

CHAPTER

6

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Industries

Andhra Pradesh is committed to industrialization and to create jobs for the youth. Despite being predominantly agrarian, the government in the recent past has undertaken structural reforms in the state to accelerate industrialization by creating a good ecosystem for investments. Through its Industrial Policy (2020-23), the state has put in place various initiatives for developing different segments like Agro and Food processing, Biotechnology, Bulk drugs and Pharmaceuticals, IT and ITeS, Textile, Automotive and Auto components and Tourism and thereby create opportunities for entrepreneurs and generate employment.

Manufacturing sector, accounting for about 11% of the GSDP, remains the high focus area in the state. Post State bifurcation, the MSME profile of the State has changed significantly towards capital intensive industry. The government has identified competitive MSMEs as a central theme for developing the MSME sector and to

make MSMEs a central part in the global value chain and becoming the flag bearer of Brand Andhra Pradesh.

The Government is planning to lay emphasis on the manufacturing sector duly identifying value creation and enhancement opportunities, making the Vizag Chennai Industrial Corridor (VCIC) and Chennai-Bangalore Industrial Corridor as viable options to promote growth and enhance the employment avenues. The government is determined to pursue relentlessly with the Government of India in regard to Special Category Status (SCS) for Andhra Pradesh, as this will not only attract better industrial incentives but also create additional job opportunities.

District Industries Centres

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

Global Investor's Summit, 2023

- ♦ Government of Andhra Pradesh has successfully organized Global Investor's Summit at Visakhapatnam on 3rd-4th March 2023. The International congregation has highlighted the best efforts of the government to attract the investors. The two-day event demonstrated not only the credibility of the government by national/international investors across the globe but the faith reposed in the State leadership. The unassuming and unanticipated response of the investors from 25 Countries and from 30 Corporate giants participated in the summit which included several International/ International business tycoons.
- ♦ In all, 378 Memorandums of Understanding (MoUs) were signed during the Summit with a total commitment of Rs.13.42 lakh crore and generation of over 6 lakh jobs across 16 key sectors. A significant investment commitment was in the area of renewable energy sector with a commitment of Rs. 9,57,112 crore and with a potential employment generation to 1.80 lakh persons. The other major promising sectors include Petro-chemicals, ITE&S, Mining Industries and others.
- ♦ Leading the list of investments in Andhra Pradesh was a pack of renewable energy companies. NASDAQ-listed ReNew led the way with an investment of Rs. 97,500 crore towards setting up green energy projects in the state, thus Andhra Pradesh will account for ReNew's largest-ever investment in a single state. Other renewable energy companies like Indosol and Greenko announced investments of Rs. 76,033 crore and Rs. 47,500 crore, respectively.
- ♦ The government is committed to capitalize on the natural and human resources available in the State and making the city of Visakhapatnam as industrial hub of the State. The advantage that Andhra Pradesh is showcasing at the Global Investors Summit is its 974-km coastline – the second longest in the country. With six existing ports and four more under construction, six operating airports, Andhra Pradesh state enjoys 3 Industrial Corridors passing through it out of the 11 total in the country speaks conducive for setting up big ticket industries.

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are implementing agencies of Micro Small Medium Enterprises Development (MSMED) Act, besides maintaining effective liaison with various financial institutions in arranging required credit facilities. The information pertaining to Industrial development of districts is maintained in these centres. All MSME claims are now sanctioned at district level as compared to only claims of micro enterprises earlier.

Industrial Development Policy 2020-23

The Andhra Pradesh Government have introduced the AP Industrial Development Policy (IDP) 2020-2023 identifying 10 thrust areas to propel economic growth, with manufacturing as the high priority sector that would create large scale employment. The Government has identified industrial zoning as a key focus area to ensure planned industrial development and provide a risk-free, investment-friendly environment for setting up and operating industries in the state with minimal impact on the environment."De-risking the investments is the cornerstone of the new industrial policy.

'YSR AP One'- a one-stop resource and support centre for industries

Government introducing 'YSR AP One', a multi-faceted business enablement centre which acts as a one-stop resource and support centre for industries. 'YSR AP One' would provide handholding support (to investors) during pre establishment and setup of industrial units. Under the new policy, the major incentive a prospective investor gets, is reimbursement of State Goods and Services Tax for five years (capped to Fixed Capital Investment) for medium, large and mega industries linked to employment creation. The current lease and buy models for land allotment are being replaced with a composite lease + buy model, where an industrialist gets to purchase the land after successfully running the unit for 10 years.

The Thrust areas under the New Industrial Policy are Food Processing, Pharmaceuticals and Biotechnology, Textiles, Electronics, Footwear and Leather, Toys and Furniture, Petrochemicals, Aerospace and Defense, Automobiles and Components, Machinery, Precision Equipment and Mineral-based Industries.

As a part of facilitation through e-Governance, sanctions of industrial incentives pertaining to industries

department are processed through online submission of applications. Special emphasis is given for establishment and enhancing production capacities of Micro, Small & Medium Enterprises with huge employment potential.

Ease of Doing Business & Single Window Mechanism

Andhra Pradesh is one State in India to take up the initiative in bringing A.P. Single Window Clearances system under e-Biz project of National e-Governance plan of Government of India. This provides efficient, convenient, transparent and integrated electronic services to investors and industrialists. Special emphasis is given for establishment and improves production capacities of MSMEs with huge employment potential.

In order to create hassle-free environment for the investors, Government of Andhra Pradesh is effectively implementing Single Window Act and arranging various industrial clearances within the set timeframe period through Single Desk Portal (SDP). The Single Desk Policy aims to create an eco system that provides all clearances required to setup industry within 21 working days. The main focus for attracting investments is the strategy of "Ease of doing Business".

1. Andhra Pradesh is categorized as 'Top Achiever' in Ease of Doing Business under the Business Reform Action Plan (BRAP) released by DPIIT, Govt. of India for the year 2020-21.
2. Industrial growth is a key agenda for this government and many reforms under the Business Reform Action Plan (BRAP) of DPIIT, Government of India have been introduced to facilitate setting up of business in the state. The frame work mainly focuses simplification of processes, online enablement, Single Window System and timely delivery of services.
3. In the Year 2022, GoAP has successfully implemented all the 352 recommendations (261 reforms relating to Business 91 reforms relating to Citizens) under the Business Reform Action Plan-2022. The evaluation will be based only on 100% feedback.
4. Achievements under BRAP 2022 : 73 additional services are notified under The AP Public Service Delivery Guarantee Act. 5 new services under EoDB have been added to the AP Single Desk

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Portal taking the total services to 93 (under one roof) and 11 new services under Ease of Living have been added to the AP SEVA during the year 2022-23.

Single Desk Portal

Single Desk Portal (SDP) to serve as a one-stop shop for all investor needs. It is an Investor-centric online system to ensure convenient access to information and time-bound regulatory clearances. This eliminates the need to physically interact with regulatory authorities by providing for online filing and tracking of applications. It also allows payments to be made electronically to obtain timely approvals online and download of the final signed approval certificate online.

- Since inception, portal has received more than 78261 applications for clearances out of which 75693 have been already approved. From April 2022 to December 2022, 99.30% of applications are approved.
- 421 Large and Mega Industries have filed their proposals with the State Nodal Agency during 2021-22 for 718 clearances / approvals from various departments. 685 cases were given clearances / approvals. 4711 MSMEs have filed proposals with the District Level Nodal Agency for 7421 clearances/ approvals from various Departments, 7236 cases were given clearances/ approvals.
- Integration with the National Single Window System (NSWS) : Single Desk Portal has been integrated with NSWS to enable users to obtain central services such as Company Registration, Tax Registration, Mining, Food, Drug, Petroleum, Explosives etc. along with SDP services. So far 129 SDP services were integrated with NSWS.

Large & Mega Projects

The State is seeing a sustained interest from global and domestic investors. Government is offering various incentive policies as APIDP 2020-23, YSR Jagananna Mega Industrial Hub policy, YSR EMC policy and AP Renewable Energy promotion policies etc. to attract major investments through establishment of Mega projects.

The State Investment Promotion Board (SIPB) under the Chairmanship of Hon'ble Chief Minister, is sanctioning tailor-made incentives to new Mega projects, on case to case basis

The Government is organizing Global Investor Summit 2023 from 3rd to 4th March 2023 at Visakhapatnam to position state as Best-in class investment destination, to showcase the State's business friendly policies, duly focusing on the thrust sectors such as EV & Renewable, Bulk Drug & Pharma, Medtech, Agro & Food Processing, Auto & Auto components, IT & Electronics, Textile & Apparel, Chemical & Petro chemicals, Health care, Education & skilling etc.

Since June 2019 to December 2022, the investment inflow has been robust, with establishment of 109 Large and Mega Industries with an investment of INR 54,236.53 Crore and created employment opportunities to 71,856 people. The Major units commenced production are ATC Tires, Apollo Tyres, Ramco Cements, KIA Motors, Hero Motors etc.

During 2021-22, 25 Large and Mega projects commenced production with an investment of INR 5,926.37 Crore and provided employment to 8,235 persons.

During 2022-23, up to December 2022, 13 Large and Mega projects commenced production with an investment of INR 15,099.67 Crore and provided employment to 12,490 persons. The District wise details are given at Annexure. 6.1.

There are 89 projects under active implementation with total investment of INR 2,24,498.79 Crore with a potential to create employment to 2,35,573 people.

Major projects like Indosol, Adani, JSW Steel, Saint Gobain, Lyfius Pharma, KRIBHCO, Century Panels, Intelligent SEZ (Apache group) are under active Implementation.

Micro, Small & Medium Enterprises

Micro, Small & Medium Enterprises (MSMEs) Sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs contribute to approximately 8% of the Country's GDP, 45% of the manufacturing output and 40% of exports. MSMEs provide the largest share of employment after

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agriculture and hence, the development of MSME sector can contribute enormously to the socio-economic development of the country.

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

The MSME Policy, 2020-23 provides a holistic framework for sustainable development of MSMEs in the State and make them globally competitive. The policy offers incentives, infrastructure development, technology up-gradation, skill development and marketing support, simplification, administrative reforms and rehabilitation of sick industries in the State.

During the year 2022-23 (upto 9th Jan 2023), 55761 MSME were established with an investment of Rs.13360.15 crores and provided employment to 2,27,027 persons. The District wise details are given as Annexure.6.2.

Prime Minister's Employment Generation Programme

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

The objective of the PMEGP is to generate employment opportunities in rural and urban areas through self-employment ventures and to increase wage earning capacity of artisans and contribute to increase the growth rate of Rural and Urban employment, Self Help groups (including those belonging to BPL provided that they have not availed benefit under any other scheme) are also eligible for assistance under PMEGP, Beneficiary's

contribution is 10% of project cost for general categories and 5% for Special Categories (including SC/ST/OBC/Minorities/Women, Ex-servicemen, Physically handicapped, NER Hill and Border area etc.). Margin Money (rate of subsidy) for general categories is 15% in urban, 25% in rural areas. For special categories, it is 25% in urban and 35% in rural areas and is 'one-time assistance' and Normal rate of interest shall be charged. Re-payment schedule ranges between 3 to 7 years.

Government issued orders clearly indicating the procedure to be followed by the respective implementing agencies and Banks on selection of applications as per the simplified procedure of PMEGP under the modified guidelines utilizing PMEGP Credit Scoring Criteria.

1533 projects were grounded during the year 2021-22, by distributing Rs.5859.96 Crs Margin Money (MM). In 2022-23 (as on 9th Jan 2023) 1071 projects have been grounded by distributing Rs.4299.44 crores Margin Money. The District wise progress details are given as Annexure.6.3

Dr.Y.S.R Navodayam Scheme

The MSME sector contributes immensely for the economic development of the State and employment creation to the local youth who need lot of credit support from the Financial Institutions and also timely help in times of stress. RBI has decided to permit a One-Time Restructuring (OTR) of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification.

The government has decided to support and monitor the implementation of OTR of MSME loans scheme under an umbrella program "Dr Y.S.R Navodayam" which creates a new ecosystem for MSMEs ensuring that all the eligible MSME units are covered for One Time Restructuring of accounts up to 31-03-2020. The government provide support by reimbursing 50% (not exceeding Rs.2,00,000/- (Two Lakhs) per account) of the auditor's fee for preparation of Techno Economic Viability (TEV) report, wherever such report is applicable, for the cases restructured by the banks under OTR.

The OTR progress as on 30/09/2021 out of 8,30,276 eligible accounts for restructuring 22% accounts (1,78,919) are restructured..

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Atmanirbhan Bharat Abhiyan Economic Package

To fight COVID-19 pandemic in India, Hon^{ble} Prime Minister of India on 12th May, 2020 announced Atmanirbhan Bharat Abhiyan Economic Package (Self Reliant India Mission) to revive the Indian Economy, to help farmers, migrant workers and to revive the industrial sector. There are certain relief measures under the package to be implemented through banks of which ECLG Scheme is one. Under Atmanirbhar Bharat Abhiyan Economic Package an amount of Rs.7265 Lakhs disbursed to 172658 beneficiaries as on 30-09-2022.

AP Micro, Small Medium Enterprises Facilitation Council

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

Industrial Incentives

Any industrial undertaking and servicing enterprise / industry, other than those run departmentally by Government of India / State Government or having equity of State Government / GoI will be eligible to be termed as an Industrial Enterprise. An Industrial Enterprise which has been established in the State with new machinery and commenced commercial production on or after 01.04.2020 and before 31.03.2023 holding valid approvals from the concerned authorities is called a 'New enterprise'. Micro Industries, Small Industries, Medium Industries and Large Industries / Enterprises Mega Industrial Projects are industries wherein investments on plant and machinery is up to the limit as defined by the Government of India.

Categories of Industries

I. Micro, Small and Medium Enterprise (MSME):

GoAP follows the MSME definition laid out by the Government of India as per the MSMED Act 2006 from time to time. The definition for Classification Criteria

updated based on the notification released on 1st June 2020 is as follows

1. Micro Industries: Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover: not more than Rs. 5 crores
2. Small Industries : Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover: not more than Rs. 50 crores
3. Medium Enterprises : Investment in Plant and Machinery or Equipment Not more than Rs.50 crore and Annual Turnover: not more than Rs. 250 crores

II. Large Industrial Project: A large Project is a unit which has investment and turnover threshold more than the Medium enterprises as described in the MSMED Act,2006.

III. Mega Industrial Project - Projects with direct employment generation of 2,000 will be accorded a mega- industry status. The Government may extend tailor-made benefits to mega projects to suit particular investment requirements on case to case basis based on the gestation period, pioneering nature, vocational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people, overall economic impact or revenues for the state.

Promotion of Entrepreneurship among Special Categories

Government may extend the Special Industrial Incentives Package for Entrepreneurs belonging to Scheduled Caste and Scheduled Tribe including women under "YSR Jagananna Badugu Vikasam", who intends to set up manufacturing, Service enterprises, under the Industrial Development Policy 2020-23.

A. Incentives for Micro and Small Enterprises

- a. Reimbursement of 100% stamp duty and Transfer duty paid by the industry on purchase of land meant for Industrial use and Reimbursement of 100% stamp duty for lease of land /shed/buildings, mortgages and hypothecations

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- b. GoAP is committed to supply uninterrupted 24x7 quality power to all industries operating in the state
- c. Fixed power cost reimbursement @ Rs. 1.00 per unit for a period of five years from the date of commencement of commercial Production
- d. Reimbursement of 100% of net SGST accrued to state for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier
- e. 15% Investment Subsidy on Fixed Capital Investment limited up to 20 lakh, whichever is lower. The subsidy will be released only after 3 years of continuous operation with at least 80% efficiency in all parameters i.e. employment, production etc.
- f. Interest subsidy of 3% on the term loan taken for fixed capital investment by new Micro and Small enterprises for 5 years from the date of commencement of commercial production.
- g. Reimbursement of 25% land conversion charges for Industrial use limited to 10 lakh.
- h. Water and Power will be delivered to door-step of the industry, if it is located in the designated Industrial Park.

Incentives for SC and ST Entrepreneurs:

The Government, after conclusion of AP IDP Policy 2015-2020, introduced "YSR JAGANANNA BADUGU VIKASAM" under Industrial Development Policy 2020-2023, a Special Industrial Incentives Package for Entrepreneurs belonging to Scheduled Caste and Scheduled Tribe including women

Under this policy, the Government offers the following additional benefits

The quantum of Investment subsidy for different categories and sectors of Manufacturing activity is 45% of the project maximum of Rs. 1.00 crore and service and transport sector is 45% of the project maximum of Rs.75.00 lakhs.

- Reimbursement of 100% of net SGST for Micro and small, accrued to state for a period of 5 years

from the DCP 75 % Medium enterprises for 7 years and 50 % Large enterprises for 7 years both Manufacturing and Service Sector or up to realization of 100% fixed capital investment, whichever is earlier.

- 100% of the cost incurred for Quality Certification / Patent registration limited to Rs.3.0 Lakh for MSEs.
- 25% of Machinery cost as Seed Capital Assistance for first generation entrepreneur for establishing Micro units
- Delivery of Water and Power to door-step of the industry, if located in the designated Industrial Park.

Incentives for Medium Enterprises, Large and Mega Industries:

- a. To supply uninterrupted 24x7 quality power to all industries operating in the state.
- b. 100% Reimbursement of net SGST accrued to the State for 5 years or 100% fixed capital investment, whichever is lower, from the date of commencement of commercial production, linked to employment.
- d. Reimbursement of SGST : 50% to <1000 Direct Employment generated, 75% above 1000 to 2000 Direct Employment generated and 100% to 2000 + Direct Employment generated.

Industrial incentives sanctioned to Industries during the year 2022-23:

During the Financial year 2022-23 (upto December 2022) the Industrial Incentives have been sanctioned for Rs. 141.43 crs for 902 MSME units in General category; Rs.55.83 crores 448 MSME units in OBC category; Rs. 250.21 crores for 3748 MSME units in SC category; Rs. 34.80 crores for 602 MSME units in ST category. The Industrial incentives were sanctioned to 104 Large and Mega Industries for an amount of Rs. 334.83 crores.

Industrial incentives released to Industries during 2022-23 (as on December 2022)

Government have provided an amount of Rs. 1025.35 crores in the budget for the year 2022-23 to meet the

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industrial incentives to the eligible units, out of which an amount of Rs. 23.67 crs was released.

Skill Development

Development of skills as per industrial requirement is required to provide employment to local people in industries. Central and State Governments are implementing programmes to identify skill requirement and train people in required skills. The State Government proposed to establish Skill University & 25 World class multi-skill centers in 25 Parliamentary constituencies as **YSR Multi Skill Development Centres (MSDC)** in two phases.

The aim of the University and centers is to design courses as per demand and ensure 75% placements. The Skill University gives technical input, certification and prepare curriculum. MSDCs impart training and show employment to trained candidates. The department is conducting Industry Skill Gap analysis to identify skills required by Industries, availability of man power as required by industries and procedures for imparting training in required skills which is useful in providing employment to local people.

Government of A.P has enacted "**The Andhra Pradesh Employment of Local Candidates in the Industries / Factories Act, 2019**" for providing 75% jobs to local people. Under this Act, it is mandatory for existing and upcoming industries to provide 75% of jobs in their industry to local people.

Salient features of the Act

- To provide employment to 75% of the local candidates in industries/factories and to provide training to local eligible candidates where qualified/ suitable candidates are not available in the local area. Rules were issued to implement the Act.
- The District Level Nodal agency under the Chairmanship of District Collector shall assess the availability of skilled man power in industry / factory vis-à-vis on the requirement indicated.
- In the event of shortage of man power, a training and skill up-gradation plan shall be prepared by the nodal agency in consultation with the industry aligning the training calendar with the recruitment calendar of the industry so that

sufficient skilled local man power is made available to the Industry/ Factory at the time of recruitment.

MSME Cluster Development Programme

Government of India has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

Objectives

- To support sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital etc;
- To build capacity of MSEs for common supportive action through formation of self-help groups, consortia, up gradation of associations, etc.,
- To create/ upgrade infrastructural facilities in the new / existing industrial areas / clusters of MSEs;
- To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc) and
- Promotion of green & sustainable manufacturing technology for the clusters so as to enable units switch to sustainable and green production processes and products.
- There are 18 ongoing projects of ID/CFC/FFC projects are under implementation with a total project of Rs.196.74 crores of which Gol share of Rs.153.46 crores and GOAP share of Rs.38.66 crores.
- The State Government have identified 52 new clusters @2 clusters per each district. DPRs for all these Clusters are under progress. So far 33 DPRs have been prepared and appraisal reports are under process at SIDBI / Nationalised Commercial Banks. All these 52 Cluster proposals will be

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placed before SLSC meeting for recommending to National Project Approval Committee for sanction during the year 2022-23.

Government Land Allotment Policy

Government of A.P have issued "Uniform guidelines" with regard to Government land to be allotted for various purposes to different Government departments and private organizations both in terms of extent and rate. The A.P. Land Management Authority shall scrutinise the application / proposal and make their recommendation to the Government. The Government shall issue final orders on the application. For the year 2022-23 (Up to December 2022) 8 proposals were recommended to the Government to an extent of 292.82 acres.

Commerce and Export Promotion

Andhra Pradesh is a resource rich state with access to seaports, and thus has huge potential to promote exports from the State .Andhra Pradesh is one of the top five exporting states of India. It occupies a leading position among Indian states in production and export of marine products, agricultural commodities and textiles, Drugs and Pharmaceuticals, Organic and Inorganic Chemicals, Petroleum Products. The emphasis connects to the state's overall strategy of coast-led industrial development by utilizing its natural endowment of the longest coastline in India. AP has embarked on a fresh new long-term growth and development strategy with strong emphasis on 'globally competitive exports'. Further the state's strategic vision is on coast-led industrial development. Moreover, in the objective of coast-led economic development and Andhra's prominence as a major exporting state there is need for centrality of exports. The Sector wise Exports for last three years is Annexed at 6.4.

Government of AP have issued Andhra Pradesh Export Promotion Policy (APEX 2022-27) vide G.O.Ms.No.24 (Industries & Commerce (Programme-I) Dept. Dt. 17.05.2022 to establish Andhra Pradesh as a leading export hub in the country through development of world class logistics and export infrastructure, promotion of high quality product portfolio, enabling robust export oriented institutions and creating integrated export ecosystems from districts to ports.

District as Export Hubs

Export Hubs developed in districts to attract investment in the District to boost manufacturing and exports and provide ecosystem for Innovation/ use of Technology at district level to make the exporters competitive. It should also help reduce transaction cost for the exporter at various stages of export cycle in the District and generate employment. The focus on the Districts should also provide for wide and global reach of products and services platforms from the district through e-Commerce and Digital marketing.

Andhra Pradesh has a total of 26 districts and about 13 of them have been covered in the DEH initiative. State-wise/district-wise list of products identified under 'District as Export Hub' initiative, including products from various districts of Andhra Pradesh. The District wise Products having export potentiality is Annexed 6.5

Under the scheme District as Export Hubs, Govt. of India have identified 3 districts and products. viz., Visakhapatnam – Marine Products, Engineering works and Health Service,, East Godavari – Coir & Coir Products, Cashew and Nursery Plants and Guntur – Chillies, Turmeric and Cotton Yarn to implement the scheme in 1st phase.

National Investment and Manufacturing Zones (NIMZ)

The Government of India (GoI) has announced a National Manufacturing Policy, 2011, with the objective to enhance the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. As per the Policy, "NIMZs was developed as integrated industrial townships with state-of-the art infrastructure and land use on the basis of zoning; clean and energy efficient technology; necessary social infrastructure; skill development facilities, etc." Government of AP proposed to develop NIMZs in Chittoor and Prakasam Districts for which In-principle approval was already accorded by GoI. APIIC engaged IIDC Limited (An IL&FS Group Company) for preparation of TEFS report cum development plan and final application and the same were submitted to Govt. for final approval.

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Industrial Corridors

Government of Andhra Pradesh is working on implementation of the three industrial corridors. The major industrial corridor projects like Visakhapatnam-Chennai Industrial Corridor (VCIC), Chennai-Bangalore Industrial Corridor (CBIC) and Hyderabad Bengaluru Industrial Corridor (HBIC). These corridors will not only promote industries but also create substantial urban infrastructure and contribute for the overall economic development of the State.

The VCIC attracts about Rs.1,00,000 Crores additional investments and generates additional employment to the tune of 110 Lakh persons. The corridor contributes to 5% of national GDP and has potential to increase GDP in the Corridor by 6 times.

I. Vizag Chennai Industrial Corridor Development Program

Visakhapatnam Chennai Industrial Corridor (VCIC), part of East Coast Economic Corridor, is the first coastal economic corridor in the country. It is aligned with the golden quadrilateral and covers more than 800 km of the state of Andhra Pradesh's coastline. VCIC is poised to play a critical role in driving India's economy and to further

integrate the Indian economy with the dynamic global production networks of East and South-East Asia. Greater connectivity and economic integration between South and South-East Asia is likely to contribute to significant benefits for both sub-regions and foster regional cooperation. The key objectives of VCIC are:

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

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



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global production networks of Southeast and East Asia that forms the bedrock of global manufacturing today. The VCIC is proposed as a node centric development platform with five nodes: (i) Vishakhapatnam Node, (ii) Machilipatnam Node, (iii) Donakonda Node, (iv) Yerpedu – Srikalahasti Node and (v) Kopparthi of Kadapa Node. Some of the critical industrial sectors shortlisted for achieving the targeted outcomes are textiles, food processing, metallurgy, chemicals and petrochemicals, electronics, pharmaceuticals, and automobiles.

As a part of the VCIC Development Program, several projects have been identified across various infrastructure sectors for debottlenecking and enhancing ease of doing business that would make VCIC more competitive in attracting industrial investments. Asian Development Bank is partnering with Government of Andhra Pradesh in developing the industrial corridor. The VCIC loan comprises: (i) a Policy-based loan to support policy reforms and institutional development in the state's industrial sector; and (ii) a Project loan for priority infrastructure projects within the Visakhapatnam- Chennai Industrial Corridor (VCIC). The Policy loan provides budgetary support to the GoAP to promote accelerated industrial development through policy, institutional, and governance reforms. The Project loan supports investments in both Internal and External infrastructure to the industrial clusters like internal roads, drains, street lighting, Plug & Play facilities, CETP, Internal Water Distribution systems and external connectivity to the high-ways, uninterrupted power etc..

The details of the Financing Plan agreed initially by the GOI, GoAP and ADB under VCIC Development Program is provided in the Table 6.1

Table 6.1 VCIC Development Program - Investment and Financing Plan

Source	Amount (\$ Million) and Share (%)		
	Policy Loan	Project Loan	Total
Asian Development Bank	125.0 (100.0%)	500 (70.0%)	625 (74.4%)
Government of Andhra Pradesh	0 (0.0%)	215.0 (30.0%)	215.0 (25.6%)
Total	125 (100.0%)	715 (100.0%)	840 (100.0%)

Policy Based Loan:

Supports the Government in policy, institutional, and governance reforms to promote accelerated industrial development:

- Investment climate- 'Ease of doing Business'
- Strengthening of institutional structures for corridor management
- Capacity building and skill development
- Policy reforms & investment promotion

Project Loan:

Supports investments in physical infrastructure in the selected nodes.

- Improvement of road connectivity projects
- Up-gradation of energy transmission and distribution infrastructure
- Augmentation of urban water supply infrastructure in corridor nodes
- Internal and common infrastructure for industrial parks

Department of Industries (Govt. of Andhra Pradesh) has established four Project Implementing Units – viz. Andhra Pradesh Industrial Infrastructure Corporation (APIIC), Andhra Pradesh Road Development Corporation (APRDC), Greater Visakhapatnam Municipal Corporation (GVMC) and Transmission Corporation of Andhra Pradesh (AP Transco) and a Project Management Unit – Department of Industries (DoI) to effectively co-ordinate with ADB on the project preparedness activities and monitor the progress of VCIC DP.

The loan agreements of the Policy Based Loan and the Tranche-I of Multi-Tranche Financing Facility Loan were signed on 23rd February 2017 by the DEA, ADB and GoAP. Eight projects approved by ADB were contracted under Tranche-1 and around 65% of physical progress is achieved. Under Tranche-II loan, out of seven sub projects approved by the Government, four projects are awarded and work to commence in Q-1, 2023, and for the balance three subprojects, the procurement is in process. The Tranche-II loan negotiations are to be initiated in Q-1, 2023. Under Tranche-I of MFF Loan, USD 147 Mns have been disbursed by the ADB under Tranche-I.

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Socio Economic Impact of the Projects:**Establishment of 1 MLD Common Effluent Treatment Plant (CETP) at Naidupeta Industrial Cluster:**

The plant has been completed and commissioned to serve more than 70 existing industrial units and the future investments in and around Industrial Park, Naidupeta. The effluents generated from the industries are planned to be treated at a common Treatment Plant which will prevent the degradation of surface and ground water, soil to reduce the impacts on crops, insects, pests, animal and human lives. The CETP will have long-term socio-economic impacts through effective treatment processes and protection of public health and the environment. The establishment is aimed to allure capital investments in the vicinity of the project area.

Augmentation of utility services at Naidupeta Industrial Cluster:

The augmentation of utility services at the industrial parks aims to have a positive influence on people's livelihoods. This project enhances direct and indirect employment thereby reduces migration of the human resources which in turn will have many socio-economic impacts such as, improvement in literacy rate, growth of service sectors, improvement in transport, educational

**Providing bulk water supply for industrial cluster at Naidupeta:**

This sub-project envisages the drawl of water from the Telugu Ganga Canal and distribution to the existing industries and future investments in and around Naidupeta Industrial Cluster envisioned towards eradication of poverty by bringing more certainty and efficiency in productivity across eco-system of the Naidupeta Industrial Area.

112 MLD Bulk water supply to prioritized industrial clusters in southern Andhra Pradesh:

The sub-project is aimed to supply water to the industrial clusters of Krishnapatnam Node (CEZ, CBIC), Naidupeta, Yerpedu - Srikalahasti Cluster, IP Mambattu, Chinna-panduru and SRI City for various sectors such as automobile, textiles, chemical, pharmaceutical, food/beverages and other miscellaneous. The project would benefit 64,617 acres of industrial area to meet 112 MLD water demand. The project would accelerate industrial development in the backward areas through savings in distribution, operation and maintenance costs of water which increases direct and indirect employment and enhances the socio-economic conditions of habitants of the sub-project area.

**Augmenting power distribution capacity for meeting Industry demand at Visakhapatnam node:**

After commissioning of 132/33kV substation at Kapuluppada and 220/132KV substations at Atchutapuram and Chandanada, additional load growth of about 900 MW will be available for more than 1200 industries in Visakhapatnam Node. This augmentation of power improves the industrial productivity of the region and the facility of uninterrupted power supply is poised to attract new investments

Augmenting power distribution capacity for meeting Industry demand at Srikalahasthi-Yerpedu (Chittoor South) industrial node:

This sub-project is completed and commissioned which has improved; 1. The Voltage profile of Yerpedu Industrial Cluster with an additional load of about 100MW with establishment of 132/33kV sub-station at Yerpedu, 2. the Voltage profile of Rachagunneri

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Industrial Cluster with an additional load of about 400MW with establishment of 400/220/132KV sub-station at Rachgunneri and 3. the Voltage profile of Naidupeta Industrial Cluster with an additional load of about 300MW with establishment of 220/132KV sub-station at Naidupeta. This sub-project facilitates more than existing industries 700 industries and many more new investments in the project area. This augmentation of power improves the industrial productivity of the region and the facility of uninterrupted power supply is poised to attract new investments which improves direct and indirect employment to the region and enhances the socio-economic development of the population.



Widening and strengthening of Samarlakota-Rajanagaram Road:

The sub-project intends to widening and strengthening of 29KMs stretch of Samarlakota-Rajanagaram section of connectivity of Kakinada Port from the National Highway-16. The existing two-lane road is being widened to four-lane which passes through 13 villages. This sub-project envisioned to push forward the inclusive and sustainable economic growth through development of physical infrastructure. The development of this road creates a positive impact on the socio-economic status of the habitants of the villages through which it passes. It improves the physical connectivity, enhances the employment opportunities, helps in welfare improvement, catalyses the changes in agricultural and crop patterns, enhances the value of lands, provides impetus to shift of livelihood practices and paves more opportunities in non-farm sector employment.

Distribution Network improvements for NRW reduction and 24x7 supply in GVMC area: The sub-project intends to supply 24X7 water supply to 48,000HHs in North-West Zone of Visakhapatnam by constructing 3 ELSRs, 3 GLSRs, one pump house, and laying 2.63KMs pumping main, 4.45KMs gravity main, 23.61KMs transmission main, 384.16KMs distribution network. Women, girls, and children from poor and vulnerable households would be immensely benefitted from continuous water supply. Water is an essential component to ensure equitable, sustainable and productive economies. 24 x 7 water supply establishes guaranteed food security, health and personal hygiene. This sub-project targets to achieve sustainable water management, sufficient water infrastructure and access to safe, reliable and affordable supply of water and adequate sanitation services which are key to improving the livelihood by expanding the local economies, creating decent job opportunities and maintaining a healthy and productive workforce. This sub-project is intended to prevent wastage of water, reduce household costs etc. The cloud-based SCADA system is estimated to reduce wastage of water from 40% to 10-15% leading to savings for Great Visakhapatnam Municipal Corporation (GVMC), reduction of load on water bodies and tighter control over leakages or pilferage.



Establishment of 3 MW Solar Energy Park with floating panels on Meghadrigedda Reservoir:

This sub-project is completed and commissioned to promote climate resilient measures in Visakhapatnam city. It has major positive environmental and technical impacts for Visakhapatnam city and also globally. The solar park does not occupy any habitable and productive

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areas and solar panels are deployed in the Meghadriggedda water reservoir which reduced land-use issues. Also, it is saving water through mitigating evaporation and improving water security of the drinking water reservoir.

Watershed development and Rejuvenation of Mudasarlova catchment area: Another climate resilience initiative “Rejuvenation of Mudasarlova Lake” in Visakhapatnam city was completed in the year is improving the water storage capacity the catchment of the lake through flood control, conservation of soil and water, creation of green cover and ground water recharge. 10,650 plants have been planted around Mudasarlova Lake that assists in carbon sequestration leading to lower carbon levels in the environment thus ensuring improved wellbeing. Number of awareness programs was conducted with women groups, youth and the community leaders on better solid waste disposal and sanitation



Procurement of e-Vehicles for solid waste management and passenger movement in GVMC:

This sub-project envisages procurement of 65 number of e-vehicles for solid waste management of GVMC and 10 e-vehicles for passenger movement on the beach road. It intends to reduce GHG emissions by replacing the movement of motorized petrol and diesel vehicles on the beach road as well in Visakhapatnam City.

Gender Equality and Social Inclusion program being implemented under VCIC Development Program:

To foster meaningful participation and to facilitate benefits to all social groups, a Gender Equality and Social Inclusion (GESI) action plan and a Consultation and Participation Plan (CPP) have been prepared and implemented specifying clear targets, responsibilities, and resource allocation. More than 22,000 people including 13,000 women participated in public consultations, workshops, seminars, focussed group discussions and campaigns to discuss on project designs, valuation of assets, compensation, resettlement and rehabilitation, social and environmental issues, work schedules, worksite safety, female health and hygiene, HIV/AIDS, communicable diseases, female security, road safety, women rights etc. More than 70 % women have participated in community orientation seminars, public meetings and gender sensitization programs conducted with the public in project areas.



Gender inclusive designing of industrial and roads projects:

The VCICDP include two industrial projects and one road project in Tranche-1. Gender-responsive design features for roads and industrial subprojects will include walking paths/service lanes, separate toilets for women, telephone help lines, adequate lighting, safety measures such as signage and demarcated road crossings, well-lit and safe public spaces, and industrial clusters. Stakeholder consultations were held for operation and maintenance arrangements for such facilities created to ensure their sustainability.

Gender sensitization of contractors and construction workers:

All the 10 contractors and construction workers of the program were oriented on providing opportunities for female workers, equal pay, prevention of sexual harassment at worksites, provision of worksite facilities, Building and Construction Workers Act, maintenance of core labour standards etc. 1276 workers including 258 female workers were oriented on gender aspects in 20 programs across the 11 projects. The programs impacted in providing worksite facilities including separate toilets, medical, crèche facilities, training and prevention of sexual harassment which enabled in increasing female workers from 5% to 18% in the project activities.

Orientation of factories in Gol and State provisions for female workers: All the factories in project area i.e., in Visakhapatnam and Chittoor nodes are informed about Government of India and State Government provisions for female factory workers. 120 factories were oriented during the year at Atchutapuram and Naidupeta industrial parks. The orientation programs helped to review and ensure implementation The women applicants in single desk portal to setup business are more than 18% of the total applicants, women entrepreneurs who received incentives from the state government are 61.83%.

Awareness programs for public, youth, women groups, construction workers:

Implementation of any large-scale industrial infrastructure project leads to influx of migrants, making awareness sessions on human trafficking, HIV/AIDs,

communicable diseases, and road safety an imperative. Under various sub projects of VCICDP, several awareness programs were conducted with key project stakeholders with the active involvement of local bodies, NGOs, and Government Departments. More than 20,000 persons including 13,241 women participated in public consultations, awareness programs, workshops, seminars, and house campaigns.

Maintaining Core Labour Standards at Worksites:

A number of industrial and sector policies have been introduced under the VCICDP to stimulate industrial growth focusing on women. This includes steps such as enforcement of labour rights; creation of safe working environment through policies against sexual harassment and gender discrimination; equal pay for equal work for women and men; private and safe sex-segregated toilets, including running water, soap, and a private space to clean or dispose of used menstrual materials; and training on health and hygiene etc.



The expected impacts of VCIC on Socio Economic Development of A.P. by 2035:

- Manufacturing Sector Output in VCIC jurisdiction increased to INR 4.20 Trillion (2015 Base Line Rs.1.10 Trillion)
- Labour Productivity of Key Industries in VCIC jurisdiction increased to Rs.2.60 Millions per employee (2015 Base Line Rs.2.30 Millions per employee)

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- Share of women employed in Manufacturing Sector in VCIC jurisdiction increased to 33% (2015 Base Line 28%)
- 24-Hour Power Supply made available to 100% of Manufacturing Industries in VCIC jurisdiction.
- Capacity development through Skill Development Trainings to at least 25,000 women and others in VCIC jurisdiction.

II. Chennai Bangalore Industrial Corridor (CBIC)

The CBIC proposes to address the infrastructure bottlenecks through a holistic approach while benefiting from the inherent strengths and competitiveness of each of the CBIC states. Accordingly, high impact/ market driven nodes are proposed to be developed, at strategic locations within the corridor to provide transparent and investment friendly facility regimes. These regions are proposed to be self-sustained nodes with world-class infrastructure, road and rail connectivity for freight movement to and from ports and logistics hubs, served by reliable power, quality social infrastructure, and provide a globally competitive environment conducive for setting up businesses. CBIC Region covers parts of three States, referred as CBIC states, (viz. Tamil Nadu, Karnataka, Andhra Pradesh). CBIC Region comprises of a combined population of about 47.5 Million constituting approximately 3.7% of total population of the country.

Current Status

- Krishnapatnam, SPSR Nellore District has been selected for Development under Phase-I by DPIIT along with two nodes each in Tamilnadu and Karnataka states.
- An extent of 13,919.67 Acres is proposed for development under Krishnapatnam Node in two Blocks as follows
 - i. Krishnapatnam, SPSR Nellore District -- 12,315.81 Acres,
 - ii. Thatiparthi (V), Sri Kalahasti (M), Chittoor District) -- 1,603.86 acres.

Way Forward

Shareholder's Agreement (SHA) & State Support Agreement (SSA) executed on 29th November 2017 between NICDIT & APIIC.

- APIIC is the Nodal Authority, appointed by GoAP and responsible for procurement of land.
- Land is to be handover to SPV for development of Industrial Township
- Project specific SPV in the name of 'NICDIT Krishnapatnam Industrial City' has been incorporated.
- Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) a company set up by GoI, is the Project Development and Knowledge Partner to the proposed node
- Process of obtaining Environmental Clearance was taken up by DMICDC.
- Detailed Engineering studies and preparation of DPR has been entrusted to the consultant's M/s CH2ML, by DMICDC. Preliminary Design Report is finalized
- An extent of 2,350.30 acres is proposed for development as Startup Area. Lands are to be taken over by paying compensation. The Central Government will be approving the proposal and making budgetary allocation for the development of Krishnapatnam Industrial Area (Node) in Nellore district.
- The Krishnapatnam node development commence soon with the Central Government approval. The Green field Industrial cities will be self sustained with world class infrastructure. Road and rail connectivity for freight movement to ports and logistic hubs along reliable power and quality social infrastructure in Krishnapatnam Node is expected to generate employment to around 98,000 people on completion of the First Phase.
- The Cabinet Committee of Economic affairs under the Chairmanship of Prime Minister approved the proposals of Department of Promotion of Industry and Internal Trade (DPIT)

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for construction of various trunk infrastructure components.

- CBIC is one of the mega Infrastructure projects of Govt. of India which passes through Andhra Pradesh.

III. Hyderabad Bengaluru Industrial Corridor

The Hyderabad Bengaluru Industrial Corridor (HBIC) will have an Influence Area spread across the states of Telangana, Andhra Pradesh and Karnataka, connecting the central parts of the country with southern parts. Under HBIC, Orvakal node in Andhra Pradesh has been identified for development in initial phase admeasuring an area of 9,800 acres and project development activities are being initiated.

APIIC at a Glance

Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC), an undertaking of Govt. of Andhra Pradesh, is a premier organization in the state, mandated with the objective of providing industrial infrastructure through the development of industrial parks across the state. As part of the overall objective of growth of industries in Andhra Pradesh, APIIC intends to develop Industrial Clusters for pharmaceutical industries across the state. Industrial Estates across the state are mentioned in Table 6.2.

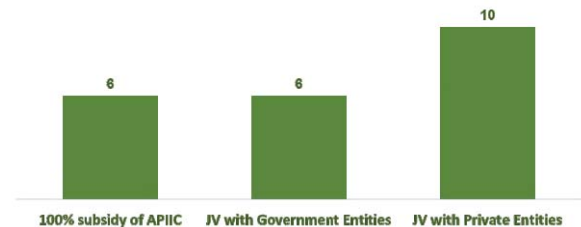
Table 6.2 Industrial Estates across the state

Industrial Estates across the state	
Industrial parks	245
Auto Nagars	28
Multi Product SEZs	3
IT SEZ	2
Growth centers	3
BULK	253
Total	534

APIIC also facilitates Provision of Infrastructure facilities in developed and existing layouts, Allotment of developed plots, Industrial Investment, Planning and Development of Projects and Promotion of

Infrastructure Projects under Public Private Partnership (PPP) mode. APIIC has already taken the lead in developing SEZs across various districts in Andhra Pradesh. Details of SEZs are shown in below chart.

APIIC has executed 22 JVs



Industrial Land Allotments from 1st January 2022 to 31st December 2022

APIIC is the Nodal Agency for all Industrial Infrastructure Projects including IT, Biotech, Apparel Parks and SEZ in the State, its core functions include Acquisition/ Alienation of Government lands for Industrial Parks, Identification of sites for Industrial Areas and development of layouts. APIIC has allotted 1164 acre of Industrial Land to 602 units with an employment potential of 78,866 and proposed investment of Rs. 26,629 Crores. Further APIIC has a land bank of 46,532 acre for allotment.

New Initiatives

MSE – Cluster Development Programme: Under MSE-Cluster Development Program of Govt. of India, the following new Industrial Parks apart from Upgradation of existing industrial parks have been taken up in AP as shown in below Table 6.3.

Table 6.3 Ongoing Projects under MSE-CDP Scheme

Sl.No.	Project Location	Gross extent (Acres)	Plotted area (Acres)	Project Cost INR Lakhs
1	Formation of internal roads including storm water drains in GC, Hindupur in Puttaparthi district	741.23	301.65	715.06
2	Upgradation of Industrial Park at Machilipatnam	47.72	29.21	817.44
3	Upgradation of Industrial Park at Guntur	131.45	67.56	691.97

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Apart from the above 3 Projects, APIIC is planning to take up another 22 projects under MSE CDP Scheme with a tentative estimate value of Rs 316.51 crs in an extent of 998 Acs.

Mega Food Parks

Ministry of Food Processing Industries, Government of India sanctioned for establishing a Mega Food Park at Mallavalli, Bapulapadu Mandal, Krishna District with an estimated cost of Rs. 112.97 Cr. and the projected Investment is Rs. 400 Cr. Govt of India released its 3rd installment of grant which cumulates to Rs. 43.55 crores up to 30.03.2020. All the infrastructure works at Central Processing Centre (CPC) are completed, trial run to be done and going to be operational very shortly. Primary Processing Centre at Peddapuram is completed.

National Industrial Manufacturing Zone, Prakasam (NIMZ)

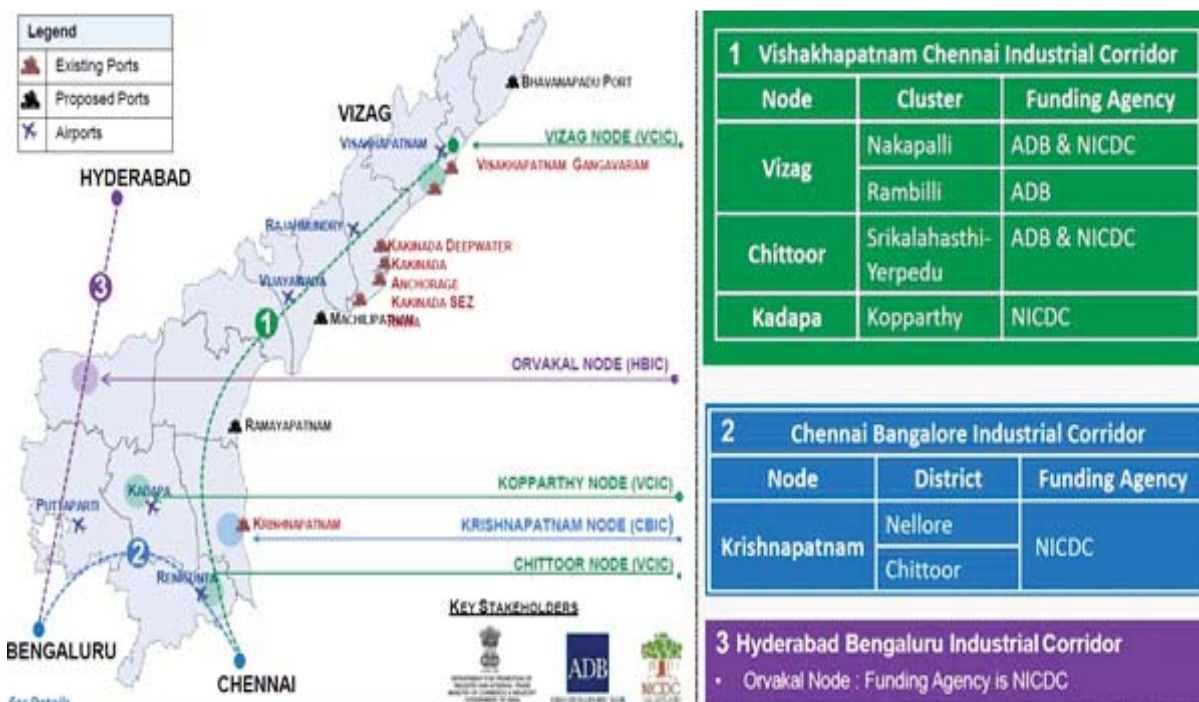
Over the years, various policy initiatives and economic reforms have made India one of the fastest growing economies in the world. However, the share of manufacturing sector in India's GDP has stagnated at 15-16% since 1980. Further, the Government of India has

announced the National Manufacturing Policy, 2011 with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 Million jobs. NIMZ, is envisaged to be developed as integrated industrial townships with state-of-the art infrastructure to provide a productive environment to persons transitioning from the primary sector to the secondary and tertiary sectors.

Location: Pamur, Pamur (Mandal), Prakasam Dist

• Land	14,390 Acres
• Est. Project Cost	INR 7500 Cr.
• Grant received	INR 3.00 Cr.
• Projected Investment	INR 1,47,000 Cr.
• Projected Employment	3.12 Lakhs
• Projected Annual Export	INR 24,000 Cr.

Planned under Tranche – I in Startup area of 4149 Acs with an estimated investment of INR.25,000 Cr and employment of 1.44 Lakhs with a project cost of INR 3640 crs.



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Industrial Corridors

Under the “National Industrial Corridor Development Programme” APIIC is developing industrial hubs under three industrial corridors: (1) Visakhapatnam – Chennai Industrial Corridor (VCIC); (2) Chennai – Bengaluru Industrial Corridor (CBIC), and (3) Hyderabad - Bangalore Industrial Corridor (HBIC). These corridors are being implemented with financial assistance from Asian Development Bank (ADB) as well as National Industrial Corridor Development and Implementation Trust (NICDIT).

- **Visakhapatnam-Chennai Industrial Corridor (VCIC)** hosts three industrial nodes at Vizag, Chittoor and Koppaarthi. These are planned over an extent of ~33,000acre out of which 30% extent is presently being developed as 'Start-up' Area. Various industrial infrastructure projects with an estimated investment of ~INR 5,000 Cr have been envisaged in this corridor with ~INR 3,300 Cr loan from ADB under two tranches. Projects planned under Tranche-I, with an estimated investment of ~INR 2,300Cr, are being executed at full throttle and are at advanced stages of implementation, where some of the projects are targeted to achieve completion in the upcoming quarter.

1. Vizag Node: Under this node, APIIC proposed to develop 2 clusters.
 - A. Atchuthapuram-Rambilli Cluster: Development of major infrastructure and utility services in Start-up area of 396 acres with an estimated cost of Rs.149 crores.
 - B. Nakkapalli Cluster: Development of major infrastructure and utility services in Start-up area of 1120 acres with an estimated cost of Rs.400 crores.
2. Chittoor Node: Srikalahashi-Yerpedu Cluster: Development of major infrastructure and utility services in Startup area of 2700 acres with an estimated cost of Rs. 463 crores.
3. Koppaarthi Node: Spread over an extent of 5,754 Acres. In phase-1, an extent of 2,595.78 acres is

proposed to be developed with a project cost of INR 1,464.24 Cr. The project is being implemented with financial assistance from NICDIT.

- **Chennai – Bengaluru Industrial Corridor (CBIC):** The Government of India has envisaged the development of Chennai Bengaluru Industrial Corridor (CBIC) along the proposed Corridor between Chennai, Bengaluru and Chitradurga covering a length of about 560Kms will have an influence area spread across the three- states - Andhra Pradesh, Tamil Nadu and Karnataka. Andhra Pradesh hosts an industrial node at Krishnapatnam North node spread over an extent of 11095.8 acre. A start-up area of 2,500.4 acre is currently proposed to be developed with estimated cost of INR 2,139.44 Cr. The project is being implemented with financial assistance from NICDIT.
- **Hyderabad Bengaluru Industrial Corridor (HBIC)** will have an Influence Area spread across the states of Telangana, Andhra Pradesh and Karnataka, connecting the central parts of the country with southern parts. Orvakal node in Andhra Pradesh has been identified for development under HBIC. The Orvakal node has been approved by NICDIT and project development activities are being initiated to create an industrial node at Orvakal over an extent of 9,305 acres. Project estimate for INR 1614.30 Cr was submitted to NICDC for the development of Phase-1 in area of 2,621.15 Acres.

Andhra Pradesh Gas Infrastructure Corporation

Andhra Pradesh Gas Infrastructure Corporation (APGIC) was incorporated on 2nd September, 2009 under the provisions of Companies Act as a State Government Company. The objectives of the corporation are: Exploration and Production Activities particularly in Krishna-Godavari Basin (KG Basin) and Make Andhra Pradesh a gas based economy.

APGIC participated in the New Exploration Licensing Policy (NELP) VIII round bidding conducted by Directorate General of Hydrocarbons, Government of India in the year 2009. APGIC got four blocks out of the

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participated five bids along with other consortium partners viz., ONGC, OIL, NTPC and BG. In the Upstream (exploration and production), Midstream (Service sector), Downstream (Distribution) activities of petroleum, Natural gas sector is playing the role of the facilitator which help in optimizing the utilization of the Gas in the State.

A decision was taken to form a Special Purpose Vehicle with APIIC and APGENCO as equity partners, holding equity in the ratio of 51:49 respectively. For expeditious development of (Mid-Stream) and (Down-Stream) Gas Infrastructure in the entire State, Andhra Pradesh Gas Distribution Corporation Ltd (APGDC)- is a 100% Subsidiary of APGIC was incorporated in January 2011. The authorized share capital is Rs.100 Crores and paid up capital is Rs.55.44 Crores up to December, 2022.

NELP VIII Bidding (New Exploration Licensing Policy) - 2009

APGIC formed consortium with Exploration Majors ONGC, British Gas, OIC India and NTPC. The APGIC as a consortium member had participated in the NELP VIII bidding for the 5 blocks (1- deep water block, 4-Shallow Water block) and won 4-blocks (I.e. 1- deep water block, 3-Shallow Water block). APGIC contributed about Rs.30.16 Crores in the E&P activities towards its 10% equity commitment through cash calls. Payment due to ONGC towards Cash calls, interest and service tax & GST as per clause 7.6.1 of JOA Agreement is about Rs.393.13 Crores as on 31.12.2022

Activities of APGIC

A P Gas Infrastructure Corporation (APGIC) has incorporated a Company by name A.P Gas Distribution Corporation Ltd (APGDC) to undertake laying of Natural Gas pipelines, regional grids, KSPL, City Gas Distribution (CGD) networks in the State. APGIC contributed about Rs.20.43 Crores in the investment in APGDC.

Kakinada–Srikakulam Natural Gas Pipeline Project: APGDC has been authorized by PNGRB in Jul'14 to lay, build, operate and expand Kakinada – Srikakulam Natural Gas Pipeline (KSPL) Project. APGDC is executing KSPL Project in two Phases viz Phase-1(Kakinada –

Visakhapatnam – 178 KM) and Phase-2 (Visakhapatnam – Srikakulam – 102 KM) at a total estimated investment of Rs.1071.00 Cr. (excluding IDC and Margin Money). Construction activities of KSPL (Phase-1) started from Nov'18. KSPL is part of National Gas Grid (NGG). KSPL connects the Visakhapatnam, Vizianagaram and Srikakulam districts of Andhra Pradesh with NGG and thereby ensures energy security of Industrial, Domestic and Transport Sectors in these three districts.

As far as downstream is concerned, APGDC was authorized by PNGRB, the regulator, to lay, build operate or expand City GAS network for East Godavari & West Godavari Districts. All the three projects are actively progressing ahead.

APGIC is also planning to undertake trading & Marketing of Gas Company by name Andhra Pradesh Gas Trading Corporation which is yet to be incorporated.

Benefits of APGIC & APGDC: Govt. of A.P can directly generate revenue to the extent of Rs.1000 Cr per year in the form of VAT/GST. Availability of LNG will boost Power Sector in the state and also industrial development. This Project will generate employment (direct / indirect) up to the tune of 1000. Usage of Gas will reduce pollution, improve environment and reduce greenhouse emissions.

Annual Survey of Industries (ASI)

The Annual Survey of Industries is the principal source of Industrial Statistics in the State. It provides Industrial statistical information to assess and evaluate the changes in the growth, composition and structure of organized manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage. The ASI conducted once in a year to collect the data from the Organized Manufacturing units registered under the section 2 m(i) [20 or more workers with the aid of power] & 2m(ii) [40 or more workers without aid of power] of the Factories Act, 1948 and units registered under Beedi and Cigar (condition of employment) Act, 1966.

The main objectives of Annual Survey of Industries are:

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

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

The data for 16 principal characteristics based on Annual Survey of Industries from 2015-16 to 2019-20 (Provisional) is given in Annexure-6.6.

Index of Industrial Production

The Index of Industrial Production (IIP) is a yardstick for measuring industrial growth. It includes the relative change of physical production in the field of Industry during specific period as compared to the previous period. The IIP is estimated monthly for the Manufacturing, Mining & Quarrying and Electricity sectors. The main objective is to estimate the contribution of Industrial sector to the Gross State Domestic Product. IIP in the State is being compiled with base year 2011-12 for 23 industrial classifications at 2-digit level under manufacturing sector.

As per Quick estimates of IIP, the Mining and Quarrying, Manufacturing, Electricity sectors and General Index registered growth rate of -0.70%, 6.8%, 9.4% and 6.7% respectively during 2021-22 over 2020-21. The indices of IIP of State are given in Annexure 6.7

STATE LEVEL PUBLIC ENTERPRISES

There are 116 State Level Public Enterprises (SLPEs) functioning in the State. As per the working results of these SLPEs, the performance during the year 2022-23 is summarised hereunder as

Capital Employed

The Capital employed by all the SLPEs was Rs. 47,284 Crores. The top five SLPEs with the highest Capital Employed are APGENCO, APPDCL, APTIDCO, APSFC, Kakinada Smart City Corporation (KSCC) and the Capital Employed by these five SLPEs constitute to 99.80 % of the Capital Employed by all the SLPEs in the State.

Turnover

The total Turnover (including other income) made by all the SLPEs was Rs.14,162 Crores. The top five SLPEs with highest Turnover are APGENCO, APPDCL, APPFCL, APSFC, APSWC and the Turnover achieved by these top five SLPEs to total Turnover works out to 98.17%.

Profit

The total profit made by all the SLPEs was Rs. 887.36 Crores during the year 2022-23. Of these, the following top five SLPEs made profit of Rs. 884.10 Crores, accounting for about 99.63% of the total profit made by all the profit making SLPEs.

1.	APPDCL	--	Rs. 532.81 Cr.
2.	APPFCL	--	Rs. 163.41 Cr.
3.	APSFC	--	Rs. 142.56 Cr.
4.	APSWC	--	Rs. 27.03 Cr.
5.	APGENCO	--	Rs. 18.29 Cr.

Mines and Geology

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

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

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force to translate the State's mineral potential into reality with eco-friendly and sustainable mining. The Year wise Production of Crude Oil, Natural Gas and Lime stone particulars are mentioned in Annexure-6.8

Mineral Resources

- The areas of Agnigundala, Bondalamottu in Guntur district are famous for mining of Copper, Zinc, Silver and other base metals.
- The alkaline and ultra-basic rock formations in Guntur and Prakasam districts are enriched in Nepheline Syenite.
- The State contains huge Uranium deposits in Thummalapalli, YSR Kadapa district. The Department of Atomic Energy, Govt already started exploitation of the resources through M/s. Uranium Corporation India Ltd, a Public Sector Undertaking.
- The Dharwar Super Group Meta sediments contain rich deposits of Iron Ore confining to Bellary Reserve Forest and surrounding areas in Ananthapuramu District.
- Many low-grade iron ore deposits are in Prakasam, Krishna, Kurnool and YSR Kadapa districts.
- The State is known for exclusive Granite varieties - Chimakurthy Black Galaxy, Steel Grey, Ocean Blue, Black Pearl in Prakasam, Srikakulam Blue in Srikakulam, Vizianagaram Green in Vizianagaram, River White, Kashmir White & Moon White in Visakhapatnam, Yellow Granite, in East Godavari, Silver Pearl, Indian Labrador, Blue Paradise, Copper Green, Platinum Blue, in Guntur, Viscon White, Tiger Black, Kuppam Green English Teak, in Chittoor, Pista Green, in YSR Kadapa Dist Chilli Red in Ananthapuramu and Chocolate Brown in Kurnool District.

Departmental Functions/Activities

The Department of Mines and Geology looks after overall development of mineral sector and collection of mineral revenue for the state exchequer. The department is

responsible for processing of mineral concession applications, grant of mineral leases, approval of mine plans, inspection of mines, curbing of illicit mining and transportation, vigilance and other activities.

Leases and Mining

There are 171 mining leases for major minerals, 4152 quarry leases for other Minor Minerals (Construction Minerals). Mining for Limestone, Barytes and Natural Gas falls under large scale mechanized sector, while Granite, Dolomite, Quartz, Feldspar, Clays etc. fall under semi mechanized medium sector and the other minerals fall under semi mechanized small sector. Nearly 90% of the mines fall under small sector and remaining 10% under medium and large sectors

Mineral Based Industries

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

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

Vigilance

In addition to the regular vigilance, thirteen (13) "District Vigilance Squads" are created in the State to curb illegal mining & transportation of minerals. The department has booked 6423 cases and levied Rs.2450.85 crores as penalty in FY 2022-23 (upto December, 2022).

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Achievements in FY 2022-23**Revenue and Value addition**

The State Mineral and Mining sector contributed Rs. 3390.01 crores of Mineral Revenue to the state

exchequer during 2021-22 and the Mineral Revenue during 2022-23 (upto December,2022) is Rs.2094.13 Crores. District wise Mineral Revenue is given in Annexure 6.9 and the year wise Mineral Revenue is shown in Table 6.4

Table. 6.4 Mineral Revenue Achievement (Rs. In Crores)

Year	Target	Achievement	y-o-y Growth (%)
2015 -16	1360	1396.05	44.5
2016 -17	1705	1700.70	21.8
2017 -18	1960	2147.47	26.3
2018 -19	2500	2463.49	14.7
2019 -20	2750	2072.07	-15.8
2020 -21	2359	2029.83	-2.0
2021 -22	3550	3390	67.07
2022 -23 up to Dec -22	3111	2094	5.06

Source: Directorate of Mines & Geology

Mineral Production and Value

Mineral consumption is increasing due to promotion of various industries and manufacture of mineral based products. The State produced industrial minerals, dimensional stones and building materials with a value of Rs.16012.07 crores.

Exploration of Mineral Blocks

Mineral Exploration Research and Innovation Trust (MERIT) is conducting exploration of four (4) Limestone and four(4) Manganese mineral bearing areas across various districts in the state. These eight (8) mineral bearing areas cover an extent of 3,087 Ha in Vizianagaram and Guntur districts. The exploration activity is funded by National Mineral Exploration Trust and MERIT. The State Government through MERIT has entered into an MoU with Geological Survey of India (GSI) for exploration of 54 sq.km for Iron Ore mineral bearing area in Anathapuram district.

Other Achievements

During the year 2022-23(up to December,2022), about 203 Letter of Intents (LoIs) have been issued and about 253 Quarry leases have been granted. 13.57 Lakh transit forms have been generated by the leaseholders for mineral transportation. 38,241 dispatch permits have been issued.

Online system for regulation of buying, storing, transportation of minerals

To curb large scale evasion of mineral revenue to the state government, the State has developed the Online system for regulation of buying, storing, transportation of minerals to check the raw material receipts at each and every mineral based industry in the State before the mineral is processed. This system have end to end IT based regulatory mechanism over mineral movement to ensure proper accountability, thereby curb illegal transportation & trading of minerals which prevent leakage of revenue and systematic conservation of mineral wealth. This system enables dealer to file an

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application online and obtain self-generated transit passes without levying any fee except nominal user charges. Further, this system facilitates the transfers of the stocks from leaseholder to dealer, dealer- to-dealer in line with the physical stock transportation and enables the departmental staff to monitor real time stock movement and keep constant vigilance.

Awards

Government of A.P was conferred with the SKOCH Silver Award under Digital India& e-Governance category and the 'SKOCH Order of Merit' awards for the Online system for Mineral Audit involving regulation of buying, storing, transportation of minerals during the 66th SKOCH Summit ceremony held online on 30th July 2020.

Automated Mineral Administration System (e-Permit System)

The State Government has developed an online platform for issue of auto generated e-Permits by leaseholders for improving Ease of Doing Business and to facilitate efficient governance of Mining Leases within the state augmented with digital payments. This portal is further distinguished from any other such portal owing to its ability to segregate the payments received from the leaseholders into various revenue heads automatically online. This system has also been integrated with Comprehensive Financial Management System (CFMS).

A.P. Mineral Vehicle Tracking System (APMVTs)

With the assistance of APSAC developed an Online Platform for real time surveillance of mineral carrying vehicles, monitoring of mineral transportation and to curb illegal transport. It is a novel and innovative platform with state-of-the-art technology that has no dependency on the vehicle drivers of the mineral carrying vehicles. The platform has helped in the efficient roll out of the New Sand Policy 2019 and transparency of mineral transportation in the state.

Initiatives

New Sand Mining Policy 2019

New Sand Mining Policy 2019 is launched for sustainable sand mining and ensuring affordable prices of sand. The Government has issued orders upgrading the existing sand policy 2019 through auction. M/s. Jaya Prakash Power Ventures Ltd (JPVL) was selected as H1 bidder and issued work order for excavation and transportation of sand. The uniform sand sale price is Rs. 475/- per tonne across all the sand reaches in the state and Rs. 625/- per tonne at de-siltation points operated through Boatmen Societies. A total of 171 sand reaches including 140 open reaches and 31 de-siltation points have been handed over to JPVL. Currently 33 open reaches, 31 de-Siltation points are under operation and collected an amount of Rs. 44 crores in the financial year 2022-23 (upto December 2022). 94,33,054 MT of sand is supplied to consumers in this financial year.

Incentives to M-Sand Industry

Provided subsidy on interest at the rate of 3% per annum (Pavalavaddi scheme) on facility up-gradation costs (ranging from Rs.50 - Rs.150 lakhs) for upgrading the existing stone crusher units to M-Sand units to discourage usage of River sand within a period of 6 months, which involves an outlay of Rs.186.50 crores for 5 years at the rate of Rs.37.30 crores per year.

Silica Sand Policy

Silica sand bearing areas were identified in the lands allotted to APIIC for SEZ in Chillakur and Kota mandals in Nellore district and reserved to M/s APMDC Ltd. for excavation and disposal of sand. M/s APMDC Ltd. filed applications for 56 areas and received NOCs from Revenue Department for 48 areas covering an extent of 221.76 Ha with reserves of 88.70 lakh tons of Silica sand. Approximate revenue to be generated is Rs.443 Crores @ Rs. 500 per MT of Silica sand. APMDC applied for ECs and CFE from APPCB for 47 areas having reserves of 84.50 lakh tons.

Initiatives taken to augment revenues

- Amendments to Andhra Pradesh Minor Mineral Concession Rules, 1966 including revision of rates of Seigniorage Fee and Revision of Dead Rents for Minor Minerals to discourage blocking of mineral bearing areas.
- Outsourcing the right of Seigniorage fee collection: The Government has issued amendments to Rules 10, 12, and 34 of Andhra Pradesh Minor Mineral Concession Rules, 1996 for facilitating the outsourcing the right of collection of seigniorage fee by way of e-auction
- Levy of Consideration Amount: The Government issued orders on levy of consideration amount on the lease holders in addition to the Seigniorage fee, DMF & MERIT @ one time of Seigniorage fee for all minor minerals except Granite and @ 0.5 time of Seigniorage fee for Granite irrespective of the mode of grant of leases. The fund so collected shall be used for the purpose of welfare, creation and augmenting of infrastructure, health facilities etc.
- Collection of Seigniorage fee on Granite on Tonnage basis: To minimize the illicit transportation of Granite and increase the revenue to the State Government exchequer, Government has issued orders for collection of Seigniorage fee on Granite on tonnage basis throughout the State instead of the existing volumetric basis. The Mines & Geology Department is developing requisite IT applications by using technology 24X7 surveillance with CC Cameras, GPS tracking Vehicles with the support of weight bridges.
- Use of Technology for monitoring of the leases
- Geo Referencing of the leases - Mines Surveillance System (MSS) has been implemented for all major minerals leases.
- Online filing of Mineral concession applications for minor minerals
- Timeline fixed for issue of No Objection Certificates (NoCs) for the area applied for grant of leases in offices of the Revenue, Forest & Mines Department and for the disposal of application
- All the orders related to grant of Letter of Intents (LoI), lease grant order and order on appeals have been send through SMS and Email
- All the payments related to application fee, royalty/ seigniorage fee, deposit amount, and other payment required has been made online
- All permits for mineral transportation have been made online in e-Permit system
- Automated e-permit system has been implemented for Iron Ore, Cement Grade Limestone, Black Galaxy Granite and Manganese mining leases, enabling issue of permits without intervention of the department officers for Ease of Doing Business
- New Departmental Website launched, providing up-to-date details of revenue, lease area details, permits, court cases etc. to bring in transparency and improve Ease of Doing Business.
- Mobile application for randomized inspection of mines and quarries has been developed to keep watch on extraction of minerals
- To control illegal mining and transportation of minerals, all the major mineral leases has been kept under Mine Surveillance System.
- CCTV Cameras were installed at check-posts for live monitoring of mineral transportation.
- All Mineral Dealer Licenses in the State have been computerized end-to-end and linked to e-Permit system.

Technology Initiatives

- Ushering in transparency and improving Ease of Doing Business in mining sector, Government of Andhra Pradesh, has launched Single Desk Portal for online filing of fresh and renewal mineral concession applications for all minor minerals.

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- Government of Andhra Pradesh issued amendments to the Andhra Pradesh Public Services Delivery Guarantee Rules, 2018 prescribing the Service Delivery Timelines for processing of MC applications.
- Volumetric estimation of mineral excavated is assessed through Drone survey on pilot basis in Krishna and Guntur districts.
- Automated e-permits for all mineral leases having statutory clearances, without any manual intervention.
- DGPS Survey is being conducted for all existing leases to accurately earmark lease boundaries to curtail encroachments. Post completion of DGPS survey, Mines Surveillance System (MSS) will be introduced for minor minerals in line with the system prevailing for major minerals.
- GPS based Vehicle Tracking system (APMVTs) for real time tracking of Sand carrying vehicles to curb illegal transportation.

Social Welfare Activities

District Mineral Foundation (DMF) trusts have been established in all 26 districts under the chairmanship of the District Collector and the provisions of PMKKKY scheme have been incorporated in the AP District

Mineral Foundation Rules to implement various developmental and welfare projects/ programmes in mining affected areas to minimize/mitigate the adverse impacts during and after mining on the environment, health and socio-economic of people in mining districts and to ensure long-term sustainable livelihoods for the affected people in mining areas. Functioning of the 13 newly established DMFTs is yet to be commenced.

- Under the DMF, till December 2022, a total of Rs.181.93 Crores has been collected from various districts in the state.
- So far, Rs 1428.735 Crores worth of works have been sanctioned under this program for over 17,781 projects/schemes.
- Till date, Rs. 495.05 Crores have been spent on the projects helping 43.93 lakh beneficiaries.
- Allocations have been made to projects focusing on Drinking Water & Physical Infrastructure amount of Rs.291.46 Cr and Rs. 772.64 Cr respectively till Dec'2022.
- Significant allocations of Rs. 88.64 Crs and Rs. 43.37 Crs have been made towards Education & Welfare of women and children respectively under PMKKKY till Dec'2022.