.82	45	31	74
2	Mehabub-	7	1379.75	789	131	292
	Nagar					
3	Ranga Reddy	70	15633	5178	1730	5595
4.	E.Godavari	23	3526	1700	118	1418

5	W Godavari	13	614	1076	173	771
6	Anantapur	13	2679	1384	57	481
7	Kurnool	7	173	291	43	209
8	Nalgonda	6	279	520	74	295
9	Nellore	20	5702	1563	85	1066
10	Prakasam	10	7452	1477	7	857
11	Adilabad	3	84.64	104	84	84
12	Medak	27	5764	1832	166	1099
13	Nizamabad	8	202	655	93	372
14	Chittoor	27	3731	1546	119	1340
15	Cuddapah	24	16435	982	310	480
16	Guntur	20	792	3895	280	2718
17	Krishna	17	1355	3916	138	3074
18	Srikakulam	5	480	280	110	1
19	Visakhapatnam	49	15824	2654	252	1842
20	Vizianagaram	3	1364	642	18	396
21	Karimnagar	3	104.59	252	47	245
22	Khammam	6	1236	299	52	164
23	Warangal	8	504	826	145	548
	Total	360	85339.8	31906	4263	23421

Source: APIIC, Hyderabad., July 2012

6.5 Development of growth centres in AP:

With an objective to achieve balanced regional development, the Govt of India scheme of developing growth centres in backward regions of all the states was launched. In AP, Ongole (Prakasam district), Bobbili(Vizianagaram dt), Hindupur(Anantapur dt) were identified for development of growth centres.

Highlights of the three Growth centres are detailed below:

S.No	Centre	Approve d cost (crores)	Area	No of plots develo ped	Sheds	Potential industry
1	Ongole	25.88	862 acres	637	1	319 working units Mineral based, agro based, general engineering, transport industry
2	Bobbili	26.22	1152 acres	479	70	292 working units Mineral and jute based

						industry	
3	Hindupur	27.28	750	270	12	162 working units,	
			acres			Mineral and Sericulture	
						based industry	

Developmental works like formation of roads, with culverts, storm water drains, power supply, water supply, pump houses, telecommunication lines, common facility centres and social infrastructure are being developed at these centres.

6.6 Industrial Parks in the State

A. Export Promotion Industrial Park, Pashamylaram, Medak District, AP:

Under the Govt of India scheme of developing Export Promotion Industrial Park (EPIP), Govt of AP has identified Pashamylaram, Medak dt,(38Kms from Hyderabad city) for developing and EPIP. APIIC has developed 207 acres of land into 107 plots.

The facilities to be provided include standard design factory buildings, separate blocks for specialized activities like Gem and Jewellery units, assembling units, etc, good water supply(bore wells and 1.5 MGD supply from Manjira), power supply(132/33 KVM Sub.stn. at R.C.Puram), common facility centre housing post office, bank, hospital, police station, &fire station, inland freight station, customs office, telecommunication facilities, etc. EPT facility is available at Patancheru

The park is ideal for prospective exporters (with a minimum export requirement of 33.3% of their overall turnover). Developed plots are ready for allotment.

B. Apparel Export Park, Gundlapochampally, RR Dist.

Gundlapochampally, Ranga Reddy district is located 18Kms from Hyderabad .The park is being developed on 173 acres of land. 117 plots are made available for allotment.

Internal road net work, power substation, over head tank, internal water distribution lines, avenue plantation, have been completed, while storm water drains, internal electrical poles, street lighting, sewerage and effluent carrying pipe line, approach road, common facilities centre, with post office, bank, fire station, customs office, container services, truck terminal, creche etc are nearing completion.

Special facilities

All the units in the park are assured of uninterrupted power supply All units are declared as Public Utility service under ID Act 1947(Central act of 1947), by Govt of AP.

Common sewage/effluent conveyance system is provided in the Park, hence obtaining NOC or CFE from Pollution Control Board is made easy.

HITE C city(Hyderabad Information Technology And Engineering Consultancy)

The Government of AP pioneered the concept of HITEC city to foster growth of

Information Technology in all aspects of life. Educated and skilled manpower of the State, and especially of Hyderabad city, has enabled the state in making rapid strides in Information Technology.

The HITEC city is a joint venture of APIIC, and M/s Larsen and Toubro Ltd, for providing the state of the art integrated infrastructure for IT industry. The project is being completed in phases, the first of which has been completed, and IT companies have moved in. The first phase has been covered over 5.8 lakh Sq ft. . The total project is over an area of 158 acres, at a cost of Rs.1500 crores. Total built up area, including all phases, is envisaged to be 6 million Square feet.

IT players like GE Capital, Toshiba, Oracle Corporation, Metamor, Global Solutions, Microsoft R&D, India Development Centre, Apple Soft, etc, have set up shop in the centre. Financial Institutions like SBI, Bank of Baroda, ICICI, Andhra Bank etc, service organisations like, BSNL, STPI, Thomas Cook, Tata Tele Services, VSNL etc have also occupied place here.

Exemptions granted for HITEC city occupants:
Stamp duty
Transfer of property tax
Registration charges on the space purchased by user IT companies

D. Hardware Park, Hyderabad

Adjacent to the International Airport, 14kms from Hyderabad, a Hardware Park is being built in over 5000 acres of land. The park would be ideal to house Hardware, Software, Warehousing and Container Depots. It aims at being a one stop solution to HITEC companies, for their business and social needs, would house hotels, dormitories, club houses, recreation, sports facilities, show rooms, banks, shopping complexes. The Park will have back up captive power plants and state of the art sewerage systems, effluent waste management systems, confirming to international norms. Telecommunication/High Speed Data Communication facilities would be provided at site using telecommunication towers and satellite earth station. A single window system to ensure quick and hassle free service to clients and to facilitate establishment of factories, offices, and services would also be

provided. The Park will eventually develop into a Logistics Hub and will be the centre of regional distribution facilities, and will provide warehousing, container depots, cargo movement between rail, road, and air.

G. Integrated International Convention Centre ; Golf Course With Villas And Hotels, Hyderabad

The Government has identified Tourism as a high growth area in its Vision 2020 document, which has highlighted many other areas as engines of growth to catapult AP into a highly developed, literate, and prosperous State by year 2020.

Towards this, a first-of-its-kind- world class Convention Centre that will have a capacity of 3000-5000 people in plenary hall, with multiple halls of varying sizes, breakaway rooms and seating flexibility, state of the art audio-visual and other sophisticated equipment, secretarial facilities, ample exhibition facilities, cafeteria and restaurants, state of the art hospitality complexes of varying standards, adequate parking space and other comprehensive services, is being planned over 250 acres of land and Manikonda village, 4kms from HITEC city.

H. Mega Industrial Park At Parwada(Visakhapatnam) A Mega Industrial Park is being developed at Parwada, 30Kms from Visakhapatnam, over an extent of 3500 acres. Parwada lies 15kms from Visakhapatnam airport, and 25 kms from the Visakhapatnam port, which is South Asia's largest all-weather sea port with extensive and varied cargo handling facilities. The Park has plans that take care of industrial water requirements from river Godavari through Yeleru canal. This plan, along with disposal of effluents, is being undertaken by Private sector on BOT basis. A dedicated 220/132/33 KV electric substation is being provided. Mega power project of 1020 MW by NTPC is coming up near the Park.

I. Food Processing Industrial Park At Kuppam, Chittoor District

Government of AP is setting up a state of the art Food Processing Industrial Park near Kupppam, in Chittoor district. The park will lie at a distance of 165 kms from Chennai, and 100 kms from Bangalore. The district is a leading producer of mangoes, citrus fruits, tomato, gherkins, potato, corn, chillies etc.

The proposed park is being established over an area of 132 acres with all support facilities and linkages. The park will be set up by APIIC, as a joint venture with a private party, wherein the private investor will hold a majority stake. The park will have reliable power supply, adequate water supply, Network of internal roads and drainage system, common effluent treatment plant, common facilities such as cold

storage, quality control labs, warehouses, market support centres, banks, communication centres, open areas, green belts and commercial areas.

J. Visakhapatnam Export Processing Zone:

An Export Processing Zone has been set up at Duvvada, 25 Kms from Visakhapatnam, which is strategically located, and offers the advantage of a magnificent natural harbour. The Zone is connected to NH 5 and is 15kms away from the airport and 24 kms from the Seaport.

During the 1st phase of development an area of 163 acres has been taken up for development, out of the total land of 370 acres. In this phase, developed plots, standard design factory buildings, Gem and Jewellery complex service centre, banking, telecommunications etc. are provided. A separate 33 KV substation is functioning. AP Govt assures adequate power supply and rebate on power tariff. Telephones with STD facilities, telex and fax facilities along with postal services to handle domestic and international services are provided.

Perhaps, the biggest advantage for the VEPZ is Visakhapatnam Port which lies within 25 kms from it. The port is equipped with modern berthing, handling and extensive storage facilities, and handles almost all the shipping lines, operating feeder and direct vessels. It provides safe anchorage of ships upto 50000DWT, regular feeder service on container traffic to all major counties of Europe, USA, Russia, Japan, Australia, New Zealand, Africa, etc.

Incentives offered:

- Exemption from Customs duty on both capital goods and raw materials
- No import license required to import capital goods and raw materials as they are under OGL
- Exemption from Central Excise duty for purchase of capital goods and raw materials from domestic tariff area
- Eligibility for 100% convertibility
- Central Sales Tax paid by the unit will be reimbursed
- Income tax holiday for a period of 5 years
- Sale of goods in domestic Tariff area upto 25%
- Liberal sanction of foreign exchange including blanket permits for business visits abroad
- Suppliers are eligible to get deemed export benefits for supplies of goods from domestic tariff area to units in the Zone
- Foreign investment permitted upto 100% equity and full and free repatriation of profits allowed after paying taxes.
- Single window concept in clearance of proposals.

K. Visakhapatnam Exim Park

Visakhapatnam Port Trust is promoting a Port Exim Park in 800 acres of land, for allotment to Port based industries with an objective to promote industrialization of

the hinterland and to attract trade for the Port, The port is located adjacent to the Port Eastern arm area , consisting of six general cargo berths. A central documentation centre with representatives of traffic and finance departments of the Port, Customs department, and Asst. Chief Controller of Exports and Imports function in the Park. Upto 5 MVA of power supply to units is available. Industries requiring more than this, will have to make their own arrangements. Units located in this Park are required to strictly adhere to pollution control measures INCENTIVES

- Free period of one month for pre-shipment storage of export cargoes
- Mechanical handling facilities for export of Alumina
- Low tariff structure compared to neighbouring ports

L. Gems and Jewellery Park, Hyderabad: AP Gems & Jewellery Park is a joint venture of APSTC and IOI Corporation of Malaysia. The IOI Corporation has many years of experience in diverse industries, chiefly the properly sector. The Joint Venture heralds a new era of gems and Jewellery trade in Andhra Pradesh. The project will be free processing zone, which proposes to work on the lines of a Special Economic Zone (SEZ) with all incentives and features.

M. Agri Export Zones are proposed for

- grapes and mango at Hyderabad, covering Hyderabad, Medak, Ranga Reddy and Mahboobnagar districts,
- mango at Vijayawada, covering Krishna district
- mango pulp and vegetables(fresh and proposed) in Chittoor district
- for gherkins at Hyderabad, covering Ranga Reddy, Medak, Mahboobnagar, Nalgonda, Warangal, Karimnagar, and Anantapur districts.

N. SP Biotech Park:

The Biotech Park is set up over an area of 300 acres, adjacent to ICICI Knowledge Park (at Turkapalli village, Hyderabad , Shamirpet in partnership with M/s Shapoorji Pallonji Biotech Parks Ltd. Many biotechnology companies have booked space for setting up units. APIIC has developed Biotech Park at Karakapatla village of Medak district in an area of 609 acres.

Marine Bio-tech Park:

O. Marine Bio-tech Park is being developed on 218 acres of land in Visakhapatnam. Reputed firms like Biogenus, and Celgen have been allotted land.

- **P. Agri Bio tech Park** at ICRISAT campus is being developed at Patancheru, Medak district, on 200 acres of land.
- **Q. Special economic zone**: APIIC is developing a special economic zone at Atchupuram and Rambilli mandals of Visakhapatnam, over an area of 9200 acres, which will contain many industrial parks with complete infrastructure like rail, road, seaport, airport, captive power, training, education and health care facilities, shopping malls etc. AP has the maximum number(75 out of 381) of Notified SEZs (formal approvals received 109). APIIC developed SEZs are 43% and privately developed SEZs are 41%. Out of 75 SEZs, 44 belong to IT sector, and remaining are shared by textiles, Pharma, bio-technology, gems and jewelry and food processing units. Operational SEZs are 27.
- **R.** Leather Parks: The Government of Andhra Pradesh proposes to develop 72 mini leather parks over the state to encourage leather and leather based industry.

Six Integrated Infrastructure Development Centers (IIDC) are being developed in Andhra Pradesh under the IIDC scheme of Govt of India. They are:

- 1. IIDC Udumulapur: APIIC has acquired land of 68.55 acres at Nandyal, Kurnool district.92 plots are developed.
- 2. IIDC Tada, The centre is being developed in 30 acres of land. 136 plot have been developed and all the plots have been allotted to women entrepreneurs
- 3. IIDC Keelapattu: GoI has approved IIDC at Keelapattu, Chittoor district at a project cost of Rs. 499.1 lakhs s . Development work is being undertaken
- 4. IIDC Madikonda: GO I has approved the IIDC at Madikonda, Warangal district, at a project cost of Rs 452.23 lakhs Development work is being undertaken.
- 5. IIDC Gajularamaram. 136 plots developed over 30 acres have been allotted to women entrepreneurs of ALEAP
- 6. IIDC Surampally: ALEAP developed IIDC over 29 acres, for women entrepreneurs

6.7 Tourism:

Hyderabad also known as India's Pearl City, famous for Diamonds and skillfully made jewellery, today is one of the most happening cities in the world, giving this city an enormous tourism value. GEMS PARK is being recognized as tourism project. For example tourists of domestic and international origin, during their visit to

Hyderabad generally visit the Pearls and Gems Markets. This park will showcase the city's gems, pearls and jewellery at one place in an ambience, which is truly international.

Features:

- Gems and Jewellery Park is a proposed Specially Economic Zone with 100% export oriented Jewellery manufacturing and Diamond processing.
- The Park will be a de facto export house of international standards
- The park will be specifically delineated duty free enclave
- Deemed to be an export house for the purpose of concessions for trade operations, duties and tariffs.
- The Park will have single window clearance for licenses, procedures, rationalization of terms, forms and specifications through the office of the development commissioner.
- The Park will have amenities of international standard like
 - Strong rooms
 - Spacious conference halls
 - Uninterrupted power and water supply
 - Central air conditioning
 - Transportation and housing facilities for the artisans
 - Restaurant
 - Ample parking space
 - Round the clock (24x7x365) security.

Facilities

- Retail and whole sale shops
- Work place
- Exhibition display stalls
- Mini auditorium
- Banks
- Restaurant
- Testing laboratories
- Web Kiosks and portals
- Facilities for export coordination
- Parking place
- Landscaping
- Amusement parks and creche
- Training centers
- Fool proof security and Intelligent building through optic fiber connectivity

Health Center

Location – The heart of the city, Banjara Hills

Land area : 2.4 acres
Built up area : 1.5 lakh sq. ft.

Number of floors : Ground plus five floors

(Extracted from www.apind.com)

6.8 Roads:

As in 2011, the State had a total road length of 2,09,659.432 kms., of which National Highways constituted 4730 Kms, PWD(R&B) roads constituted 66148.9 Kms, and Panchayat Raj roads 1,38780 Kms. The roads in major cities were in a very bad condition until the State Government took up repairing and widening of major roads in a big way. A road development Corporation has been established for this purpose

6.9 Railways:

The State has a railway route of 5,033 kms., of which 4996 kms are Broad gauge lines. Of these the South Central Railway, with its Head Quarters at Secunderabad, covers 4341.81 kms. Almost all the places of the State are covered by the Railways. There are 677 Railway Stations. Inland Container Freight Station with customs clearance is available at Sanathnagar, Hyderabad. Guntur Junction houses an inland container depot. The Railways with State Government partnership runs the Metro Railway system, linking different places within Hyderabad-Secunderabad.

6.10 Airways and Airports:

Domestic Airports in the State are located at Hyderabad, Visakhapatnam, Vijayawada, Tirupathi, and Puttaparthi. Hyderabad has an air-cargo complex with customs clearance. Direct flights to Singapore, Dubai and New York operate from Hyderabad. A full-fledged international airport is proposed near Hyderabad .The Government is also considering an international airport at Visakhapatnam and the strengthening of airports at Tirupathi and Vijayawada.

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6.11 Seaports: Seaports with modern facilities play an extremely important role in industrial development by providing a base for export/import of goods. Andhra Pradesh has the biggest seaport at Visakhapatnam, with feeder services to Europe, Russia, USA and the Asia Pacific. Berthing of vessels are available upto 50000 DWT.

The cargo handling at Visakhapatnam port is the busiest port in the entire country, ahead of Kandla, Chennai, Haldia and Mumbai.

Other seaports in the district are located at Kakinada, Krishnapatnam, Machilipatnam and Gangavaram. Agreements have been signed by the Govt. to develop Krishnapatnam port in the private sector. Privatization of operation and management of Kakinada port and Development of Gangavaram and Vodarevu ports are being taken up.

6.12 Road Transport:

The Andhra Pradesh State Road Transport Corporation, APSRTC is the single largest Corporation providing road transport facilities to the general public in the State. It endeavours to meet the transport demand of the traveling public by expanding its operation, providing all comforts. The APSRTC has introduced hi-tech buses, and has built new bus stations with modern facilities. Hyderabad houses the biggest and most modern bus station in Asia, the Imlibun

The APSRTC has a fleet of 22040 buses (owned and hired) (in March 2011) making it the second largest Road Transport Corporation in India after Maharashtra. It carries a passenger load of 3954 lakh passengers annually. The buses ply on 7983 routes, covering over 2532 lakh kms.

Apart from the APSRTC, there were 2987 other private buses on road, as in March 2003 The number of vehicles on road are as:

1	Good vehicles, all kinds	399989
2.	Tractors & Trailers	135184
3.	contract carriages	69361
4.	Maxi cabs & Taxies	171653
5.	Autos (3 wheelers)	507687
6.	School buses	20168
7.	Private Service vehicles	1478
8.	Cars	1126950
9.	Jeeps	30855
10.	Two wheelers	7604498
11.	Others	19098
	Total	10521056

6.13 Communications :

Communication is the life line of an industrialized society. The past few years have seen mind boggling advancement in telecommunication. With the advent of faxes, pagers, cellular phones, E-mails, communicating to far off places has become less difficult. Andhra Pradesh has not lagged behind in accepting these developments. With the city poised to become a hi-tech city, telecommunication

infrastructure has made tremendous progress. The State Govt. has made all out efforts to strengthen this infrastructure.

The latest available statistics (as in 2001) show that there were 3003 Telephone exchanges, 3140948 telephone connections, 118 telegraph offices(excluding extension counters, telecom centers, and combined offices) and 78218 public telephones. As in December 2003, it is estimated that there are 15.5 lakh cell phone subscribers in the state. The State's share in All India cell phone subscribers is 7%.

Posts: As in 2011 the State had 95 Head Post offices, 2334 sub-offices, and 16141 branch offices. The speed post facility is available to all parts of the State. Many private courier services have sprung up to cater to the needs of the public. There are many centres that offer E-mail and INTERNET Services to users in all towns of AP.

6.14 Power:

Power is the most important input for industrialization. Andhra Pradesh, once a power surplus state, is now a power deficient State. The industry in general has been hard hit due to irregular power supply, regular load shedding, following continuous drought periods etc. The Andhra Pradesh State Electricity Board endeavors to meet the demand for electricity through power generated within the State and that borrowed from the Central grid. It has introduced several reforms to improve it working. The APSEB made structural changes through AP Electricity Reforms Bill 1998 which aims at restructuring APSEB into functionally distinct corporation in the areas of generation, transmission and distribution, thereby limiting the role of the State Government to broad policy formulation.

An Autonomous Regulatory Commission that regulates and issues transmission and supplies licenses, regulates tariff s for transmission of supply, fixes and enforces standards is being thought of . The Board has taken corrective measures to improve its financial position. It has regularized about 1.69 lakh unauthorized agricultural connections, and has taken up plugging of leakages and theft of power.

The progress in Installed capacity in power sector in AP among the different sources of power (as %) is as follows:

Year	State sector			Joint sector	Central	Private sector	2	Total MW	
	Hydel	Thermal	Wind	Total	Gas		Gas	Other	
2001-	32.93	32.6	0.02	65.56	3	16.56	10.15	4.73	9055.9
02									

2002- 03	33.23	28.68	0.02	61.93	2.63	20.39	9.67	5.37	10328.83
2003- 04	33.53	27.79	0.02	61.34	2.54	20.69	9.34	6.09	10695.56
2004- 05	32.29	26.95	0.02	59.26	2.45	23.15	8.99	6.15	11105.71
2005- 06	32.16	26.57	0.02	58.75	2.44	23.47	8.94	6.41	11151.19
2006- 07	29.90	26.45	0.02	56.36	2.27	23.80	11.39	6.19	11996.31
2007- 08	29.28	27.32	0.02	56.62	2.20	23.93	11.04	6.22	12381.59
2008- 09	29.49	27.22	0.02	56.72	2.19	23.84	11	6.25	12427.25
2009- 10	25.32	29.96	0.01	55.30	1.86	20.84	9.34	6.06	14625.52

Source: Draft Approach paper to 12th Plan, CESS, Hyderabad

Power Generation in AP

Year	Energy S	State Sec	tor	Gas	Wind	Pvt	Central	Others	Total
	Hydel T	hermal	total			sector	& MAPP		
2002- 03	3337	2303	26369	2030		8169	11575	-207	47937
2003- 04	2941	20401	23342	2109	1	8636	13011	344	47444
2004- 05	5265	21145	26410	1908		8849	13774	180	51123
2005- 06	7873	18718	26591	1753	2	7730	15971	530	52575
2006- 07	9247	19994	29241	1445		7730	19487	167	58070
2007- 08	9510	21452	30961	1101		9004	19822	357	61245
2008- 09	7703	23297	30997	1441		8885	25316	748	67387
2009- 10	5450	24101	29552	2087		16026	22851	4096	74612

Source: 12th Plan Approach Paper, CESS

The installed capacity and the power generated by different thermal, hydel and gas based power stations in AP as in 2011is as follows:

I.	THERMAL	Installed Cap. In MW.	Gross Generation MU (ex-Bus)
1.	Kothagudem A	240	1597.57
2	-do- B	240	1504.8
3	-do- C	240	1503.17
4	-do- V	500	3080.44
7	Vijayawada 1, II, III	1260	7816.43
	Vijayawada IV	500	3588.63
8	Rayalseema Thermal Power Project I	420	2657.78
9	Rayalseema Thermal Power Project II	420	2805.10
10	RTPS III unit I	210	173.73
11	RTSB	62.5	428.05
12	Kakatiya TPS stg I	500	1689.92
	Total thermal	4592.5	26845.62
Hyde	el		
1	Machkund	84	290. 23
2	TB Station	57.6	155.89
3	Nizamsagar	10	
4	Upper Sileru	240	414.47
5	Donkarayi	25	118.53
6	Lower Sileru	460	1049.47
7	Srisailam RBHS	770	1794.26
	LBHS	900	1984.31
8	Nagarjunasagar (RC)	90	278.17
9	Nagarjunsagar(LC)	60133.34	133.34
10	Nagarjunasagar	815.6	1264.29
11	Pochampad	36	82.82
12	Penna Ahobilam	20	3.80
13	Mini Hydel Total	12.15	
14	Wind farm Ramagiri)	2	
15	Singur	15	23.79
16	Jurala	195	124.3
17	Total Hydel	3792.35	7717.67

18	Gas (vijjeswaram I & II)	272	1680.74
19	Wind(Pvt Sector)	-	
20	Share from Central sector	2882.68	19986.24
	projects		
21	Captive power plants	-	1964.32
22	Purchases from other	-	-
	states		
23	Purchases from Pvt sector	1354.2	18004.95
24	others		1564.51
	Grand total	9.62.9	77,764.05

The per capita consumption of electricity in AP in 2010-11 was 952 KWH compared to 342.79 KWH in 2000-01. AP ranks 8^{th} in the Country in per capita consumption of electricity. Electricity consumption is maximum in Medak district, followed by Ranga Reddy district. Highest Industrial per capita consumption is in Medak district, followed by Ranga Reddy district. Among agriculture sector, per capita consumption was highest Nalgonda, followed by Medak district . Domestic consumption is maximum in Hyderabad city .

6.14 Banking Institutions:

As on 30.6.2012 there were 9008 branches of scheduled commercial banks, of which 3293 are rural branches. The following is the network of bank branches in the state:

Category of bank	NO of banks	No of	Rural
		branches	branches
Commercial banks	48	5807	1853
Regional Rural Banks	5	1511	1076
State Co-operative banks	2	624	250
SFC	1	25	0
Private Banks	19	1041	114
Total	75	9008	3293

The number of specialized SSI bank branches in the state are as follows:

Name of the Bank	Branch
Andhra Bank	1. Rajahmundry, East Godavari Dt
Andhra Bank	2. Bhimavaram, West Godavari Dt
Andhra Bank	3. Guntur
Andhra Bank	4. HMT Indl. Estate, Ranga Reddy Dt

Bank of India	5. Azamabad I.A., Hyderabad
Union Bank of India	6. Hyderabad
State Bank of India	7. Saifabad, Hyderabad
Dena Bank	8. R.P. Road, Secunderabad
Andhra Bank	9. Vijayawada, Krishna Dt
Indian Bank	10. Vijayawada, Krishna Dt
State Bank of India	11. SIB Vijayawada, Krishna Dt
State Bank of Hyderabad	12. Vijayawada, Krishna Dt
Andhra Bank	13. Nacharam, Ranga Reddy Dt
Canara Bank	14. Kukatapally, Ranga Reddy Dt
State Bank of Hyderabad	15. Cheralapally, Ranga Reddy Dt
	16. Shamshabad
Andhra Bank	17. Gajuwaka, Visakhapatnam
Bank of India	18. Visakhapatnam
Central Bank of India	19. Suryabaugh
Union Bank of India	20. Visakhapatnam
State Bank of India	21. SSI Visakhapatnam
State Bank of Hyderabad	22. Visakhapatnam
State Bank of Hyderabad	23. Warangal

Lead Banks in different districts

Andhra Bank	1. Srikakulam,
	,
(4 districts)	2. West Godavari,
	3. East Godavari,
	4. Guntur
State Bank of India	5. Vizianagaram,
(5 districts)	6. Medak,
	7. Warangal,
	8. Visakhapatnam,
	9. Mahboobnagar
State Bank of Hyderabad	10. Ranga reddy,
(7 districts)	11. Nizamabad,
	12. Karimnagar,
	13. Hyderabad,
	14. Nalgonda,
	15. Khammam
	16. Hyderabad

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Syndicate Bank	17. Prakasam,
(5 districts)	18. Kurnool
	19. Cuddapah
	20. Nellore
	21. Ananthapur
Indian Bank	22. Chittoor,
(2 districts)	23. Krishna

<u>Lending to MSMEs</u> Rs in crores

	Outstanding as on	Outstanding as on	
	<u>31.3.2012</u>	<u>31.3.2011</u>	
Micro Enterprises	12775	11001	
Small Enterprises	26741	17386	
Total MSE	39516	28387	
Medium	12260	11820	
enterprises			
Total MSME	51776	40207	

CHAPTER VII

ECONOMIC FACILITIES, INCENTIVES AND CONCESSIONS.

The Andhra Pradesh Government has announced many incentives to attract entrepreneurs from within the Country and outside, to establish industries in the State. The incentives are in the form of interest subsidies, tax holiday, power subsidies, rebates in electricity charges etc. apart from special concessions for SC/ST, women Entrepreneurs and NRI entrepreneurs.

7.1 Central Industrial Policy:

The New Industrial Policy 1991 and Special Industrial Policlly for SSI and Tiny Sector, 2000 were landmark policies that brought about a paradigm shift in the policy support for SSIs (now MSMEs). The MSMED Act promulgated in 2006 ushered in a new era of legislative support for MSMEs, besides bringing in the Medium sector into its fold. Highlights of the policy support for MSMEs since economic Reforms set in, are given below:

The Hon'ble Prime Minister of India, announced the comprehensive Industrial Policy for Small Scale and Tiny sector on 30th August 2000. The following are the highlights of the Policy:

Policy support:

- The Investment limit for the tiny sector will continue to be Rs.25 lakhs
- The Investment limit for the SSI sector will continue to be Rs. 1 crore
- The Ministry of SSI & ARI will bring out a specific list of high tech and export oriented industries, which would require the investment limit to be raised upto Rs.5 crores, to admit suitable technology upgradation and to enable them to maintain their competitive edge.
- The limited partnership act will be drafted quickly and got enacted. Attempt will be made to bring the Bill before the next session of the Parliament.

Fiscal support

 To improve the competitiveness of small scale sector, the exemption for excise duty limit has been raised from Rs.50 lakhs to Rs. 1 crore.(Annexure I)

Credit support

- The composite loans limit raised from Rs.10 lakhs to Rs.25 lakhs.
 The small scale services and business(Industry related)
 enterprises(Sasses) with a maximum investment of Rs.10 lakhs will qualify for priority lending.(Annexure II)
- In the National Equity Fund scheme, the project cost limit will be raised from Rs.25 lakhs to Rs.50 lakhs. The soft loan limit will be retained at 25% of the project cost subject to a maximum of Rs.10 lakhs per project .Assistance

- under the NEF will be provided at a service charge of 5 % per annum. 30% of investment under the Fund will be earmarked for the tiny sector
- The eligibility limit for coverage under the Credit Guarantee Scheme has been revised to Rs.25 lakhs from Rs.10 lakhs
- The Department of Economic affairs will appoint a Task Force to suggest revitalization / restructuring of Sacs
- The Kayak Committee's recommendations regarding provision of 20% of the projected turnover as working capital is being recommended to the Financial Institutions and Banks.

Infrastructural support:

• The Integrated Infrastructure Development scheme will progressively cover all areas in the country with 50% reservation for rural areas. Of these, 50% of plots will be earmarked for tiny sector.

Technological support:

- Capital subsidy of 12% for investment in technology in select sectors: An
 inter ministerial committee of excerpts will be set up to define the scope of
 technology upgradation and sect oral priorities. Preference will be given to
 tiny sector.
- To encourage Total Quality Management, the scheme of granting Rs.75000/-to each unit for opting ISO 9000 certification will continue for the next 6 years, i.e. till the end of the 10th Plan.
- Setting up of incubation centres in sunrise industries will be supported
- Commercial banks will be requested to develop schemes to encourage investment in technology upgradation and harmonize the same with SIDBI.
- One time capital grant of 50% will be given to Small Scale Associations who wish to develop and operate testing laboratories, provided they are of international standards. (Annexure III)

Streamlining Inspection rules and regulations

- To minimize harassment to small scale sector, a group will be set up to recommend with 3 months, means of streamlining inspection. This will include repeal of laws and regulations applicable to this sector, that have since become redundant.
- Self certification will be progressively encouraged in lieu of inspections, which should be prescribed under the following conditions:
- a. On receipt of specific complaint
- **b.** Selection of unit for sample check(say 10% of total units)
- **c.** For audit and safety purposes.

Rehabilitation of sick units:

 RBI is being requested to draw up revised guidelines for the rehabilitation of sick but potentially viable SSI units. Such guidelines would be detailed, transparent and non-discretionary

Promoting rural industries:

- With a total financial implication of Rs 447 crores, a Deendayal Hathkarga Protsahan Yojna has been announced, which would support weavers
- A new comprehensive package to strengthen Khadi and Village Industries to upgrade skills of Khadi workers will be announced.

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Improving data base

• A Census of small scale industries was conducted covering, among other things, incidence of sickness and its causes.

Development of rural clusters

 Under NPRI, cluster development is being taken up by KVIC, SIDO, NABARD, SIDBI. The sponsoring organization for each cluster will provide for design development, capacity building, technology intervention, and consortium marketing. A cluster development fund will be created under the Plan.

State Industrial Policy For SSIs:

- Under Vision 2020, the following areas have been identified as thrust sectors and growth engines:
- Agro food processing
- Bulk drugs and pharmaceutical sector
- Bio technology
- Apparel textile and leather
- Auto mobile, auto components
- Finance & Insurance
- Mining and Mineral
- Electronics, Hardware and Telecom

THE MSMED Act., 2006

- Nomenclature changed. The sector to be called Micro, Small and Medium Enterprises sector
- Medium sector defined for the first time
- Investment limits raised for the Small scale sector. Separate investment limits for the service sector.
- Manufacturing sector upper investment limits in Plant and Machinery : Micro- Rs 25 lakhs, Small : Rs. 5 crores, Medium Rs10 Crores.
- Service sector, upper limit in investment in Equipment: Micro: Rs 10 lakhs, Small: Rs 2 crores. Medium: Rs 5 crores
- Constitution of National Board of MSMEs
- Facilitation Council to be set up in all States to deal with delayed payment to MSEs.
- Other support measures to MSMEs to increase their competitiveness

Govt of India Schemes for the promotion of MSMEs

Besides the above activities, MSME-DI, Hyderabad **implements Govt of India Schemes** operated by the Ministry of MSME. The Schemes are classified in to two broad groups: MSME Schemes and NMCP Schemes (National Manufacturing Competitiveness Programme)

Broad details of the schemes applicable to the Bulk Drugs and Pharmaceutical Industry are as follows.

A.MSME Schemes:

- 1. **CREDIT LINKED CAPITAL SUBSIDY SCHEME** for Technology Upgradation (CLCSS): (*for individual MSEs*)
 - This scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy (subject to a max of Rs.15 lakhs) on institutional finance availed by them for induction of well established and improved technology in approved sub-sectors/products.
 - Existing MSEs who upgrade their existing Plant and Machinery with state-of-the-art technology, with or without expansion, and new units, which have set up their facilities only with appropriate eligible and proven technology are eligible to apply. The units may be sole Proprietorship, Partnerships, Co-operative Societies, Private and Public limited companies in the MSE sector.
 - The admissible capital subsidy is calculated with reference to purchase price of Plant and Machinery. **Maximum limit of eligible loan** for calculation of subsidy under the **revised scheme is Rs. 100 lakh** w.e.f. 29-09.2005.
 - SIDBI, NABARD and Nine other scheduled commercial banks are nodal agencies for implementation of the Scheme.
 - The Scheme covers Bulk Drugs and Pharmaceuticals sector also
 - Equipment purchased by Pharma & Bulk Drug units for Schedule M compliance are eligible for subsidy under CLCSS scheme.
- 2. **CREDIT GUARANTEE FUND TRUSTS FOR MSES**: (for individual MSEs) (see www.cgtmse.in for more details)
 - This scheme provides for **collateral free loans to MSEs**.
 - Any collateral / third party guarantee free credit facility extended by eligible
 institutions, to new as well as existing MSE with a maximum credit cap of
 Rs.100 lakh is eligible to be covered.
 - The guarantee cover available under the scheme is to the extent of 75% / 80% of the sanctioned amount of the credit facility, with a maximum guarantee cap of Rs.62.50 lakh / Rs. 65 lakh. The extent of guarantee cover is 85% for micro enterprises for credit up to Rs.5 lakh. The extent of guarantee cover is 80% for Micro and Small Enterprises operated and/or owned by women;

• The fee payable to the Trust under the scheme is one-time guarantee fee of 1.5% and annual service fee of 0.75% on the credit facilities sanctioned.

3. REIMBURSEMENT SCHEME FOR ISO 9000/14000/CERTIFICATION: (for individual MSEs)

- In order to enhance the competitive strength of the MSE sector, the Government introduced an incentive scheme for their quality improvement and environment management.
- This scheme provides incentive to those Micro/small scale undertakings that have acquired ISO 9000/ISO 14001 certifications.
- The Scheme envisages reimbursement of charges of acquiring ISO-9000/ISO-14001/ certifications to the extent of 75% of the expenditure subject to a maximum of Rs. 75,000/- in each case.

4. **MSE-CLUSTER DEVELOPMENT PROGRAMME**: (**MSE-CDP**) (for identified clusters of MSEs)

MSE-CDP aims to support the sustainability and growth of MSEsby addressing common issues like technology improvement, skills, market access, etc in identified industrial clusters . Main components of the Scheme are:

- Diagnostic Study Reports GoI grant of max of Rs. 2.5 lakhs will be provided for DSR preparation for one cluster. Cost includes expenses towards visits to cluster, compilation of data, and validation of action plan, hiring of consultant, printing, stationery etc
- Soft interventions: Include technical assistance, capacity building, exposure visits, market development, trust building, etc for the cluster units: GoI grant for soft interventions would be 75% of sanctioned amount of project cost. Max limit of project cost is Rs. 25 lakhs. For clusters with more than 50% micro/village/women enterprises/ SC/ST enterprises, it will be 90%
- Detailed Project Reports –GoI grant of max of Rs. 5 lakhs wil be provided for preparation of DPR for setting up a CFC
- Hard Interventions setting up Common Facility Centres, Design Centres, Testing Facility, Training and R&D Centres, Raw material banks, etc. GoI grant will be 70% of cost of project of max Rs. 15.00 crores. GoI grant will be 90% for clusters with more than 50% Micro/village/ women owned/ SC/ST/ units. Cost of project includes cost of land (subject to max of 25% of project cost) building, pre-op expenses, preliminary exp, machinery, eqpmt, mixs fixed assets, water supply, electricity and margin money for working capital.
 - Infrastructure Development Includes provision of land, water supply, drainage, power, construction of roads, First Aid Centre, Canteen, or other need based infrastructure facilities for MSEs in new/existing industrial estates/areas. GoI grant is restricted to 60% of project cost restricted to Rs 10 crores. It will be 80% for clusters with more than 50% Micro/village/ women owned/ SC/ST/ units.

5. MARKET DEVELOPMENT ASSISTANCE SCHEME : INTERNATIONAL TRADE FAIRS: (for individual MSEs)

- Registered MSEs are facilitated to participate in select International Trade Fairs all over the world through subsidy in space rent and airfare.
- MSEs are nominated to participate in selected International Trade Fairs at

- **50% subsidy on space rent and 75% subsidy on air fare** (for one representative per unit).
- The subsidy for Women/SC/ST entrepreneurs is 100% on space rent and air fare. The total subsidy amount (on space rent + air fare, in all cases) is limited to Rs. 1.25 lakhs.
- Any MSE can participate in One Fair in a given Financial Year.

INTERNATIONAL CO-OPERATION SCHEME (for individual MSEs through Central/ State/Industry or Industry Associations):

Ministry of MSME, GoI operates this scheme to help MSMEs to explore new areas of technology, to facilitate joint ventures and foreign collaboration, and infusion of new technologies, thereby improving market for MSME products. The components of the scheme are :

- Deputation of Business Delegations to visit Foreign countries: Gol fund reimburses 85% of air fare of Micro enterprises, 75% to Small enterprise and 25% to Medium enterprises. Women/SC/ST entrepreneurs are eligible for 95% reimbursement. Office bearer of the applicant organization is eligible for 100% subsidy in air fare. Provision is also made for Hotel charges and daily allowances.
- Participation in Trade Fair/Buyer-Seller Meet: Subsidy of 75%, 60% and 25% is provided on space rent for Micro/Small/Medium enterprises in general category For women/SC/ST enterprises it is 95%, 85% 50% respectively. Air fare subsidy of 85%, 75%, 25% is provided on to and for air fare for one person of Micro/Small/Medium enterprise in general category. The corresponding subsidies in air fare for women/ SC/ST are 95%, 85%, 50% respectively. A subsidy of 10% of space rent is provided for interior decoration. An office bearer of applicant organization is provided 100% subsidy in air fare. Provision for hotel charges and daily allowance is also made.
- Assistance is provided for organizing International Conferences/ Seminars in India, if the total number of participants/Speakers is more than 50%. Budget estimates for International events should not exceed Rs 25 lakhs per event and Domestic events, should not exceed Rs 12 lakhs per event.

6. **SCHEME FOR CAPACITY BUILDING**/Seminars for Industry Associations:

To strengthen the role and increase the efficiency of Industry Associations of Micro and Small Enterprises, financial assistance for the Secretarial and Advisory/extension services(like procurement of computer, peripherals, fax, photocopy, office furniture, and other office equipment) to selected Associations is provided up to a maximum of Rs.5 lakh, with equal contribution from Association, depending upon the size and reach of the Association. Another component of this scheme provides financial assistance for organizing National/State/District level Seminars/Workshops/Symposia, upto a limit of Rs. 2 lakhs for National Seminar and Rs. 1 lakh for State/District level seminar.

7. **NATIONAL AWARDS**: (for individual MSEs)

MSMEDI recommends outstanding MSEs for National Awards, Export

Awards, Quality Awards, and best R&D awards. Director, MSMEDI is a Member of the State Award Selection Committee for selection of Best State MSME entrepreneur, Best Woman Entrepreneur and Best SC/ST Entrepreneur.

B. NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME SCHEMES (NMCP SCHEMES) UNDER XI PLAN:

Govt of India has launched these schemes to make MSEs more competitive and to adjust the competitive pressure caused by liberalization and moderation of tariff rates. Brief details of the schemes are as follows:

- 1. **Bar Coding** fee reimbursement: (for individual MSEs)
 - In order to enhance the marketing competitiveness of MSEs in domestic as well as international market, O/oDC(MSME) provides financial assistance for reimbursement of
 - i. 75% of one-time registration fee and
 - ii. **75% of annual recurring** fee for first three years paid by MSEs to GS1 India for using of Bar Coding..
- 2. Support for Entrepreneurial and Managerial Development of MSEs through Incubators: (for Technical Institutions, and new entrepreneurs (MSEs)with innovative ideas)
 - The main objective of the scheme is to promote emerging technological and knowledge-based innovative ventures that seek the nurturing of ideas from professionals beyond the traditional activities of Micro, Small & Medium Enterprises.
 - Under this scheme, 100 "Business Incubators" (BIs) are to be set up under Technology (Host) Institutions over the next 4 and each BI is expected to help the incubation of about 10 new ideas or units.
 - For this service, which includes the provision of laboratory/workshop facilities and other assistance/guidance to young innovators, each BI will be given between Rs.4 lakh and Rs.8 lakh per idea/unit nurtured by them, limited to a total of Rs.62.5 lakh for the ten ideas.
- 3. **QMS/QTT**: (for individual MSEs)
 - The main objective of the scheme is to sensitize and encourage MSEs to adopt latest QMS and QTT and to keep a watch on sectoral developments by undertaking the stated activities.
 - This activity entails the development and introduction of training course modules in technologies like 6 Sigma tools, 5s, Kaizen tools, etc, at ITI and Diploma-level courses, training of ITI staff, workshops etc (with GoI funding of Rs. 425 lakhs per year).
 - Second component of the scheme envisages conducting awareness programmes for MSMEs (Max exp Rs. 1.25 lakhs per programme, GoI funds

- 75%), while the third component organizing Competition C-watch, which entails facilitating and upgradation of manufacturing process through systematic information on product development, production technology, market trends and quality conformity.
- Third component provides for Sector Specific studies that can be undertaken for benefit of MSEs, with GoI assistance and private participation (50% support from GoI. cost limited to Rs2.5 lakh per MSE).
- Fourth component entails implementing QMS QTT tools in selected MSEs, through GoI assistance. Study missions to other countries to study the QMS/QTT implementation there forms the fifth component.. The cost is subsidised to an extent of 50%.
- 4. **Lean Manufacturing**: (for Industry Associations/ group of 10 MSEs forming Mini cluster)
 - Under the Scheme, MSMEs will be assisted in reducing their manufacturing costs, through proper personnel management, better space utilization, scientific inventory management, improved processed flows, reduced engineering time etc. Lean Manufacturing involves applying Lean Techniques (e.g. Total Productive Maintenance (TPM), 5S, Visual control, Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Poka Yoke, TPM, etc.) to identify and eliminate waste and streamline a system.
 - Interested industry associations / group of approx. 10 MSME units which qualify under MSME-Development Act, 2006 willing to form Mini Cluster can avail of the benefits. A financial support by the Government of India upto a **maximum of 80%** of the Consultant fees for each Mini Cluster will be provided. **Remaining 20%** is to be borne by the beneficiaries MSME units.
- 5. **Intellectual Proprety Rights**: (for MSEs, MSE Associations, Societies, NGOs, Trusts, R&D instt, Universities, Consultancy organizations etc, for different components)
 - The objective is to enhance awareness of MSMEs about Intellectual Property Rights (IPRs) to take measure for the protecting their ideas and business strategies.
 - MSEs are eligible for grant of Rs. 0.25 lakhs for a domestic patent, Rs. 2.00 lakhs for a Foreign Patent and Rs. 1.00 lakh for GI.
 - Grants of Rs. 2.5 lakhs for Pilot studies in the area of IPR, Rs. 2 lakhs for interactive seminars, Rs. 1.00 lakh for Seminars, short term and long term training.
 - Interaction with foreign agencies for IPR is provided for domestic intervention Rs 5.00 lakhs, for international exchange programme, upto a maximum of Rs. 7.5 lakhs.
- 6.**Technology & Quality up gradation :** (for MSME Clusters) The main components of the Scheme are
 - Capacity building of MSME clusters to adopt technology for clean manufacturing standards. GoI funding for Awareness programmes is 75% of a max cost of Rs. 75,000 per programme,
 - GoI funding of upto Rs 6 lakhs for DPR preparation for cluster level audit,

- Implementation of energy efficient technologies (EET) by MSMEs (GoI will provide 25% of project cost for implementation of EET),
- setting up Carbon Credit Aggregation Centres (CCA) for popularizing Clean Development Mechanism (CDM) in MSME Clusters (GoI will fund 75% of cost s.t max of Rs 15 lakhs to set up CCA)
- To provide subsidy to MSME units towards the expenditure incurred by them
 for obtaining product certification licenses from national / international
 bodies. Units acquiring National standardization certificate from bodies like
 BIS, BEE etc, and International product certification like CE, UL, ANSI
 etc.qualify for subsidy to the extent of 75% of the actual expenditure subject
 to a max ceiling of Rs 1.5 lakh for national standard & Rs 2.00 lakhs for
 international standard.

7. Marketing Assistance And Technology Upgradation In Micro, Small And Medium Enterprises

Under this Scheme the following components are covered with fund sharing pattern of GoI: Unit:: 80:20 for the components mentioned below from Sno 1 to 3.

- 1. Technology Upgradation in Packaging. The Awareness Programmes on packaging with an amount of Rs.0.5 lakh per programme, Cluster based studies on packaging status & needs for upgradation with an amount of Rs 10 Lakhs per study and Unit based interventions for specific packaging Requirements in 20 Clusters with an amount of Rs 9 lakhs per group of 10 units.
- 2. **Skill Upgradation/Development for modern marketing techniques.** Need based skill development programmes for clusters for adopting modern marketing techniques with maximum cost provision of Rs 6 Lakhs per cluster.
- 3. **Competition Studies:** Detailed studies on threatened product groups/clusters bringing out reasons for invasion by outside products affecting local productions and ways & methods to counter these can be conducted with maximum cost provision of Rs.8lakhs per study.
- 4. New markets through State/District level local Exhibitions/Trade fairs. To provide marketing platform to manufacturing MSMEs through their participation in State/district level exhibitions being organized by State/District Authorities/Associations with maximum cost of Rs 3lakhs per Exhibition.50% (80% for SC/ST/Women/PH Entrepreneurs) of cost towards Pavilion/stall space upto 6sq.mtr. and to and fro actual fare by shortest distance/direct train(limited to ACII tier class) for one person will be reimbursed by GoI Max.amount

- Reimbursed is Rs 30000/- per unit for SC/ST/Women/Physically Handicapped Entrepreneurs and Rs20000/- per unit for others.
- 5. Corporate Governance Practices: To encourage MSMEs to adopt good corporate governance practices GoI assistance will be in the form of reimbursement upto 50% of the total expenditure subject to Rs.45000/- per MSME unit who would acquire Company's structure by adopting corporate governance or Limited Liability Partnership(LLP) framework.
- 6. **Reimbursement to ISO 18000/ISO 22000/ISO 27000 certification:**One time reimbursement of expenditure to the extent of 75% of expenditure subject to a maximum of Rs 1.0lakh per unit who acquire ISO 18000/22000/27000 Certification

8. Scheme for promotion of Information and Communication Technology (ICT) in MSME Sector

Under this scheme, 100 MSME Manufacturing clusters are likely to reap benefit in respect of standardization of their business process, improvement in delivery time, reduction in inventory carrying cost, improvement in productivity and quality of production, etc through need based ICT interventions. The total budget under the scheme is Rs. 105.00 crore including Government of India (GoI) contribution of Rs. 47.70 crore.

Salient features of the scheme:

- **Selection of target clusters:** A total of 100 potential MSME manufacturing clusters having quality production and export potential will be selected for implementation of the scheme.
- **Appointment of Technology Providers(TP):** A panel of Technology Providers from the prominent IT industry organizations will be appointed under the scheme to bring in their technology expertise/inputs, sensitize MSMEs on the need and subject of ICT adoption, assist in diagnostic mapping of selected clusters, formation of SPVs, etc.
- **Awareness Programme and Feasibility Report:** Awareness Programme will be conducted to sensitize the MSME sector about the scheme and encourage manufacturing MSMEs in the selected clusters to adopt ICT tools. Based on the inputs received during such programmes, a
- feasibility report containing existing IT status among the MSMEs and possible ICT interventions will be prepared for each selected clusters. This activity is funded by GoI which will be upto Rs.1.0 lakh per cluster.
- **Preparation of Detailed Project Report (DPR):** DPR for identifying the requirements of ICT interventions in each of the selected MSME clusters will be prepared which will provide details on the requirements of hardware and software interventions (including setting up of e-Readiness Centre and suggested software solutions) along with time lines and cost estimates for each activity. The proposal will also include skill

- development on IT among the MSME employees, formation of SPV, roles and responsibilities of different agencies involved in the implementation of various activities under the Scheme. This activity will be funded by GoI, which will be upto Rs.2.0 Lakh per cluster.
- **Setting up of e-Readiness Centres**: Based on the DPR, e-Readiness Centres (e-RCs) will be set up in the identified clusters (or group of clusters) which will host commercial software/ locally developed solutions for the use of MSMEs in their business processes on chargeable basis. The set up will also facilitate training to MSME staff for upgrading their IT-related skills.
- **Subsidy for procurement of hardware and software**: A one-time subsidy of 25%(max of 0.75lakhs per unit)of the expenditure on hardware/software will be provided to the MSMEs, subject to the prescribed ceiling, on the institutional finance availed by them for procurement of hardware and software.
- **Establishment of National Portal for MSMEs :** A National Portal for MSMEs will be set up to provide e-commerce and ecatalogue related facilities to MSMEs. This portal will have linkages with all the clusters specific portals established under the scheme the total budget for this activity is Rs100lakhs and will be released as per the terms and conditions in RFP.
- **Evaluation /Impact assessment studies :** Evaluation/impact assessment studies would be undertaken through designated agencies from time to time to ensure achievements of the action
- plan and for mid-term corrections, so as to make the scheme more effective. The total budget provision for this item is Rs.50lakhs and will be disbursed as per RFP Document.
- **Miscellaneous items, National Workshops, etc:** During the implementation of the scheme it may be necessary to take up certain activities such as, advertisements, meetings / discussions / seminars etc. PMAC will decide the scope and fund allocation to these individual activities as per the requirement. The total budget for this sub-head will be limited to Rs. 50 lakh for the duration of the scheme.

CHAPTER VIII.

MSMEDO OFFICES AND THEIR FUNCTIONS

MSME Development Organization (MSME DO) headed by DC(MSME) is an attached office of the Ministry of MSME This is an apex body and nodal agency for formulating, coordinating and monitoring policies and programmes for the promotion development of MSME sector in the Country. It maintains close liaison with Central Ministries, Planning Commission, State Governments, Financial Institutions, Voluntary and other agencies connected with the Development of MSME sector

MSME Development Institute, **Hyderabad** is the field office of DC(MSME) in Andhra Pradesh. There are two institutes in Andhra Pradesh. They are:

- 1. MSME-DI, Balanagar, Hyderabad-37.
- 2. Branch MSME-DI, Autonagar, Visakhapatnam 530 012

These Institutes provide a number of services to the MSME sector in the State. The main functions of the Institute are to extend techno-economic managerial consultancy to the existing and prospective entrepreneurs. They also extend various types of training programs to develop entrepreneurship and skill development. Necessary back-up support for all industrial development activities are also extended to all DICs in the State. The Institute assists small scale units in total quality management, acquiring ISO 9000 certification, phasing out Ozone Depleting Substances, etc.

The MSME-DI at Hyderabad extends its activities to the following districts:

1	.Hyderabad/Secunderabad(Twin cities)	11.Kurnool	
2.	Ranga Reddy	12. Krishna	
3.	Adilabad	13. Cuddapah	
4.	Nizamabad	14. Ananthapur	
5.	Karimnagar	15. Prakasam	
6.	Warangal	16. Nellore	
7.	Khammam	17.Chittoor	
8.	Nalgonda		
9.	Medak	18. Guntur	
10. Mahboobnagar			

<u>The Branch SISI Visakhapatnam</u>., under the control of SISI, extends its activities to the following districts:

- East Godavari
- 2. Vizianagaram
- 3. Visakhapatnam
- 4. Srikakulam
- 5. West Godavari

MSME Testing Station, Sanathnagar, Hyderabad.

The MSME Testing Station, Sanathnagar, a field office of the Regional testing Centre, Chennai, provides the following testing facilities to the small scale units:-

- 1. Hardness Testing
- 2. Chemical Analysis of ferrous & non-ferrous metals
- 3. Metallurgical micro & Macro examination
- 4. Coating thickness of electroplating

National Small Industries Corporation, Kushaiguda, Hyderabad

The National Small Industries Corporation (NSIC) was established in February 1955 with primary function of helping the small scale entrepreneurs by providing machinery both indigenous and imported on hire purchases basis and institutional marketing assistance by enlisting small scale units for participation in Government stores purchase programme. NSIC has introduced a single point registration scheme with a view to avoid multiplicity of registration of small scale units with various Government Agencies. Under the marketing assistance programme NSIC provides diversified market support to the small scale sector. Under the Integrated Marketing support programme, NSIC offers discounting of bills pertaining to supplies made by small scale units to eligible purchases upto certain specified limits.

Under the Internal Marketing Approach NSIC has adopted the consortia approach, where small units producing the same products from a consortium. NSIC explores market and secures bulk orders, which are of-loaded to small scale units as per their capacities. NSIC also participates in local and global tenders on behalf of small scale units.

NSIC has also established marketing development centres called NIC shops manufacturing hosiery, hand made paper, transformers and conductors, Electric fans, stationery items, GLS lamps, CTVs etc. Some of these products are marketed under the brand name NIC. NSIC also provides export assistance by containing global enquiries, participation in Trade Fairs, providing finance for modernization to enhance exports, to attend to export documentation work etc. It also undertakes turnkey projects in developing countries of Africa and South East Asia. Vocational training centers have been set up by NSIC in some African Countries.

The raw material, assistance programme of NSIC allows for import of different items for the actual users, with NSIC acting as the agent. NSIC also assists in processing.

There is also a proto-type training centre attached to the Branch office of NSIC at Musheerabad, Hyderabad to impart training in Electronics and computers.

National Institute of MSME (NIMSME) Yousufguda, Hyderabad.

The Institute was set up in 1962. It is a premier Institution of National importance offering training, research and consultancy services to small scale industry.

The training programmes relate to development of entrepreneurs, planning for infrastructure, marketing and financial management, economic investigation techniques, information storage and retrieval systems etc. By offering a series of international programmes, the Institute achieved significant development in sharing the Indian Experience with other developing countries of Asia, Africa and Latin America. It also organises seminars, Workshops on various development aspects of Small Industries.

Consultancy and research activities of the Institute mainly relate to provision of turn-key services, preparation of feasibility/project reports, organizing tailor made programme and conducting surveys, suggesting scope for new industries and improvement of existing activities. The Institute has set up a Documentation Centre known as Small Enterprises National Documentation Centre (SENDOC) with information on pre-investment reports, products profiles, list of suppliers of machinery and raw materials availability.

MSME Tool Room (Central Institute of Tool Design), Balanagar, Hyderabad-37.

This Institute was set up in 1968 with a view to train technical personnel in the design and manufacture of tools, jigs, fixtures, dies and moulds etc. It renders consultancy and common facility services to small scale industries in designing and development of tools for various processes. The Institute undertakes production of tools, jigs and gauges and recommends measures to standardize components. It attends to enquiries from entrepreneurs and assists in designing and development of their products and provides tool room facilities and set standards for various products

Other Central Government Institutions in Hyderabad associated with Industrial Development are listed below:

- Advanced Data Processing Research Institute,
 203, Tarbund, secunderabad-3
- Advanced Training Institute,
 Near Engineering college Bagh Amberpet, Hyderabad-7

- 3. Advanced Training Institute for Electronics & Process Instrumentation
 Ramanthapur, Hyderabad.
- 4. Bureau of Indian Standards, 5-8-56, CLN Gupta Marg, Station Road, Nampally, Hyderabad
- 5. All India Co-ordinated Research Institute for Improvement of Oil Seeds(ICAR) College of Agriculture, Rajendranagar, RR Dist.
- 6. All India Co-ordinated Sorghum Improvement Project, Rajendranagar –30 (RR Dist)
- 7. Central Building Research Institute Extension Centre, R&B Erramanzil, Hyderabad 500 482
- 8. Central Plant Protection Training Institute, Rajendranagar, Hyderabad 30
- 9. Central Power Research Institute, Medpalli Village, Uppal, Hyderabad-39
- 10. Central Research Institute for Unani Medicine, Adjacent to TB Hospital, Erragadda, Hyderabad-500 018.
- 11. Central Research Institute for Dryland Agriculture, CRIDA, Santoshnagar, Hyderabad-59.
- 12. Central Silk Board, Regional Development office, room No.203, Tara Mandal Complex, Saifabad, Hyderabad.
- 13. Centre for Cellular & Molecular Biology (CSIR) Uppal road, Hyderabad-7.
- 14. Centre for Materials, Electronics technology, Department of electronics, Kushaiguda, Hyderabad-500 762
- 15. Coir Board(Government of India) 5-8-328 Chapel Road, Hyderabad-500 001.
- 16. Electronics Testing & Development Centre, Near APSEB Sub Station, ECIL Hyderabad-40
- 17. Software Technology park, Door No.407, Maitrivanam, Ameerpet, Hyderabad-16.
- 18. Export Inspection Agency, X Floor, Raghavaratna Towers, Chirag Ali lane, Hyderabad-16.
- 19. Geological Survey of India, Southern Region, ESI Complex, Bandlaguda, Hyderabad 500 660.
- 20. Dy. Director General of Foreign Trade, Kendriya Sadan, Sultan Bazaar, Hyderabad 500 195
- 21. Indian Bureau of Mines, 1st floor, Kendriya Sadan, Sultan Bazaar, Hyderabad-1.
- 22. Indian Grain Storage Institute, Field Station, Rajendranagar, Hyderabad-30.
- 23. Indian Institute of Chemical Technology, Uppal Road, Hyderabad-7.

- 24. Khadi & Village Industries Commission, 1st floor, Gandhi Bhavan, Mukhramjahi Road, Hyderabad-1.
- 25. Regional Directorate of Apprenticeship & Training, Ramanthapur, Hyderabad.
- 26. Director General of Mines Safety, 5-9-22/35 Adarsh Nagar, Hyderabad 500 483.
- 27. Ordnance Factory Project, Yeddumylaram, Medak DT.
- 28. National Academy of Agricultural Research Management, Rajendranagar, Hyderabad.
- 29. National Bureau of plant Genetic Resources, (ICAR) ARI Campus, Rajendranagar, Hyderabad
- 30. National Environment Engineering Research Institute, RRL Campus, Uppal, Hyderabad.
- 31. National Council for Cement & Building Materials, Hyderabad Unit NCB Bhavan. Old Bombay Road, Golconda, Hyderabad-8.
- 32. National Institute of Nutrition, Jamia Osmania, Hyderabad.
- 33. National Institute of Rural Development, Rajendranagar, Hyderabad-30.
- 34. CMAP (Centre for Medicinal & Aromatic Plants) Boduppal, RR DT.
- 35. CFTRI (Central Food Technological Research Institute) Habsiguda, RR DT.
- 36. AP Pollution Control Board, 407, Maitrivanam, Ameerpet, Hyderabad.
- 37. Apparel Export Promotion Council, 5-1-191 Ritz Hotel Road, Saifabad, Near HACA Bhavan, Hyderabad
- 38. Spices Board, 14A Vasavi Nagar, Karkhana Secunderabad.
- 39. AP State Trading Corpn. NSF Building, Fateh Maidan Road, Basheerbagh, Hyderabad.
- 40. Minerals & Metals Trading Corporation of India (MMTC), Chenoy Trade Centre, Secunderabad.
- 41. Export Credit Guarantee Corporation of India ltd., HACA Building, Fateh Maidan Road, Hyderabad.
- 42. AP Electronic Development Corporation, Parisram Bhavan, Hyderabad.

CHAPTER - IX.

STATE GOVERNMENT DEPARTMENTS & OTHER ORGANIZATIONS.

1. COMMISSIONERATE OF INDUSTRIES :-

Development of industries in the state of Andhra Pradesh is under the Commissionerate of Industries which is located in Chirag Ali Lane, Abids, Hyderabad. The Commissioner of Industries is assisted by two Additional Commissioners supported by Joint Directors, Dy. Directors, Assistant Directors and the other supporting staff in promotion and Development of Industries. The Commissionerate has a Data Bank Cell where various types of information on Large/medium/Small Scale Industries is stored and retained on computers. A Nucleus cell for Censuscum- Sample Survey is also established at the Commissionerate of Industries. In the district level the work relating industrial development is looked into by the General Managers of the District Industries Centre of the respective district. The addresses of the DICs in the State are given below:-

- The General Manager,
 District Industries Centre,
 Near RTC Complex
 Srikakulam 532 001.
- The General Manager,
 District Industries Centre, VT
 Agraharam
 Industrial Estate, Vizianagaram
 531202
- The General Manager,
 District Industries Centre,
 Industrial Estate, Industrial
 Estate,
 Visakhapatnam 530 007
- The General Manager,
 District Industries Centre,
 Sarpavaram Junction
 Kakinada 533 005.
 East Godavari DT.
- The General Manager,
 District Industries Centre,
 Near Collectorate, Eluru 534 006.

- 6. The General Manager,
 District Industries Centre,
 Dr. Adiseshulu Building,
 Benz Centre,
 Vijayawada 520 008
- The General Manager,
 District Industries Centre,
 SBI Road, Guntur 522 001.
- The General Manager,
 District Industries Centre,
 Opp. Raja Dhani, Ongole 523 001.
 Prakasam District.
- 9. The General Manager,
 District Industries Centre,
 Industrial Estate, Nellore 524
 001.
- The General Manager,
 District Industries Centre,

- Industrial Estate, Chittoor 517 001.
- 11. The General Manager,District Industries Centre,DPAP Compound, Ananthapur509 002
- 12. The General Manager, District Industries Centre,
 Behind Rotary Club,
 Navachoti Road,
 Near Junapet, Cuddapah 516
 002.
- The General Manager,
 District industries Centre,
 B-Camp, Kurnool 510 001
- 14. The General Manager,District Industries Centre,Narsapur X Roads, Balanagar,Hyderabad 500 037
- 15. The General Manager,District Industries Centre,Industrial Estate,Mahboobnagar 510 001
- The General Manager,District Industries Centre,Subhash Nagar, Nizamabad503 001.
- 17. The General Manager,District Industries CentreOpp Collector's office,Adilabad 504 001.
- The General Manager,
 District Industries Centre,
 Industrial Estate,
 Karimnagar 505 001.

- The General Manager,
 District Industries Center,
 Ramgiri, Nalgonda 508 001.
- 20. The General Manager,
 District Industries Centre,
 Industrial Estate, Warangal
 506 007.
- 21. The General Manager,District Industries Centre,Opp. New bus stand,Medak district, Sangareddy502 110
- 22. The General Manager,
 District Industries Centre,
 Yellandu Road, Industrial
 Estate,
 Khammam 505 001.
- 23. The General Manager,
 District Industries Centre,
 Twin Cities, Musheerabad,
 RTC Cross Roads,
 Hyderabad.

AP INDUSTRIAL INFRASTRUCTURE CORPORATION (**APIIC**) PARISHRAM BHAVAN, BASHEERBAGH, HYDERABAD 500 029.

- 4. APIIC is an undertaking of Government of AP. It was set up in the year 1973 with the following objectives for providing industrial accommodation to entrepreneurs setting up industries in the State.
 - a) To identify and develop potential growth centres in the State.
 - b) To acquire land & establish industrial development areas and Industrial Estates with infrastructure facilities like built in sheds. Roads, water, Power supply, post office, Telephone, Bank etc.

ANDHRA PRADESH STATE FINANCIAL CORPORATION LTD., CHIRAG ALI LANE, HYDERABAD.

5. Andhra Pradesh State Financial Corporation was established in 1956 with the objective of meeting credit t requirements of industries for acquiring fixed assets. It has maintained top position among the State Financial Corporation in the country briefly, the type of schemes under which Financial Assistance is provided by FC to the Entrepreneurs are as follows.

1. FINANCIAL ASSISTANCE TO GOOD ENTREPRENEURS:

A++ CATEGORY: Existing units financed by the Corporation in operation for more than 3 years earning net profit during last 3 years and regular in repayment are eligible for further assistance with relaxed marginal and concessional rate (1.5%) of interest. The units should not have availed reschedulement over last 3 yea5rs.

A+ CATEGORY: The units satisfying the criteria but which have not availed reschedulement facility more than once are eligible for loans, with concession @ Rs.1.25% as interest.

A. CATEGORY: Fresh entrepreneurs approaching SFC for the first time but with good financial base and prepared to offer financial security are eligible for concession in interest upto 1%.

- 2. BILL DISCOUNTING SCHEME: Maximum limit sanctioned under the scheme is Rs.90 lakhs minimum and maximum limit for each bill to be discounted is Rs.10 lakhs and Rs.50 lakhs respectively.
- 3. EQUIPMENT REFINANCE SCHEME: Finance assistance is extended for acquiring equipment, energy saving system, balancing/replacement equipment. The units should have been in operation for last 4 years and should have earned profit during the last 2 years. The project cost should not exceed Rs.5.00 crores.

- 4. SCHEME FOR MODERNISATION: Small, Medium, village and tiny units desiring to go in for Modernization, upgradation of technology import substitution, energy saving etc., are eligible for finance if they are 5 years old.
- 5. Scheme for DG sets: Units are eligible for purchasing DG sets with a promoter's margin of 5%.
- 6. Scheme for qualified Entrepreneurs: First generation professional entrepreneurs with a project cost not exceeding Rs.10,000 lakhs are eligible for financial assistance.

SPECIAL SCHEMES:

- 7. MAHILA UDYAM NIDHI: New ventures with project cost not exceeding Rs.10 lakhs and promoted by women entrepreneurs with minimum 51% share in equity are eligible for equity type assistance. SIDBI seed capital assistance by way of soft loan at 1% p.a. service charges, upto a maximum of 15% of the project cost, is offered to meet the equity gap.
- 8. NATIONAL EQUITY FUND: Project cost should not exceed Rs.10 lakhs in case of new units and in case of expanding/sick units, the outlay on expansion/rehabilitation should not exceed Rs.10 lakhs. The Promoters contribution is 10% of the project cost and soft loan is 25% (not exceeding Rs.2.5 lakhs)
- d) To coordinate with concerned departments for telephone, telex, police station, fire service station, transport and other facilities.
- e) To provide bridge finance to entrepreneurs setting up industries in the industrial area/estates whenever there is anticipated delay in actual receipts of subsidies and incentives.

ANDHRA PRADESH INDUSTRIAL & TECHNICAL CONSULTANY ORGANISATION LIMITED(APITCO) 8TH FLOOR PARISHRAM BHAVAN, BASHEERBAGH, HYDERABAD-29.

- 6. APITCO was established in the year 1985 as a joint venture of IDBI, IFCI, ICICI, ICC, SFC, ANDHRA BANK and Syndicate Bank for providing technical consultancy for starting industries in large, medium and small scale sectors. The assistance render3ed by APKITCO is in the following fields:-
- i) Services in promotion of new industries, and diversification/modernization of existing industries.
- ii) Identification of feasible and profitable scheme in the small medium and large scale sector.
- iii) Undertaking detailed studies on the technical and economic feasibility of units already identified.
- iv) Conducting special studies in respect of certain specific groups of industries.

- v) Conducting entrepreneurship development programmes.
- vi) Preparation of Reports for revival of sick units.

. Khadi & Village Industries Board (KVIB)

The State Khadi & Village Industries Board is involved in the development of Khadi & Village Industries in the State, KVIB has its offices in all the Districts. The Board provides Technical and Financial assistance to the artisans unemployed youth, co-operative societies and institutions in the rural areas for starting Khadi & Village Industries,. While there is no interest on the financial Assistance provided to Khadi & village industries, the rate of interest is only 4% on the financial assistance given to the Village Industries.

The activities eligible for assistance by the Board are: Leather Industry, Jute Industry, pottery, Jaggery, Bamboo, Carpentry & Blacksmithy, Agarbathis, Brick making Oil Ghanis Matches etc.

. <u>ANDHRA PRADESH SOCIETY FOR TRAINING & EMPLOYMENT PROMOTION</u> (APSTEP) HYDERABAD.

The Society was started in the year 1978 by the Government of Andhra Pradesh, recognizing the importance of self-employment generation, Self-employment Schemes were introduced mainly for the educated unemployed belonging to weaker sections of the community and economically backward classes. The programme is aimed at educating the unemployed to take up self-employment ventures. The Society has its offices in all the districts to operate various schemes. The Schemes are as follows:-

- (1) <u>Industrial Sector:</u> This scheme is implemented by A.P. State Financial Corporation in the areas which are covered by IDBI refinance for tiny sector industrial units. The SFC is to take care of all the aspects of the schemes from identification of beneficiaries to the grounding of the projects.
- (2) Business Sector: Business schemes are approved by the District Societies in consultation with the financial institutions depending upon the market potential and are financed by banks.
- (3) Service Sector: Service sector has been making rapid strides to cater to the needs of fast growing economic activities in the last decades. The District Societies implement this scheme in consultation with the financial institutions.
- (4) Economic Support Programme: This sector was covered by STEP for the benefit of a large number of urban and rural poor, traditional artisans and professionals to provide them with small amount of institutional finance, with which their income can be raised substantially. They can get out of the clutches of local middlemen, suppliers or traders etc. This will help the beneficiaries to utilize their existing skills in a more productive manner. Training programmes have also been provided for development of skills.

The mandate of societies implement the special employment schemes covers both urban and rural areas of AP. The educational qualification for Industrial and Business sector is matriculation/a pass in ITI. It is relaxed to 8th standard for SC/ST beneficiaries. In the case of Economic support programme for rural and urban poor and artisans, no qualification is prescribed. The age group of the candidate must be between 18 to 40 years, which is relaxable by 5 years for SC/ST persons. However, the family income of the beneficiaries should not exceed Rs.12,000/- per annum to be eligible under the scheme.

CHAPTER X

STATE INCOME

The Gross State Domestic Product at constant prices (2004-05) of AP is Rs.407949 crores for 2011-12 .

The sectoral composition of GSDP over the years is as shown below. A constant decline in share of agriculture is noticed.

Sector Rs in crores
Agriculture, forestry, fishing 78408
Industry 104614
Services 224927

Total 407949

<u>Per capita income</u>: Per capita income in AP during 2009-10, at current prices is Rs.52814, compared to All India figure of Rs. 10,754. The per capita income in AP has risen from Rs 25321 in 2004-05 to Rs. 52814 in 2009-10.

Annexure I

AP Industrial Policy 2010-15

The Govt of AP, through G O Ms No. 61, dated 29.6.2010, announced the Industrial Investment Policy 2010-15 for Industries in AP. The following are the highlights of the policy (relevant to MSMEs)

- 100% reimbursement of stamp duty and transfer duty on purchase of land for Industrial use
- 100% reimbursement of stamp duty and transfer duty paid by industries for lease of land/Building
- 25% rebate in land cost, upto a max of Rs 10 lakhs in Industrial Estates/Parks
- Power cost reimbursement @ Rs 0.75 per unit, for 5 years
- 15% investment subsidy on fixed capital investment subject to a max of Rs.
 20 lakhs
- 100% reimbursement of VAT/CST, State Goods & Services Tax (SGST) for 5 years for Micro units, 50% for small units and 25% for Medium units
- Interest subsidy under Pavala Vaddi scheme for new Micro and Small units, in excess of 3% pa subject to a max of 9% pa for 5 years
- Seed capital assistance to of 10% of machinery cost to new Micro enterprises,
- 50% reimbursement of cost of skill development training to personnel, upto Rs 2000 per person
- 50% subsidy on expenses for Quality certification/ patents, upto a maximum of Rs 2 lakhs per MSME
- 25% subsidy on cleaner production measures, limited to Rs 5 lakhs per unit
- 25% subsidy in land conversions charges for land utilized for industrial purposes
- Identified service activities also eligible for investment subsidy
- FOR SC/ST Entrepreneurs: 33.3% rebate in land cost limited to Rs 10 lakhs, in IEs

INCENTIVES AND CONCESSIONS OFFERED BY GOVT OF A.P TO FOOD PROCESSING INDUSTRY

To declare food processing as seasonal industry, where ever necessary and eligible to enable the industry to get relief from minimum electricity charges during the closure(non –seasonal)period. To extend 25% cost of external infrastructure for power ,water, approach roads and other infrastructures limited to Rs 2.00 Crores. To provide VAT/ State Goods & Services Tax Reimbursement for Mega Food Parks during the construction period for a period of 2 years limited to a maximum Rs 2.00 Crores.

The food parks sanctioned under Mega Food parks scheme of Government of India would be considered for Tailor –made benefits on case to case basis.

Fixed power cost reimbursement @ Rs .1.00 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years ,in case decrease in power Tariff, the reimbursement will be reduced proportionately.

All eligible industries / enterprise under food processing will also eligible for other benefits as per the Investment Promotion Policy 2010-2015.

SCHEMES OF GOVT OF INDIA, MINISTRY OF FOOD PROCESSING INDUSTRY

1.Mega Food Parks Scheme:

A one time grant of 50% of the Project cost(excluding land cost) subject to ceiling of 50 crore

2. Sheme for cold chain, value addition and preservation infrastructure.

The main objective of the scheme is to provide pre cooling facilities at production sites ,reefer vans and mobile cooling units etc. Financial assistance will be Grant in Aid of 50% on the total cost of plant and machinery and technical civil works subject to maximum of Rs10 crore and 75% for notified ITDAs

3. Sceme of Modernization of Abbattoirs:

Grant of 50% of the cost of plant and machinery and technical civil works subject to maximum of Rs 15.00 crores.75% in the case of notified ITDP with maximum of 15.00 crores

4. Scheme of upgradation of food testing laboratories:

25% of the cost of the Technical civil works to house ,equipment and Furniture 33% to the notified ITDP .

5.Scheme of technology upgradation /Establishment/ Modrenization of food processing Industries:

25% of the cost of plant &machinery and technical civil works subject to maximum of Rs 50.lakhs,33%up to 75 lakhs to the notified ITDP.

6.Scheme of Contract forming Backward linkages:

Fruit and vegetables are Eligible. 10% of the total purchase up to capital of Rs 10.lakhs for a period of maximum of 3years would be reimbursed to the processor.

7.HRD schemes:

1.Technology up gradation in existing universities/colleges etc

Eligibility: All the recognized Universities /institutions /colleges whether in Govt sector or private sector will be eligible Purpose: Batch degree in food technology(4 years), Mitch in food technology(2 years), 3 years Bask Food technology, 2 years Masc. Food technology and One year Post Graduate Diploma in food technology will be eligible for financial assistance for starting the course as well as upgradation.

ANNEXURE III

Andhra Pradesh Solar Power Policy – 2012 (will be in affect upto 2017)

Eligible Developers: All registered companies, Central and State power generation/ distribution companies and public / private sector solar power project developers will be eligible for setting up of Solar Power Projects, either for the purpose of captive use and/or for selling of electricity, in accordance with the Electricity Act-2003, as amended from time to time. The entity desiring to set up Solar Power Project, either for sale of power and/ or for captive use of power within the state, shall submit a proposal to the Nodal Agency.

Installed capacity

a) Utility Grid Power Projects for Captive use /direct sale to 3rd Party/States within the state.

The State will promote Solar Power Developers to set up Solar Power Plants for captive use or sale of power to 3rd party/within the state They will qualify for REC subject to applicable CERC/APERC guidelines

b) Utility Grid Power Projects for sale through RE (Solar) Certificate Mechanism

The State will promote Solar Power Developers to set up Solar Power Plants for sale through RE (Solar) Certificate mechanism. The Solar Power Developers will be required to apply for accreditation to the State Accreditation Agency and thereafter to Central Agency for registration and issuance of RE(Solar) certificate under REC mechanism as per order/regulations of appropriate Commission issued in this regard. SLDC will give clearance for REC applications within 15 days from the date of application. The Power generated from these power projects shall be purchased by AP Discos at Pooled Cost of Power Purchase as determined by A.P.E.R.C. from time to time. The Solar Power Developers will sell RE (Solar) Certificates as per the regulations/orders of A.P.E.R.C.

5. Open Access for Third Party Sale

Intra-state Open Access clearance for the whole tenure of the project or 25 years whichever is earlier will be granted within 15 working days of application to both the generator and consumer irrespective of voltage level.

6. Wheeling and Transmission Loss

Producer will bear the wheeling and transmission losses as per actual.

7. Conditional Banking

Banking of 100% of energy shall be permitted for one year from the date of banking. The settlement of banked energy will be done on monthly basis.

However, banked units cannot be consumed/ redeemed from February to June and also during TOD hours as amended from time to time. Developer will be required to pay 2% of the banked energy towards banking charges. Suitable amendment will be incorporated in the concerned regulation of APERC.

8. Incentive:

In order to encourage the immediate production of Solar Power to reduce the present gap in demand and supply position of power and provide industries with a possibility to utilise the power produced through solar power, following incentives will be extended to those solar power Developers who commission their solar plant by June 2014. These incentives will be in force for a period of seven years from the date of implementation.

a. Wheeling and Transmission Charges

There will be no wheeling and transmission charges for wheeling of power generated from the Solar Power Projects, to the desired location/s for captive use/third party sale within the state through Grid system subject to industries maintaining their demand within its contracted demand. However, wheeling and transmission charges for wheeling of power generated from the Solar Power Projects for sale outside the state will be as per APERC regulations

b. Cross Subsidy charges

Cross subsidy surcharge shall not be applicable for Open Access obtained for third party sale within the state subject to the industries maintaining their demand within its contracted demand with the DISCOMs. It is not applicable for captive use.

c. Electricity Duty exemption

All Solar Power projects will be exempted from paying Electricity Duty for captive consumption and third party sale within the state.

d. VAT Paid in AP only refund

VAT Paid in AP only for all the inputs required for solar power projects will be refunded by the Commercial Tax Department.

e. Refund of Stamp Duty and Registration charges

Industries Department will provide incentive in terms of refund of Stamp Duty and Registration charges for land purchased for setting up solar power project. Cont

f. REC:

"All projects developed with the above incentives will be eligible for REC benefits subject to applicable CERC/APERC guidelines. Developer may decide either to avail eligible incentives or only the incentives permissible under the CERC/APERC guidelines. Deemed injection into grid for inhouse/ co-located solar generation will also be eligible for REC benefits subject to applicable CERC/ APERC guidelines

9. Grid Connectivity and Evacuation facility

The power generated from a Solar Power Project shall be injected at an appropriate voltage to the nearest sub-station of the AP Transco / Distribution Licensee.

The evacuation line from interconnection point to grid substation shall be laid by the APTRANSCO or DISCOM at the cost of the project developer. However, if the project developer wishes to lay evacuation line by themselves, they can do so by paying the supervision charges to APTRANSCO/DISCOM.

Project Developer is acquire to the land required for the project.

No fossil fuel viz., Coal, gas, lignite, naphtha, wood etc., shall be allowed to be used in a Solar Power Plant.

The drawal of Reactive Power by the solar power plant shall be charged as decided by the APERC.

New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) shall be the State Govt. Nodal Agency for clearance, facilitation and implementation of the proposed Solar Power Policy.

Annexure IV

LIST OF PRODUCTS IDENTIFIED AS OFFERING POTENTIAL FOR DEVELOPMENT IN ANDHRA PRADESH, IN THEMICRO and SMALL SCALE SECTOR.

List of products having potential for development of Mses in AP

A. RESOURCE BASED INDUSTRIES:

- 1. Oil mills(Ground nut, sunflower, cotton seed etc)
- 2. Refined edible oil
- 3. Solvent extraction of oil
- 4. Neem oil
- 5. Neem oil cake
- 6. Maize products
- 7. Tapioca products
- 8. Turmeric processing
- 9. Seed processing
- 10. Ragi malt
- 11. Dhall mill
- 12. Mesta twine
- 13. Spice processing
- 14. Straw boards/mill boards
- 15. Activated carbon from rice husk
- 16. Fuel briquettes from agro waste
- 17. Furfural from rice husk
- 18. Duplex board from bagasse
- 19. Tobacco seed oil
- 20. Tamarind concentrate
- 21. Tamarind seed starch
- 22. Essential oils
- 23. Mahua seed oil
- 24. Karanja seed oil
- 25. Bio-gas plants
- 26. Mango pulp, jelly, marmalade, juices etc
- 27. Lime processing
- 28. Pectin from papaya
- 29. Tuity fruity
- 30. Tomato ketchup, sauce
- 31. Extraction of Essential oils
- 32. Tissue culture
- 33. Vermicomposting
- 34. Bio manure
- 35. Jams, jellies, squashes, marmalades
- 36. Fruit preservation

- 37. Animal/poultry feed
- 38. Processing of spices/cereals
- 39. Soap nut powder
- 40. Handmade paper
- 41. Fast foods snacks, wafers, noodles etc
- 42. Pickles and chutneys
- 43. Fish canning
- 44. Frozen shrimp
- 45. Lemon peel oil
- 46. Dairy products
- 47. Herbal medicines
- 48. Refractories
- 49. Decorative ceramic tiles
- 50. Granite cutting and polishing
- 51. Cement products
- 52. Polishing of stones
- 53. Benefication of Barytes
- 54. Tannery
- 55. lodised salt
- 56. Leaf cups and plates
- 57. Mini dairy
- 58. Potato waters
- 59. Rice bran oil
- 60. Sisal fibre extraction
- 61. Coal briquettes
- 62. Precipitated calcium carbonate
- 63. Hydrated lime
- 64. Cotton ginning, cotton seed oil
- 65. Oleoresins from chillies
- 66. Rice mills
- 67. Poha(beaten rice)
- 68. Coconut complexes(coconut powder, shell powder, coconut water, coconut milk etc.)
- 69. Canned mushroom
- 70. Macaroni products
- 71. Pop corn

B. Demand based:

- 72. Vermicelli,
- 73. Ice blocks
- 74. Cold storages
- 75. Bakery products
- 76. Confectionery
- 77. Barium chemicals
- 78. Tanning chemicals
- 79. Sodium silicate
- 80. Plastic products
- 81. FRP products

- 82. Engineering plastics
- 83. Rubber moulded goods
- 84. HDPE/PVC rigid pipes
- 85. Rubber footwear
- 86. Injection moulded plastic products
- 87. Hair oil
- 88. Gums and resins
- 89. Industrial hand gloves
- 90. Plastics used in drip irrigation
- 91. Tyre retreading
- 92. Dye and dye stuffs
- 93. Paints and varnishes
- 94. Drugs and drug intermediaries
- 95. Laboratory chemicals
- 96. Pharmaceutical formulations(Ayurvedic, homeopathic, and allopathic)
- 97. Nickel, cadmium plating
- 98. Paper products
- 99. Computer stationery
- 100. Leather footwear(DIP Shoes)
- 101. Leather garments
- 102. Readymade garments
- 103. Leather goods travel
- 104. Leather belts, straps, etc
- 105. Hosiery
- 106. Nylon socks
- 107. Cotton vests, and undergarments
- 108. School bags, hold-alls etc
- 109. Rain coats
- 110. Upholstery
- 111. Canvas shoes
- 112. Cotton tapes
- 113. Screen printing on saris, dresses etc
- 114. Silk reeling and twisting
- 115. Automobile body building
- 116. General engineering workshop
- 117. Rivets of all types
- 118. Surgical and absorbent cotton
- 119. Aluminium furniture
- 120. Automobile components
- 121. Polystyrene foam products
- 122. PE film and bags(colour printed)
- 123. Acid slurry
- 124. PET bottles
- 125. Lubricating oil
- 126. Camphor tablets
- 127. Gummed paper tape
- 128. Corrugated paper boxes

129.	Zinc oxide
130.	PVC footwear
131.	Tarpaulin
132.	RCC spun pipes
133.	Well rings
134.	Flyash bricks
135.	Rolling shutters
136.	Steel fabrication
137.	Wire drawing
138.	Auto leaf springs
139.	Welding electrodes
140.	Door, window, frames(metallic)
141.	Poultry equipment
142.	Agricultural implements
143.	Forged items
144.	Lead seals
145.	Mechanised boat repair workshop
146.	Storage batteries
147.	Quartz clock movements
148.	Printed circuit boards
149.	Auto lamps
150.	GLS lamps
151.	Inverters and converters
152.	Display monitors
153.	Miniature lamps
154.	Conductors, cables and wires
155.	FHP motors
156.	Electronic fan regulators
157.	Small transformers
158.	Household electrical appliances
159.	Room coolers/desert coolers
160.	Plugs, sockets, switches
161.	Wiring harness
162.	Computer accessories
163.	Audio cassette recording
164.	Telecom terminal equipment-phones, pay phones, fax machines
	etc
165.	Modems
166.	Computer ribbons
167.	Computer drives, disk drives
168.	Microwave components
169.	Copper clad laminates
170.	Stepper motors
171.	Electronic display devices
171. 172.	Miniature circuit breakers
173.	Mosquito repellents
173. 174.	Electronic teaching aids
±/-T.	Licoti offic teaching alas

177.	Multimeters, power devices, stabilizers, etc
Small S	ervice and Business Establishments:
178.	Tool rooms
179.	Testing houses
180.	Sub contract exchanges
181.	repairing and servicing of cell phones
182.	Consultancy services
183.	Market research services
184.	Computer software development
185.	Networking and data com software
186.	Object oriented software and design
187.	Electronic design automation
188.	CAD/CAM 2D, 3D Graphic modeling
189.	Geographical information systems
190.	Computer animation
191.	Industrial photography
192.	Medical transcription
193.	Advertising agencies
194.	Automobile repair and servicing
195.	Repairing and Servicing of household electronic appliances
196.	Equipment rental and leasing
197.	Typing centers
198.	Software training institute
199.	Laundry and dry cleaning
200.	Beauty parlours for men / women
201.	Tailoring/boutique
202.	Teleprinter/fax services
203.	Telephone(STD/ISD) booths for industries
204.	Weigh bridge
205.	Cable TV network
206.	Crèches
207.	EDP institutes(by NGOs)
208.	Photographic lab
209.	Flour milling, wet and dry grinding
210.	Tailoring
211.	Fast food centres
212.	Home services - household cleaning and maintenance

Electronic medical equipment, measuring equipment

Personal computers (assembly)

175.

176.
