

CHAPTER

6

INDUSTRIES

## INDUSTRIES

## 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 Union Government 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 are serving as nodal agencies in the district to assist entrepreneurs for establishment of Industries by providing all required approvals / clearances for setting up Industries under a Single Window. The District Industries Centres are implementing agencies of MSME 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) 2020-23 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

'YSR AP One' would provide handholding support (to investors) during pre-establishment and setting up of industrial units. The major incentive a prospective investor gets under the new policy is the 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 his unit for 10 years.

### Thrust areas under the New Industrial Policy:

- Food Processing, Pharmaceuticals and Biotechnology, Textiles, Electronics, Footwear and Leather, Toys and Furniture, Petrochemicals, Aerospace and Defence, 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.

### Single Window Policy

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 enhancing 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 time frame period through online submission of applications. The Single Desk Policy aims to create an ecosystem 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. Industrial development and employment are the key pillars to achieve development of individuals and society. The state has undertaken several reforms to facilitate business friendly environment by enabling faster processing and enhanced transparency by leveraging technology.
2. Industrial growth is a key agenda of the government and many reforms under the State Reform Action Plan (SRAP) of DPIIT, Government of India. As a part of Ease of Doing Business, several reforms have been introduced to facilitate setting up of business in the state. The framework mainly focuses simplification of processes, online enablement, Single Window System and timely delivery of services.
3. Among the many initiatives undertaken as part of facilitating industry set-up in the State, the Single Window Portal has been the significant one and the portal is helping industries to obtain more than 90 regulatory clearances required to set-up and operate business in 21 days. The SDP supports end-to-end transaction processing with online payment and application status tracking.
4. Since inception, portal has received more than 56000 applications for clearances out of which 54693 have already been approved. During the FY 2020, 243 Large and Mega Industries have filed their proposals with the State Nodal Agency for 843

clearances / approvals from various departments. 790 cases were given clearances / approvals by different competent authorities and 3168 MSMEs have filed proposals with the District Level Nodal Agency for 6530 clearances/ approvals from various Departments.

5. During 2020-21 1061 Large and Mega Industries have filed their proposals with the State Nodal Agency for 1332 clearances / approvals from various departments.

### Large & Mega Projects

During the year 2019-20, 44 Large and Mega industrial projects are established with an investment of Rs.22282.16 crores providing employment to 18385 persons. During the year 2020-21, 12 Large and Mega industrial projects are established with an investment of Rs 3656.84 crores providing employment to 8114 persons. It is planned to continue the focus on Large and Mega industrial projects during 2021-22. The District wise details are given as Annexure. 6.1.

### Micro, Small & Medium Enterprises

MSME Sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs contribute to approximately 8% of the Country's GDP, 45% of the manufacturing output and 40% of exports. MSMEs provide the largest share of employment after agriculture and hence development of MSME sector is expected to 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, produces variety of products with a high concentration of Micro and Small units belonging in the Sectors of food, mineral and building materials, drugs and pharmaceuticals, fabricated materials, trading and service sector. The MSME policy provides a holistic framework for sustainable development of MSMEs in the State and to make them globally competitive. The policy offers incentives, infrastructure development, technology up-gradation, skill development and marketing support, administrative reforms and rehabilitation of sick industries in the State. During the year 2019-20, 10,019 MSMEs were established, with

## INDUSTRIES

an investment of Rs.2979.86 crores providing employment to 76,716 persons.

Despite the Covid-19 pandemic, 3710, MSMEs were established during the year 2020-21 with an investment of Rs. 2154.59 crores and providing employment to 35029 persons. It is planned to continue the focus on MSME during 2021-22. 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 PMEG, Beneficiary's contribution is 10% of project cost for general categories and 5% for Special Categories (including SC/ST/OBC/Minorities /Women, Ex-servicemen, Physically handicapped, NER Hill and Border area etc.). Margin Money (rate of subsidy) for general categories is 15% in urban, 25 % in rural areas. For special categories, it

is 25% in urban and 35% in rural areas and is 'one-time assistance' and Normal rate of interest shall be charged. Re-payment schedule ranges between 3 to 7 years.

During the year 2020-21 ,910 projects have been grounded by distributing Rs.3290.80 lakh Margin Money. The District wise details are given in Annexure.6.3.

### Dr.Y.S.R. Navodayam Scheme

The MSME sector, which contributes immensely for the economic development of the State and employment creation, needs 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 upto 31-03-2020. The government provide support by reimbursing 50% (not exceeding Rs.2,00,000/- 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 31/12/2020 indicates that below 10.00 lakhs, 99,963 accounts are restructured whereas in case of above 10.00 lakhs, 5273 accounts are restructured.

### Extension of Emergency Credit Line Guarantee Scheme through ECLGS

**Objectives:** Availability of additional funding facility to the eligible borrowers, Economic revival, protecting jobs, and create conducive environment for employment generation.

Eligible a/c as 29.02.2020	Sanctioned A/c	Amount sanctioned	Disbursed a/c	Disbursed amount
317492	250057	318184 crores	187934	249289 crores

### Industrial Incentives:

As per AP Industrial Development Policy (IDP) 2020-2023, the State Incentives/ facilities are in operation from 01.04.2020 to 31.03.2023.

### Categories of Industries

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.

**Micro, Small and Medium Enterprise:** Govt. of AP follows the MSME definition laid out by the GoI as per the MSMED Act 2006 from time to time. The definition updated based on the notification released on 1st June 2020 is as follows.

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

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

**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, locational

aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people.

### YSR Jagananna Badugu Vikasam

Government introduced a new scheme 'Jagananna YSR Badugu Vikasam' as part of special industrial policy 2020-23 under which a series of incentives have been announced for the benefit industrialists from SC and ST communities in order to achieve inclusive growth through economic upliftment by providing a special package of incentives for Entrepreneurs belonging to Scheduled Castes and Scheduled Tribes. The scheme aims to make the scheduled castes and scheduled tribes people self-reliant in the Andhra Pradesh State. Government may extend the Special Industrial Incentives Package under "YSR Jagananna Badugu Vikasam", for the Entrepreneurs belonging to SC and ST communities including women who intend to set up manufacturing, Service enterprises, under the Industrial Development Policy 2020-23.

### Incentives for SC and ST Entrepreneurs

Under "YSR Jagananna Badugu Vikasam", entrepreneurs belonging to Scheduled Caste and Scheduled Tribe including women are offered:

- a) Reimbursement of 100% stamp duty and Transfer duty paid by the industry on purchase of land meant for Industrial use. Reimbursement of 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations.
- b) To supplying uninterrupted 24x7 quality power to all industries operating in the state.
- c) Fixed power cost reimbursement @ Rs.1.50 per unit for a period of five years from the date of commencement of commercial Production.
- d) 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.
- e) 100% of the cost incurred for Quality Certification limited to Rs.3.0 Lakh for MSEs.
- f) 25% of Machinery cost as Seed Capital Assistance for

## INDUSTRIES

first generation entrepreneur for establishing Micro units.

### 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. Reimbursement of 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations.
- b) 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 upto Rs.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 Rs.10 lakhs.
- h) Water and Power will be delivered to door-step of the industry, if it is located in the designated Industrial Park.

### Incentives for Medium Enterprises, Large and Mega Industries

- a) GoAP is committed to supplying 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.
- c) 100% fixed capital investment, whichever is lower, from the date of commencement of commercial

production, linked to employment.

- d) Reimbursement of SGST 50% <1000 Direct Employment generated; 75% above 1000 to 2000 Direct Employment generated; and 100% to 2000+ Direct Employment generated.

### 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. Aim of the University and centers is to design courses as per demand and ensure 75% placements. Skills University gives technical input, certification and prepare curriculum. MSDCs to impart training and show employment to trained candidate. 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 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 are

- To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital etc;
- To build capacity of MSEs for common supportive action through formation of self-help groups, consortia, up gradation of associations, etc.;
- To create/ upgrade infrastructural facilities in the new / existing industrial areas / clusters;
- 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.

12 Cluster proposals are sanctioned by the DC-MSME during the year 2018-19. Out of which, 8 Infrastructure Development (ID) Projects and 4 Common Facility Centers.

Further, 6 ID proposals and 7 Flatted Factory proposals are submitted for in-principle approval.

4 new CFC proposals have been issued final approval. One new CFC proposal has been issued in-principle approval.

### Industrial Infrastructure Scheme for MSME Clusters

Clusters / Industrial locations were identified for development based on the diagnostic study on providing physical infrastructures as identified in the cluster. Priority was given to develop clusters having small industry concentration. The Scheme is implemented on a Public-Private-Partnership initiative. The salient features of the Scheme are - (a) Physical Infrastructure, (b) Common facilities for fuel/gas supply system, ETP & Solid waste disposal, (c) Information and Communication Technology Infrastructure, (d) R & D Infrastructure, (e) Quality Certification and Benchmarking Center, (f) Common Facilities Center, (g) Information dispersal / International Marketing infrastructure and (h) Small Industry Cluster Development Programme.

### Industrial Infrastructure Development Fund (IIDF)

The State Government has provided financial assistance as a grant to the new industrial enterprises for the development of Infrastructure facilities up to the doorstep of the proposed Industrial Enterprises. These include Drinking Water and Industrial Water, Electricity – Power connection, laying of drainage line from the Enterprise/ Industry/ Industrial Estate to the existing Point or to the natural drainage point, Approach Road to the Enterprise/Industry and any other infrastructure facilities as approved by the Government / SLC.

### 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,

## INDUSTRIES

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

- Krishnapatnam, SPSR Nellore District -- 12,315.81 Acres,
- Thatiparthi (V), Sri Kalahasti (M), Chittoor District) 1,603.86 acres.

### Way Forward

Shareholder's Agreement (SHA) & State Support Agreement (SSA) executed 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 Are (Node) in Nellore district.
- Asserting that the Krishnapatnam node development commence soon with the Central Government approval. The Grienfield 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) for construction of various trunk infrastructure components.

### Visakhapatnam Chennai Industrial Corridor Development Program (VCICDP)

Visakhapatnam–Chennai Industrial Corridor (VCIC) is a key part of the East Coast Economic Corridor (ECEC), India's first coastal corridor. VCIC is aligned with the Golden Quadrilateral and is poised to play a critical role in driving India's Act East Policy and Make in India campaign. The nearly 800-kilometer corridor links India with the Association of Southeast Asian Nations (ASEAN) and East Asian economies that form the bedrock of global manufacturing economy. The corridor traverses nine districts of the state of A.P. VCIC intends to complement the ongoing efforts of the GoAP to enhance industrial growth and create high quality jobs.

VCIC Development Program supports Government of India (GOI)'s strategy to develop industrial corridors of international standards for expanding its manufacturing and services sectors and creating modern urban centers connected by state-of-the-art infrastructure. GOI has selected the Asian Development Bank (ADB) as the lead partner for developing the ECEC, which will run from Kolkata (in West Bengal) to Kanyakumari (in Tamil Nadu). The conceptualization and development of VCIC has received major support from ADB, which carried out analytical work determining the kind of infrastructure and institutional investments necessary to drive manufacturing-led growth in consultation with the Department for Promotion of Industry and Internal Trade (DPIIT), GOI.

VCIC's long coastline and strategically located ports allow development of multiple international gateways to connect India with global value chains (GVCs) in Southeast and East Asia. VCIC aligns with the national objectives of expanding the domestic market and supports India's port-led industrialization strategy (Sagar Mala initiative). It has Influential area of about 1,10,000

sq. km, (3.5% of India's area). It is estimated that 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. The strategy to develop VCIC is part of the plan to achieve accelerated development and regional industry agglomeration in the focus state. Regional industry agglomeration could be achieved by attracting companies in the value chain of other companies already based in the corridor, attracting particular industries that the corridor provides with geographical advantages, or building and maintaining advanced infrastructure to support industries.

The objective of VCIC Development Program is to increase the manufacturing sectors, improve labor productivity, and enhance international competitiveness. Metallic and non-Metallic Minerals, Chemicals and Petrochemicals, Pharmaceuticals, Agro-Processing, Food-Processing, Automobile & Auto components, Renewable Energy, Textile, Electrical and Electronics have been identified as key industrial sectors in the Corridor.

The key objectives of VCIC are - Increase the manufacturing sector's contribution to state and national output, increase employment opportunities in formal sector, increase labour productivity & wages, promoting dynamic SMEs, integrating India and the VCIC region in global production networks, particularly and east and Southeast Asia.

The VCIC is proposed as a node centric development platform with five nodes: Visakhapatnam Node, Machilipatnam Node, Donakonda Node, Yerpedu-Srikalahasti Node and Kadapa Node were prioritized for making initial investments.

ADB has initially approved the Visakhapatnam–Chennai Industrial Corridor Development Program (VICDP) on 20th September 2016 and subsequently on 26th September 2016. Project-1 Loan and Grant Agreements were signed on 23rd February 2017 and declared effective on 5th May 2017. The TA agreement was signed on 3rd March 2017 and was effective from the signing date. Details of Project-1 Loan and Grant Agreements shown in Table.6.1

Table. 6.1 Details of Loan and Grant Aggriment of Project -I

Source	Amount (USD 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:** This loan supports the Government in policy, institutional, and governance reforms to promote accelerated industrial development. The focus is on: Investment climate- 'Ease of doing Business', strengthening of institutional structures for corridor management, Capacity building and skill development and Policy reforms & investment promotion.

**Project Loan:** Supports investments in physical infrastructure in the following selected nodes

1. Improvement of road connectivity projects
2. Upgradation of energy transmission and distribution infrastructure
3. Augmentation of urban water supply infrastructure in corridor nodes
4. Internal and common infrastructure for industrial parks

## INDUSTRIES

Table. 6.2 Project loan (Tranche-I): List of Projects and Current Status

PIU	Project	Current Status
APIIC	Construction of 1 MLD Common Effluent Treatment (CETP) plant at Naidupet Industrial cluster (35.60Cr.)	<ul style="list-style-type: none"> <li>Civil Works are completed</li> <li>Electromechanical erection is in progress.</li> <li>Commissioning is expected in March 2021</li> <li>Physical Progress is 87.00%</li> <li>Financial Progress is 35.58%</li> </ul>
	Augmenting utility services for Naidupet Industrial cluster. [SWD, power, internal road and one stop centre (179.51Cr.)	<ul style="list-style-type: none"> <li>Internal road is laid. SAMI and BC work is pending.</li> <li>Storm Water Drains completed.</li> <li>Internal Water Supply Distribution Pipeline works have been completed.</li> <li>Construction of ELSR has been completed</li> <li>Street Lighting is completed.</li> <li>Construction of One Stop Service and providing Parking Area has been completed.</li> <li>Physical Progress is 77%</li> <li>Financial Progress is 64.77%</li> </ul>
	Bulk water supply to Naidupet cluster (116.10Cr.)	<ul style="list-style-type: none"> <li>75% of the construction of 1000Mn. Lts., summer Storage Tank is completed.</li> <li>70% of construction of 10MLD capacity Water Treatment Plant is completed.</li> <li>50% of construction of In-Take Well is completed.</li> <li>Laying of Pipe Line work is completed.</li> <li>Physical Progress is 75.79%</li> <li>Financial Progress is 70.87%</li> </ul>
	Bulk Water Supply to the Prioritized Industrial Clusters in the Southern Region of A.P. (619.27Cr.)	<ul style="list-style-type: none"> <li>20.90KMs Pipeline laid.</li> <li>Physical Progress is 14.64%</li> <li>Financial Progress is 10.50%</li> </ul>
APRDC	Widening and strengthening of Samarlakota – Rajanagaram Road (SH148) to divided four lane from Km 26.4 to Km 56.4 in E. Godavari District. (319.00Cr.)	<ul style="list-style-type: none"> <li>Tree Cutting is completed.</li> <li>60.71% of Road Embankment, GSB work is completed out of 30Km road.</li> <li>9 out of 64 Culverts are completed and 9 in progress</li> <li>Physical Progress is 6.08%</li> <li>Financial Progress is 10.64%</li> </ul>

PIU	Project	Current Status
AP TRANSCO	Augmenting power distribution capacity for meeting Industry demand at Kapuluppada, Nakkapalle / Chandanada and Achutapuram (327.00Cr.) (AP TRANSCO. 01)	<ul style="list-style-type: none"> <li>Construction of Sub -Stations at three locations have been commenced.</li> <li>Procurement of Electrical Equipments like Cable, control panels, tower parts, Transformers completed.</li> <li>Physical Progress is 47.49%</li> <li>Financial Progress is 26.12%</li> </ul>
	Augmenting power distribution capacity for meeting Industry demand at Rachagunneri, Naidupeta and Yerpedu (325.00Cr.) (APTRANSCO. 03)	<ul style="list-style-type: none"> <li>Construction of Sub -Stations at three locations have been completed.</li> <li>Physical Progress is 98.09%</li> <li>Financial Progress is 67.01%</li> </ul>
GVMC	Distribution Network improvements for NRW reduction and 24x7 supply in GVMC area. (348.48Cr.)	<ul style="list-style-type: none"> <li>127KMs out of 384Kms of Laying of Pipelines (Transmission and Distribution) is completed.</li> <li>1,519 numbers out of 48,000 individual House Hold connections have been provided.</li> <li>Construction of 3 No. of ELSR and 3 No. of GLSR and one Pump House is in progress.</li> <li>Physical Progress is 41.61%</li> <li>Financial Progress is 34.99%</li> </ul>
	Watershed Development and Rejuvenation of Mudasarlova lake (Rs 9.50 Cr)	<ul style="list-style-type: none"> <li>De-silting completed. Construction of drains is in progress</li> <li>Physical Progress is 55.49%.</li> </ul>
	Developing a 3 MW Solar Energy Park at Mudasarlova / Meghadri Gedda (Rs 14.50 Cr)	<ul style="list-style-type: none"> <li>Procurement of Solar Panels, Floats is completed.</li> <li>Anchoring of the floats is in progress</li> <li>Physical Progress is 76.06%</li> <li>Financial Progress is 10.0%</li> </ul>
	Converting 3 streets into non -vehicular zone ( Rs 9.00Cr)	<ul style="list-style-type: none"> <li>Bid Procurement is under Progress</li> </ul>

The ADB has released USD 84.82 Million under Project Loan Tranche-I till December, 2019. All the conditions of both Tranche-I and II were complied with. The ADB has released USD 125.0Mns as Policy based loan.

## INDUSTRIES

### Socio Economic Impact of the Project

The program intends to improve skill development; employability of women and provide better connectivity to health services, higher levels of education, economic opportunities, and social infrastructural facilities for women. This will encourage financial and socio-economic empowerment, and inclusion in the mainstream development process. Women will also be encouraged to take an active role in the program design phase, during information dissemination, community consultation, operation and maintenance of civic infrastructures, and overall implementation monitoring to ensure the inclusion of gender-specific issues and concerns. Periodic Gender Equality and Social Inclusion (GESI) action plans are being prepared to ensure the participation of women and socially excluded groups in the program, and adequate resources and implementation mechanism is being provided under the program for effective implementation of the GESI.

Under Multi-Tranche Financing Facility (MFF) of VCICDP, Resettlement Framework has been prepared conforming to the existing State Laws, National Laws i.e., Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013 and with ADB's Safeguard Policy Statement 2009. The Resettlement Framework provides process for consultations, impact assessments, Census and Socio-Economic surveys and preparation and implementation of mitigation plans or Resettlement Plan. Indigenous People Plan Framework has also been prepared following the national laws and regulations on the indigenous people or Scheduled Tribes (IP/ST) and ADB SPS (2009), Safeguard Requirement III (SR-III) on indigenous peoples. The framework describes the principles and approach in the event of IP/ST issues are identified in any of the future subprojects or during VCICDP project implementation period. The framework also provides process for meaningful consultations, broad community support, impact assessment, census and socioeconomic surveys, and preparation and implementation of mitigation plans or indigenous people plan (IPP).

The Resettlement Plans for all the sub-projects have been prepared based on the findings of the census and socio economic survey and consultations. Each resettlement plan includes the findings of the census of displaced persons, and their entitlements to restore losses, socio

economic characteristics of the displaced persons, institutional mechanisms and implementation schedules, budgets, assessment of feasible income restoration mechanisms, development of resettlement sites and relocation, grievance redress mechanism, coordination of implementation in conjunction with civil works procurement and construction schedules and internal and external monitoring mechanisms.

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

1. Manufacturing Sector Output in VCIC jurisdiction increased to INR 4.20 Trillion (2015 Base Line Rs.1.10Trillion).
2. 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).
3. Share of women employed in Manufacturing Sector in VCIC jurisdiction increased to 33% (2015 Base Line 28%).
4. 24-Hour Power Supply made available to 100% of Manufacturing Industries in VCIC jurisdiction.
5. Capacity development through Skill Development Trainings to at least 25,000 women and others in VCIC jurisdiction.

### Industrial Infrastructure

The state government is contemplating to have a plan for infrastructure creation including integrated development of port-based infrastructure, leveraging the state's 974-km-long coastline, part of East Coast which faces progressive south eastern nations and industries that help the state emerge as a logistics and cargo hub. New ports are being developed through the Public Private Partnership (PPP) route, modernize existing minor ports and set up port- based industries along the coastal corridor. The state is also working on building a strong inland waterway system that is linked to ports through national highways.

The Special Economic Zones (SEZs) Policy was announced in April 2000 under Export & Import Policy to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level,

with minimum possible regulations. It is designated as duty free enclave and to be treated as foreign territory for trade operations and duties and tariffs.

Important objectives of the SEZ Act are: Generation of additional economic activity, Promotion of exports of goods and services, Promotion of investment from domestic and foreign sources, and creation of employment opportunities and development of infrastructure facilities. Government intends to exploit the SEZ concept for impacting the state's socio-economic fabric.

Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC), an undertaking of the state government, is a premier organization, 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.

APIIC has undertaken and developed 475 Industrial Parks, 6 Special Economic Zones (SEZs), 20 SPVs & JVs, 21



Auto Nagars and 31 MSME Parks. APIIC also facilitates Provision of Infrastructure facilities in developed and existing layouts.

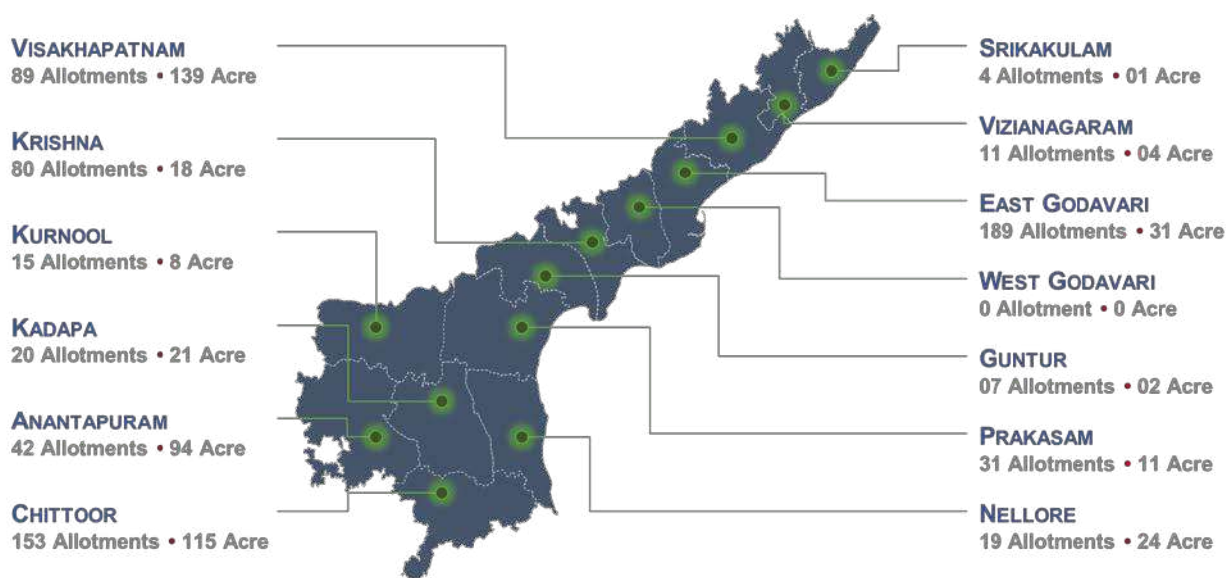
Allotment of developed plots, Industrial Investment, Planning and Development of Projects and Promotion of Infrastructure Projects under Public Private Partnership (PPP) mode. APIIC has already taken the lead in developing SEZs across various districts in Andhra Pradesh. Details of SEZs are shown below in Table 6.3

Sl. No.	Name of SEZ	Extent (Acre)	Gazette Notification Date	Status of SEZ
1	IT SEZ, Hill No.2, Madhurawada Visakhapatnam	39.52	28.12.2006	Operational IT SEZ
2	IT SEZ Hill No.3, Madhurawada Visakhapatnam	88.92	11.04.2007	Operational IT SEZ
3	IT SEZ Kakinada	25.71	30.11.2011	Operational IT SEZ
4	Multi Product SEZ, Naidupeta, Nellore District	2550.54	16.02.2009	Operational Multi Product SEZ
5	Building Products SEZ, Ongole, Prakasam District	262.96	08.09.2009	Operational Building products SEZ
6	Ace Urban Hitech City Ltd, Keesarapalli, Gannavaram, Krishna District	30.00	15.01.2007	Operational IT SEZ

## INDUSTRIES

## Industrial Land Allotments (from 1st January, 2020 to 31st December, 2020)

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 and allotted 467 acre of Industrial Land to 660 units with an employment potential of 31,462 with a proposed investment of Rs 2,244 Cr. Further APIIC has a land bank of 50,573 acres for allotment. The district wise land allocation is shown below:



## New Initiatives

## MSE – Cluster Development Programme

Under MSE-Cluster Development Programme of Govt. of India, the following new Industrial Parks have been taken up apart from up-gradation of existing Industrial Parks. The Ongoing Projects under MSE-CDP Scheme are shown below in Table 6.4.

Table 6.4: Ongoing Projects under MSE-CDP Scheme

Sl. No.	Name of Industrial Park	Greenfield / Brownfield Project	Project Cost (Rs. Lakh)	Gol Grant (Rs. Lakh)	GoAP/ APIIC Share (Rs.Lakh)
1	Autonager, Gajuwaka, Visakhapatnam	Brownfield: Upgradation of existing Autonagar	490.64	245.32	245.32
2	IP Peddapuram, East Godavari	Greenfield: New Industrial Park	690.91	414.55	276.36

Sl. No.	Name of Industrial Park	Greenfield / Brownfield Project	Project Cost (Rs. Lakh)	Gol Grant (Rs.Lakh)	GoAP/APIIC Share (Rs. Lakh)
3	IP Grandrajupalli, Chittoor	Greenfield: New Industrial Park (Textile & Readymade Garments)	833.71	666.96	166.75
4	IE Singarayakonda, Prakasam	Brownfield: Upgradation of Existing Industrial Estate	1055.84	500.00	555.84
5	Autonagar, Nellore	Brownfield: Upgradation of Existing Autonagar	2202.57	800.00	1402.57
6	IP Koppaarthi, Kadapa	Greenfield: New Industrial Park	2202.47	736.48	1465.99

### 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, the projected Investment is Rs. 400 Cr. Govt of India releases its 3rd instalments of grant which cumulates to Rs. 43.55 crores upto 30.03.2020. All the infrastructure works at Central Processing Centre(CPC) are nearing completion and going to be operational very shortly and also Primary Processing Centre at Peddapuram is near completion.

### 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.

Government has sanctioned for development of National Industrial Manufacturing Zone at Prakasam. The details of the project are shown below in Table.6.5

Table. 6.5 The details of the project are:

Project Synopsis	
• Land	14,230.90 Acres
• Est. Project Cost	INR 10,859 Cr.
• Grants received	INR 3.00 Cr.
• Projected Investment	INR 43,700 Cr.
• Projected Employment	2.5 Lakhs
• Projected Annual Export	INR 24,000 Cr.

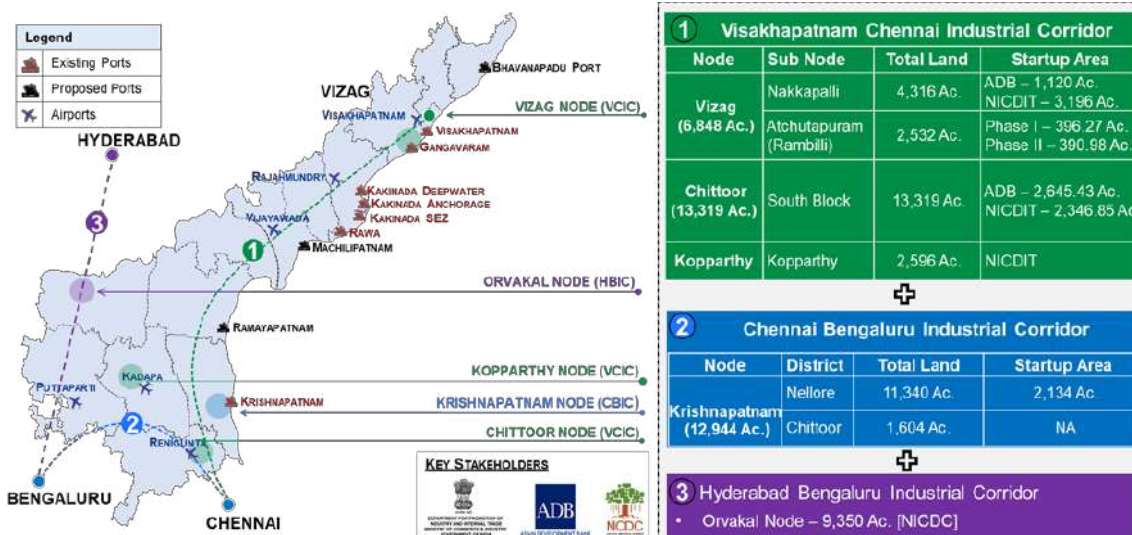
## INDUSTRIES

## Industrial Corridors

Government is undertaking development of Chennai Bengaluru Industrial Corridor (CBIC) with Vizag- Chennai Industrial Corridor (VCIC). As part of CBIC, Krishnapatnam node has been identified for development in Andhra Pradesh. The Shareholder's Agreement (SHA) and State Support Agreement (SSA) have been executed and a Joint Venture Company by the name "NICDIT Krishnapatnam Industrial City Development Limited" has been incorporated. Detailed master planning and preliminary engineering activities for the activation area of Krishnapatnam node have been finalized.

For VCIC, Asian Development Bank (ADB) has prepared the Concept Development Plan (CDP) of the project and four nodes i.e. (i) Visakhapatnam (ii) Machilipatnam (iii) Donakonda and (iv) Chittoor have been identified for development. Out of the four identified nodes, two nodes i.e., Visakhapatnam and Chittoor have been prioritized. Initial Master Planning has been completed by ADB for these prioritized nodes.

Further Hyderabad Bangalore Industrial Corridor is also identified to be developed along with CBIC and VCIC. Details as shown below



Measures taken during the pandemic Covid-19

APIIC has also taken specific measures during the Pandemic COVID -19 to contain the spreading of virus and to facilitate the entrepreneurs by granting 12 months time from 01-04-2020 to 31-03-2021, for making payment of land cost/submission of documents/ for execution of sale agreements/ Implementation of the units in respect of their allotted land/ Plot /Shed, as a special case without any fee. Circular guidelines have been issued.

## AP Gas Infrastructure Corporation

APGIC was incorporated on 2nd September, 2009 under the provisions of Companies Act as a State Government

Company, where they stressed the need for participation by the State Government. The Objectives of the corporation are: Exploration and Production Activities Particularly in Krishna-Godavari Basin (KG Basin); 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 five bids it participated 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 and natural gas sector playing the role of the facilitator which will 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) – 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 Nov, 2020.

### NELP VIII Bidding (New Exploration Licensing policy) - 2009

APGIC formed consortium with Exploration Majors ONGC, British Gas, OIC India and NTPC. 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.30.34 Crores in the E&P activities towards its 10% equity commitment through cash calls. AND APGIC Contributed about Rs.20.43 Crores in the investment in APGDC.

### Activities of APGIC

A P Gas Infrastructure Corporation Private Limited (APGIC) 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 and GAIL Gas Ltd are shareholders of APGDC in the ratio of 50% each.

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. 1003.5 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 were authorized by PNGRB, the regulator, to lay, build operate or expand City GAS network for East Godavari District & West Godavari District, All the three projects actively progressing ahead. APGIC is also planning to undertake trading & Marketing of Gas a Company by name Andhra Pradesh Gas Trading Corporation is yet to be incorporated.

The year-wise production of Crude oil, Natural Gas and Lime Stone from 2012 to 2020 (up to November, 2020) are given in Annexure 6.4

### 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) upto 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) [10 or more workers with power] & 2m(ii) [20 or more workers without power] of the Factories Act, 1948 and units registered under Beedi and Cigar (condition of employment) Act, 1966.

The main objectives of Annual Survey of Industries are:

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

## INDUSTRIES

The data for 16 principal characteristics based on Annual Survey of Industries from 2013-14 to 2017-18 is given in Annexure-6.5.

### Highlights of ASI 2017-18

The number of factories decreased from 12,696 in the year 2016-17 to 12,515 in 2017-18 registering a negative growth rate of -1.43%. These factories in the state generated employment to 6.1 lakh persons by the end of 2017-18 registering a positive growth of 7.48%. The Gross value added is increased by 38.16% in the year 2017-18 over the previous year 2016-17 and Net value increased by 44.10% at the end of the year 2017-18.

### 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 (-) 2.10%, 1.12% and -3.43% and (-) 0.34% respectively during April 2020 to December 2020 over April 2019 to December 2019. The indices of IIP of State are given in Annexure – 6.6. Indices of Industrial Production from April 2020 to December 2020.

### State Level Public Enterprises

There are 39 State Level Public Enterprises (SLPEs) functioning in the State. As per the working results of these SLPEs, the performance during the year 2020-21 is summarised here under.

### Capital Employed

The Capital employed by all the SLPEs was Rs. 48769.8 Crores. The top five SLPEs with the highest capital Employed are APIIC, APTRANSCO, APGENCO, APSPDCL & APSHCL. The Capital Employed by the top five SLPEs constitute 69.80 % 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.52673.24 Crores. The top five SLPEs with highest Turnover are APSCSCL, APPFCL, APGENCO, APEPDCL & APSPDCL. The Turnover achieved by the top five SLPEs to total Turnover works out to 94.63%.

### Profit

29 SLPEs out of the total 39 SLPEs made a profit of Rs. 1434.66 Crores during the year 2019-20. Of these, the following top five SLPEs made profit of Rs. 811.91 Crores, accounting for about 83.12% of the total profit made by all the 29 profit making SLPEs. The top five SLPEs, whose Profit is highest are:

1.	APTRANCO	--	Rs. 93.39 Cr.
2.	NREDCAP	--	Rs. 441.31 Cr.
3.	APEPDCL	--	Rs. 394.84 Cr.
4.	APMDC	--	Rs. 231.33 Cr.
5.	APSFC	--	Rs. 54.72 Cr.

## Mines and Geology

Minerals are one of the main sources of revenue to Andhra Pradesh and are 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 force to translate the State's mineral potential into reality with eco-friendly and sustainable mining.

### Mineral Resources

- The areas of Agnigundala, Bondalamottu in Guntur district are famous for mining of Copper, Zinc, Silver and other base metals.
- The alkaline and ultra-basic rock formations in Guntur and Prakasam districts are enriched in Nepheline Syenite.
- The State contains huge Uranium deposits in Thummalapalli, YSR 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.

### Leases and Mining

There are 233 mining leases for major minerals, 2107 quarry leases for cut and dressed blocks of granites 965 quarry leases for industrial minerals and 2987 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

Five (5) "Regional Vigilance Squads" are created in addition to the existing thirteen (13) Deputy Directors of Mines & Geology offices and twenty (22) Assistant Director of Mines & Geology offices in the state for effective vigilance to curb illegal mining & transportation of minerals. The department has booked 3547 cases and levied Rs.1439.9 crores as penalty in FY 2020-21.

### Achievements in FY 2020-21

#### Revenue and Value addition

The State Mineral and Mining sector contributed Rs. 2,072 crores of Mineral Revenue to the state exchequer during 2019-20 and Mineral Revenue during 2020-21 (up to March 2021) is Rs.2029.84 Crores. District wise Mineral Revenue is given in Annexure 6.7 and the year wise Mineral Revenue is shown in Table 6.6.

Table. 6.6 Mineral Revenue Achievement (Rs. In Crores)

Year	Target	Achievement	y-o-y Growth (%)
2014-15	1235	966.12	9.2
2015-16	1360	1396.05	44.5
2016-17	1705	1700.70	21.8
2017-18	1960	2147.47	26.3

## INDUSTRIES

Year	Target	Achievement	y-o-y Growth (%)
2018-19	2500	2463.49	14.7
2019-20	2750	2072.07	-15.8
2020-21	2359	2029.84	-2.0

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.15513.70 crores up to March 2021.

### Exploration of Mineral Blocks

Mineral Exploration Research and Innovation Trust (MERIT), is conducting exploration of nine (9) Limestone and six (6) Manganese mineral bearing areas across various districts in the state. These fifteen (15) mineral bearing areas cover an extent of 9,247 Ha in Srikakulam, Vizianagaram, Guntur and Kadapa districts. The exploration activity is funded by National Mineral Exploration Trust and MERIT. 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 2020-21(up to March 2021), about 230 letter of Intents (LoIs) have been issued intimating the decision of grant of leases in, about 179 mining leases have been granted, Twenty One(21) Lakh transit forms have been generated by the leaseholders for mineral transportation and 45000 dispatch permits have been issued.

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

With an objective to check the raw material receipts at each and every mineral based industry in the State before the mineral is processed, to curb large scale evasion of mineral revenue to the state government State has developed the Online system for regulation of buying, storing, transportation of minerals to 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 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)

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 and 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 vide G.O.Ms.No.78, Ind. & Com. Dept. dated 12.11.2020 has issued instructions further upgrading the New Sand Policy 2019. A total of 243.2 Crores tons of sand is supplied to consumers realizing a revenue of Rs.886.5 Crores in FY 2020-21 to the State Exchequer. Door delivery of Sand was successfully implemented for first time in India in the entire state. Government have created a new Wing called "Special Enforcement Bureau" as part of General Administration Department to control illegal sand mining and to enforce stoppage of illicit distillation, bottling and curb smuggling of alcohol.

### 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.50-150 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
- 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.

- CCTV Cameras were installed at check-posts for live monitoring of Mineral Transportation.
- E-office has been implemented right from Directorate up to district offices.
- Aadhaar Based Biometric Attendance System has been implemented in all the offices of the department
- 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.

## INDUSTRIES

## Technology Initiatives

- Ushering in transparency and improving Ease of Doing Business in mining sector, Government of A.P has launched Single Desk Portal for online filing of fresh and renewal mineral concession applications.
- State government has developed an Online Single Desk portal and launched the Online system on 29.10.2020 for filing, receipt and processing of fresh & renewal Mineral Concession applications for all minor minerals.
- 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

- The Industries and Commerce Department had issued consolidated guidelines permitting industries to operate in the State duly imposing certain restrictions and distancing norms to prevent onset of community transmission of the Corona virus.
- An amount of Rs.186.93 Crores had been allocated from the District Mineral Foundation (DMF) fund to all Districts to utilize the same for supplementing and augmenting facilities of medical testing, screening and other requirements in connection with preventing the spread of COVID-19 pandemic as well as for treating the patients affected with COVID-19.

- Allocations made to projects focusing on Physical Infrastructure & Drinking Water supply for an amount of Rs.544.54 Crores and Rs. 214.04 Crores respectively through DMF funds up to March 2021.
- Significant allocations of Rs.74.46 Crores and Rs. 42.38 Crores have been made towards Education & Welfare of women and children respectively through DMF funds up to November 2020.

## Commerce &amp; Export Promotion

## AP Export Scenario

Andhra Pradesh is a resource rich state with access to seaports, and thus has huge potential to promote exports from the State. The State exported goods worth USD 14.78 Billion in the FY 2019-20, which is 4.7% of total Indian exports. Top 10 export categories contributed 55.5% of State's export value in Financial year 2019-20, with major exports coming from marine products,

## Export Performance of Andhra Pradesh – April 2020 till September 2020

Due to the effect of COVID pandemic, there was a slight hit on the exports from the State. However, the exports still showed a positive trend compared to the corresponding quarters in the previous year. In Q1-2020, exports from AP were Rs.27,442 Crores, a 5% increase compared to corresponding quarter in 2019. Q2 exports showed 32% rise standing at Rs. 30,306 Crores.

Number of different products that are being exported from the State has seen a downward trend in the last two quarters of 2019-20 and Quarter 1 of 2020-21. But there was a steep rise in number of products in Q2 of 2020-21 matching previous years' count of 494. In addition, Top 20 products exported contributed 52% and 46% of Total export basket of AP in the quarters 1 & 2 of FY 2020-21 respectively, indicating strong diversification of products being exported.

## Major Initiatives

- State has notified constitution of District Export Promotion Committees named as "District Industrial and Export Promotion Committee (DIEPC)" vide G.O. MS.NO 43 dated 13th August 2020. The DIEPC is a

District Level committee chaired by District Collector from respective districts.

- The committee will serve as an institutional mechanism for regular co-ordination between the District and the State Government for focusing on export promotion in the Districts.
- The committee will assist in review of all trade related issues, issues in logistics, agriculture exports, service exports, other export related issues at District level and suggest measures from time to time for promotion of exports from the District
- Overall, 13 DIEPCs have been constituted, one in each district and majority of the districts conducted DIEPC meeting to take forward the export concerns of the districts.

#### A. Constituting Dedicated Cell for Exports

- A group of four officers (1DD, 1AD & 2 IPOs) from each district have been identified to give boost to export promotion at the district level.
- Andhra Pradesh Trade Promotion Corporation (APTPC) is identified to spearhead the export facilitation cell in the State. A structure integrating both Department of Industries, Commerce & Export Promotion & Andhra Pradesh Trade Promotion Corporation (APTPC) is designed and is being finalized. The Export Facilitation Cell (EFC) was planned to operate in a self-sustaining model.
- APTPC together with export promotion wing of Industries department will be called as Export Facilitation Cell (EFC) Major functions of the Export Facilitation Cells shown below in Table 6.7

Table 6.7 Major functions of the Export Facilitation Cells

Sl.No	Function	Description
1.	Research & Analysis	Derive meaningful insights from the data available from divisions/trade portals to be shared to exporters
2.	Strategy	Create action plan to bind institutions, infrastructure, policy, finance & technology
3.	Events & Partnerships	Create networking opportunities and establish trade relations for exporters
4.	Project Management	Identify digital interventions/platforms for building database; Plan, implement, monitor projects initiated and manage budgeting
5.	Skill Development	Improve the capabilities of the manufacturers/exporters for them to enter/flourish in trade business
6.	Data collection & Communication	Create a databank of traders, related trade statistics and make the data available to the exporters for effective utilization
7.	Product promotion	Facilitate in getting visibility of the products notified for export promotion and connect exporters to the partnering agencies for effective storage, movement and related operations
8.	Grievance redressal	Streamline the grievances mechanism and deliver quality helpline support to the exporters

---

INDUSTRIES

---

### B. Training of Field Officers on Exports

The Department has organized training sessions to all the DICs to educate the field officers on export related processes and terminology. Industry experts on exports were engaged to share their experience to the officers. Regular trainings to the field officers on knowledge-update to enhance their understanding on various trade portals and dashboards available (SWIFT, DGFT, Trade Portal, Trademap etc.)

### C. Creating Market Access

The Department is actively pursuing with various embassies, export promotion councils and have identified business opportunities for the exporters in plastics and food processing. Post pandemic, organizing physical exhibitions and trade fairs was a challenge. Overcoming the difficulty, the State has partnered with Federation of Indian Chambers of Commerce and Industry (FICCI) to enable traders to open stalls virtually and promote their products globally on a digital platform FICCI BIKE.

For promotion of more value-added exports, the dept. is entering into MoU with Agriculture Products Export Development Authority (APEDA) and other export promotion councils (EPCs) and is working towards opening new state chapters. This will help the State in focused support from the institutions. Possibility of

utilizing minor airports to provide Cargo services in Hub and Spoke Model is also being explored to reduce the cost of transportation for the traders.

### D. Dedicated Trade Portal

A dedicated portal which will act as a one-stop shop platform to exporters, embassies and Government departments is conceptualized and is under development phase. The portal will be linked to AP Industries websites as an external link redirected to Andhra Pradesh Trade Promotion Corporation (APTPC). APTPC will be overseeing the maintenance of the portal. The integrated desk will facilitate in grievance redressal, data bank of exporters in state, product catalogues to be promoted as e-market place, latest news, updates on trade fairs/events/workshops, dashboard on trade statistics of state etc.

### E. AP Trade Newsletter

With an intention to convey, initiatives being taken by the State for trade facilitation, keep the industry updated with latest technologies and product designs, and inform about important trade fairs happening in the sectors, APTPC will be releasing a quarterly newsletter. The newsletter will encapsulate success stories, trade performance for the quarter and a beginner guide for those interested in entering the export business.