

Industries

Improving manufacturing sector is identified as the key strategy to push growth in industry sector. A positive mindset and increased skilled labour force across industries are to play a constructive role in this growth process. A dynamic manufacturing ecosystem shall have required features that enable it to grow and the critical role to be played by the industry sector in technology innovations, which are crucial for economic and social development.

The Department of Industries has transformed into a technical and promotional agency for providing necessary assistance and service for establishment of Industries. Several Self Employment Schemes promoted by State and Central Governments are implemented for educated unemployed youth. Necessary technical guidance and required services are provided to other Government agencies like District Rural Development Agency, Youth Services,

The plan of the government is to generate large scale employment and wealth for the people, add revenues to the State exchequer by enhancing tax base, create a stable industrial ecosystem for sustainable development and catalyze the agriculture sector by bringing synergy with industry for inclusive growth. For this purpose the state would accord high priority to food processing sector by establishing mega food parks, improving the cold chain, strengthening the agricultural marketing system and the like. The State would adopt a corridor concept for development with emphasis on industrial growth.

The Government is contemplating to implement suitable plans which will significantly impact industrial development. These initiatives spreading across key areas and infrastructure sectors like progressive skill development, setting up of maritime board, developing new seaports, improve national highways. In addition, it is also being planned to provide connectivity to Rayalaseema districts to the state capital, development of Vijayawada, Tirupati and Visakhapatnam as international airports, setting up of minor airports in places like SPS Nellore, Kakinada, Kurnool and provision of industrial water supply etc.

The Government has come up with new policies for the industry and infrastructure sector besides several sectoral policies like Policy for Renewable Energy, Tourism, IT Textiles and Food Processing.

Key concerns and milestones:

The Government has set itself certain millstones to boost the industry growth and thereby enhance overall development. These include: Productivity Enhancement of all sectors, Raise manufacturing GSDP from the existing 9% to 20%, Enhance Road connectivity, Making Industrial Corridors operational, Access to health/insurance support systems to workforce and Create SEZs and NIMZs.

Beyond all this, it is necessary to put a robust mechanism in place which will create a conducive business environment for industry to thrive and promote brand Andhra Pradesh. For all this to happen, the Government will provide good leadership, show vision and commitment, and energize the system to achieve the goals.

Ease of doing Business:

With the commitment to make Andhra Pradesh a globally competitive and responsive industrial hub, government have introduced a system of Single Desk Clearance under e-biz to enhance the ease of doing business in the state to make it a competitive destination for investments. Necessary permissions and clearances will be accorded in 21 days time under this system. The e-Biz project envisages a G2B (government-to-business) interface/portal to serve as a one-stop-shop for delivery of efficient services to investors and industries. Simple procedures will be put in place and redundant laws and rules will be deleted to ensure ease of doing business. The government is conscious of the need of private investment required to boost the economy and create the jobs.

STEP societies, SC/ST/BC/Minorities/Women Finance Corporation etc. The department is now entrusted with the task of attracting investments (domestic and foreign) by preparing suitable policies for various sectors of the Industry and explore availability of resources, provide conducive industrial environment, increase labour intensive industries, improve exports by providing market inputs to exporters.

District Industries Centres

District Industries Centres were established in 1978 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 are implementing agencies of MSMED Act and issue Entrepreneur Memorandum (EM) for Micro, Small and Medium Enterprises (MSME) 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.

Industrial Investment Promotion Policy 2010-15

The State Government of Andhra Pradesh has come up with an Industrial Investment Promotion Policy 2010-15 with various Incentives/Concessions to new industries set up in the State. The Government is striving towards creation of quality infrastructure coupled with congenial industrial environment in the State to make Andhra Pradesh an attractive destination for both foreign and domestic investors.

As a part of facilitation through e-Governance, eight services for the sanction of industrial incentives pertaining to industries department are brought under “Mee- Seva” with effect from 15 July 2013.

Special emphasis is given for establishment and enhancing production capacities of Micro, Small & Medium Enterprises 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.

Apex bodies like State Investment Promotion

Committee (SIPC) under the Chairmanship of Chief Secretary and State Investment Promotion Board (SIPB) under the Chairmanship of Hon'ble Chief Minister are meeting regularly to take major policy decisions and sort out interdepartmental policy matters to speed up the investment proposals.

Andhra Pradesh is the first State in India to take up the initiative in bringing A.P. Single Window Clearances system under eBiz project of National E-Governance plan of Government of India. This provides efficient, convenient, transparent and integrated electronic services to investors and industrialists covering 40 services, of which 13 are Central Services; 21 are State Common Services and 6 State specific services, covering 18 Departments.

Single Window Act

Government enacted the “Industrial Single Window Clearance Act” in 2002 for speedy processing and issue of various approvals/clearances/permissions required for setting up of Industrial undertakings and also to create an investment friendly environment in the State.

A. State Level Nodal Agency

During the period from April to December 2014, 96 Large and Medium Enterprises with investment more than Rs.5.00 Crore on plant & machinery have filed their proposals with the State Level Nodal Agency for 375 clearances/approvals from various Departments and 224 cases were given clearances/approvals by different Competent authorities, 76 proposals were rejected/returned and in respect of 17 proposals additional information has been called and the remaining 58 are under various stages of processing. The total investment of the above proposals stands at Rs. 21,672.86 Crore with proposed employment of 161780 persons.

B. District Level Nodal Agency

Micro & Small Enterprises with investment below Rs.5.00 Crore on Plant & Machinery filed their proposals with the District Level Nodal Agency for 625 clearances/approvals from various Departments and 466 cases were given clearances/approvals by different competent authorities, 19 proposals were rejected/returned and in respect of 52 proposals additional information has been called

and the remaining 147 are under various stages of processing. The total investment of the above proposals stands at Rs.321.37 Crores with proposed employment of 6037 persons during 2014-15 (upto December 2014).

Large & Mega Projects

1742 Large and Mega Projects with an investment of Rs.78,860 crore have gone into production creating employment to 4,21,222 persons as on November 2014. During 2014-15, 15 Large and Mega industrial projects are established with an investment of Rs. 1875Crore and employment generation of 6814 persons. The details of district wise Large & Mega industrial proposals, investment and employment are given in Annexure 6.1.

Micro, Small & Medium Enterprises:

Investment limits were enhanced with the enactment of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006. Government of India has unveiled a policy best suited for Micro and Small enterprises with the objective of achieving 15% annual growth rate, increasing employment generation, creating congenial and hassle-free environment, help SSI sector to acquire new technologies and skills, improve export performance, promote linkage between Large and Small Sector and to promote appropriate institutional mechanism to revive sick industries.

106504 Micro, Small and Medium Enterprises were established providing employment to 1165102 persons involving an investment of Rs.16,913 crore up to March, 2014. 1990 Micro, Small and Medium Enterprises were established providing employment to 25175 persons involving an investment of Rs.2,263 crore during 2014-15 (upto September 2014)

Details of district wise Micro Small and Medium Industries established, investments made and employment generated are shown in Annexure 6.2.

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 quasijudicial body, provides impetus towards facilitating the payments to MSEs from their buyers. During the year 2013-14, the Council has passed awards to 154 cases amounting to Rs.59.09 Crores.

Prime Minister's Employment Generation Programme

The 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 important objectives of the scheme are

To generate employment opportunities in rural and urban areas through self employment ventures and

To bring together widely disbursed traditional Artisans, Rural and Urban unemployed youth and give them self-employment opportunities preferably at their place etc.

Any individual above 18 years of age is eligible to take up Business / Service / Industry venture without Income Ceiling. The persons should possess at least VIII standard pass educational qualification for setting up projects costing above Rs.10.00 lakh in manufacturing (Industry) sector and above Rs.5.00 lakh in Business/ Service sector. The maximum cost of the project/unit admissible under manufacturing (industry) is Rs.25.00/Rs.10.00 Lakh under Business/ Service sector.

During the year 2014-15 (upto November 2014), 118 units were established with a margin money assistance of Rs.393.09 Lakhs under PMEGP Programme in the State.

Rehabilitation of Sick SSI units

A.P. Small Scale Sick Industries Revival & Rehabilitation Scheme-2006 (APSSSIRRS) was

introduced in 2006 for revival of sick enterprises and prevention of incipient sickness.

The Scheme basically focuses at units that are considered potentially viable after careful scrutiny by the financial banks / institutions for feasibility of revival and rehabilitation. There upon the State Level Rehabilitation Committee will consider the recommendations of financial institution for the sanction of rehabilitation / revival package as per guidelines.

The scheme shall be applicable to industrial units / ancillary units (except Rice Mills) permanently registered as SSI with Department of Industries. The scheme would not be applicable to Business Enterprises.

The State Government also decided to set up “A.P. Small Scale Sick Industries Revival and Rehabilitation Fund” for the purpose of partially compensating the sacrifices made by the Financial Institutions, Banks, etc., and to earmark fund in the Budget for rehabilitating the Sick Small Scale Industries.

Healthy Industrial Relation:

The Labour Department would take pro-active for amicable settlement of disputes between management and representatives of labour so as to ensure success of the rehabilitation package with the cooperation of the workers.

Interest rebate to Banks / Financial Institutions:

6% interest subsidy will be provided to all identified / eligible sick units, subject to a maximum of Rs. 2.00 lakhs per year for a maximum period of three years.

Deferment of CT Arrears:

Arrears of payment of purchase tax, sales tax and interest towards non payment of sales tax shall be deferred for 3 years from the date of grant of revival package. The amount so differed will be recovered in six equal half-yearly instalments effective after three years tax holiday.

Relief in Energy Charges:

Reimbursement of 15% of interest charged from the percentage of total interest charged to a maximum of Rs. 5.00 lakh for lumpsum payment or Rs. 3.00 lakh per year for period of 3 years if the unit opts to pay

arrears in 3 annual instalments.

Rehabilitation Board:

The Government have constituted APSSSIRB for taking policy decisions for implementing A.P. Small Scale Sick Industries Revival and Rehabilitation Scheme-2006. The Committee shall review the action taken by Banks / Financial Institutions and the State Level Committee including the quantum of assistance released to sick industries under this Scheme.

State Level Rehabilitation Committee:

A State Level Rehabilitation Committee headed by the Commissioner of Industries has been constituted for processing and extending reliefs and concessions as also to formally approve the recommendations of the Financial Institutions / Banks.

State Level Inter Institutional Committee Meeting (SLIIC) Sub-Committee:

SLIIC Sub-Committee Meeting will be convened under the Chairmanship of the Commissioner of Industries for scrutiny and verification of the sick units with the cooperation of the Bankers. The Committee will identify the Sick Units for revival and rehabilitation.

Industrial Incentives

Industrial Investment Promotion Policy 2010-2015

As mentioned in the foregoing paragraphs, the Government of Andhra Pradesh announced Industrial Investment Promotion Policy 2010-2015 in the year 2010 extending various incentives for MSME and Large Industries Sectors. The Scheme covers the entire State except the Municipal Corporation limits of Vijayawada, Greater Visakhapatnam Municipal Corporation and excluding existing Industrial Estates/ Parks, Industrial Estates notified / to be notified and commence commercial production on or after 01/07/2010 but before 31/03/2015. Moreover, service activities set up in all Municipal Corporation limits are eligible only for investment subsidy and all other service / business activities are not eligible for any incentives set up anywhere in the State.

Projects involving substantial expansion / diversification of existing industries on eligible lines of activities are also entitled for benefits offered

under the policy. Following are the incentives:

- A. Micro and Small Enterprises
- B. Medium Enterprises & Large Industries
- C. Scheduled Caste / Scheduled Tribe Entrepreneurs
- D. Women Entrepreneurs
- E. Mega Projects

Pavala Vaddi Scheme

The Government had announced reimbursement of interest subsidy to eligible Industrial Units for implementation of “Pavala Vaddi” Scheme and also continued the incentives in Industrial Investment Promotion policy 2010-2015. The following are the salient features of the scheme. All eligible industrial Enterprises shall submit their claims in the prescribed application for Pavala Vaddi scheme, within six months after completion of every half-year the last date for filing claim application is 31st of March for first half-year and 30th of September for second half-year along with the documents mentioned in the application to the General Manager, District Industries Centre concerned on half yearly basis.

This facility shall be applicable to the Term Loan availed on Fixed Capital Investment by all eligible new Micro and Small Enterprises only. This facility is not applicable for expansion/diversification of other projects.

- a) Minimum 3% interest per annum should be borne by the Enterprise.
- b) Over and above 3% interest per annum, reimbursement will be done to the extent of 9% maximum i.e. up to 12% interest per annum for a period of 5 years from the date of commencement of commercial production under Pavala Vaddi Scheme.
- c) Over and above 12% interest per annum, the enterprise has to bear.

Details of scheme wise sanctioned incentives are shown in Table 6.1.

Table 6.1 Scheme wise sanctioned Incentives during 2014-15 (up to Dec, 2014)

Sl. No.	Type of incentives	2014-15	
		No. of cases	Amount (Rs.Cr)
1	Power Cost reimbursement	1135	420.53
2	Pavala Vaddi (interest subsidy)	673	40.91
	General Incentives		
3	Cleaner Production	0	0
4	Interest Subsidy	0	0
5	Investment Subsidy	261	39.95
6	Land Conversion	22	0.06
7	Land Cost	20	0.81
8	Mortgage Duty	0	0
9	Sales Tax	171	238.1933
10	Stamp Duty	63	1.38
	Total	2345	741.84

Source: Industries Department

SC, ST Sub Plan

Under the scheme, 161 units with Rs.14.32 crore were sanctioned under SC Sub Plan and 26 units with Rs.3.36 crore were sanctioned under Tribal Sub Plan during 2014-15 (upto December 2014).

Food Processing Policy of AP

The objective of the policy is to develop value added Agro Industries in Andhra Pradesh as a major vehicle of growth for its trade and economy, generate large scale employment in rural areas to provide high returns to farmers, maximize use of opportunities and potential in Agriculture and related sectors in which Andhra Pradesh has significant strength, by creating vital linkages and synergies between Agriculture and Industry. The Government has announced various incentives under Food Processing Policy of A.P including reimbursement of Power at Rs.1/- per unit exclusively to Food Processing units and other incentives will be granted as per IIPP 2010-15 Policy.

Ministry of Food Processing Industries (MOFPI) launched a new Centrally Sponsored Scheme called

National Mission on Food Processing (NMFP) to be implemented during 12th Plan by all States. A society in the name and style of “Andhra Pradesh Food Processing Society” under AP Societies & Registration Act, 2001 was created by the State Government for implementation of NMFP in the State. Secretary to Government (FP), Industries & Commerce Department was appointed by State Government as “State Mission Director” for Implementation of NMFP in the State. The following schemes will be implemented under NMFP:

- Technology Upgradation / Establishment /modernization of Food Processing Industries
- Cold Chain, Value Addition and preservation Infrastructure for non horticultural produce
- Human Resource Development Scheme for promotional activities

Industrial Infrastructure Development Fund

Government has introduced the Scheme of “Industrial Infrastructure Development Fund (IIDF)” for providing financial assistance to develop infrastructure facilities at the doorstep of proposed industrial estates/unit. The facilities include -

- Drinking water and Industrial Water
- Electricity
- Telecommunications
- Drainage, laying of drainage line from the unit/industrial estate to the existing point or to the natural drainage point
- Roads
- Any other infrastructure facilities as approved by the Government; SLC
- Common effluent treatment plants
- Depending on the demand for Social Infrastructure requirements, creation of such infrastructure may also be considered

Industries which are declared as “ineligible industries” under the Industrial Policies announced from time to time are not eligible for financial assistance from Industrial Infrastructure Development Fund(IIDF). Government Estates will

only be considered to have benefits of the IIDF. Industries proposed to be located in places other than industrial areas (isolated areas) are eligible for financial assistance towards the cost of infrastructure facilities up to 50% of the cost of the project or Rs.100 Lakh whichever is less, if such a location is otherwise justified. The decision of the SLC shall be final on such eligibility. The cost of Infrastructure to be developed should not exceed more than 15% of the total project cost of the unit.

Depending on the demand for Social Infrastructure requirements, creation of such infrastructure cost may also be considered. IDAs of APIIC and also the standalone projects sanctioned infrastructure assistance by State Investment Promotion Board (SIPB) / State Level Committee of Commissioner of Industries.

Bio-technology Park

Government of Andhra Pradesh intends to provide high quality infrastructure at a reasonable cost with integrated services to Bio-tech manufacturing units by setting up a series of Bio-tech parks throughout the State.

Cluster Development programme

In order to encourage cluster approach and to improve the global competitiveness of the domestic industries situated in clusters in identified locations, various schemes have been implemented to cater the different needs of the clusters i.e., 1.Industrial infrastructure Scheme, 2.Small Industry Cluster Development Programme.

During the year 2014-15, 12 proposals were submitted to the Government out of which final approval was accorded by Government of India to 2 proposals, approval was accorded in-principle to 1 proposal and approval for conducting Detailed Project Report was accorded for 3 proposals. Common Facility Centres (Hard Interventions) are provided for 1 cluster with Rs. 2.59 Crore.

Industrial Infrastructure Scheme (under DIPP Scheme)

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 i.e. user driven with the support of the Government.

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
- h) Small Industry Cluster Development Programme.
- I) 51 cluster development proposals, with an investment of Rs. 252.57 Crores received. Out of which 20 clusters, with an amount of Rs.5.09 Crores were sanctioned by Government of India under MSE-CDP programme.

National Investment and Manufacturing Zones (NIMZ)

Government of India has accorded in-principle approval for setting up of 2 National Investment and Manufacturing Zones (NIMZ) one each in Chittoor and Prakasam Districts in an extent of 5,000 to 6,000 Hectares. The concept of NIMZ is part of the National Manufacturing Policy which aims to increase the share of manufacturing sector in the GDP from 16% to 25%.

The NIMZ will be 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 and skill development facilities. The estimated investment flow to each NIMZ is expected to be around Rs.30,000 crore and employment potential would be 3 lakh in each NIMZ. The land acquisition in Chittoor District is under process for setting up of National Investment and Manufacturing Zone.

INDUSTRIAL INFRASTRUCTURE

Special Economic Zones

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

Objectives of the SEZ Act :

- generation of additional economic activity
- promotion of exports of goods and services;
- promotion of investment from domestic and foreign sources;
- creation of employment opportunities;
- development of infrastructure facilities;

Initiatives:

- Government intends to exploit the SEZ concept for impacting the State's socio-economic fabric through enhanced job opportunities and industrial development. APIIC has already taken the lead in developing SEZ at Atchutapuram and Rambilli mandals in Visakhapatnam as Public-Private partnership.
- The State has decided to formulate the SEZ Policy to provide a comprehensive frame work for establishment, operations and sustainability of the SEZs in the state.
- Andhra Pradesh is the first State in the country to announce an exclusive state SEZ policy with special package of incentives and concessions and finalized the Visakhapatnam Special Economic Zone in an area of 3,500 acres of land. Details of the SEZs are shown in Table 6.2

Table 6.2 : Status of Special Economic Zones as on 31-3-2014

Description	No. of SEZs	Investment made (without FDI)(Rs.Cr)	Employment Generated (No.)	Exports from SEZs (Rs. Cr.)
APIIC	10	2515.86	11236	631.56
APIIC JVs	3	1723.27	3781	231.27
APIIC Assisted	7	5030.11	29860	1421.96
Private Developers	12	2721.41	4444	58.10
Total	32	11990.65	49321	2342.89

Source: AP Industrial Infrastructure Corporation

Out of 32 SEZs 10 were IT/ITES, 6 Multi Product SEZs, 4 Pharmaceuticals, 2 Biotech SEZs and 10 Sector Specific SEZs. District wise status of SEZs and area are given in Annexure 6.3

Petroleum Chemical and Petrochemical Investment Region

The Department of Chemicals & Petrochemicals, Government of India accorded approval for development of Petroleum Chemical and Petrochemical Investment Region (AP PCPIR) in Visakhapatnam – Kakinada Region to an extent of 603.58 Sq.Km in March 2009. A Memorandum of Agreement (MOA) was signed between Government of India and Government of Andhra Pradesh on 01-10-2009. Government of Andhra Pradesh already constituted a Special Development Authority (SDA) as Visakhapatnam – Kakinada Petroleum, Chemical and Petrochemical Investment Region Special Development Authority (VKPCPIRSDA) for planned growth of the area by making a Master Plan, providing civil amenities etc, in the SDA area. The Master Plan is published on August 2013. The State Government has sanctioned Rs.40.99 Crore for this project which will be utilized for Land Acquisition needed for widening of State roads and providing NH connectivity. An amount of Rs.9,725.00 Crore investment received so far and 29264 employment was generated. Two Artificial Reefs are sanctioned at

Pudimadaka and Mutyalapalem Villages, of Atchupuram Mandal, Viskhapatnam District to increase the Fish Catch in the area. It is proposed to provide fisheries infrastructure for fishermen community with an investment of Rs. 260.00 Crores

AP Gas Infrastructure Corporation

Andhra Pradesh Gas Infrastructure Corporation (P) Ltd (APGIC) is a joint venture of APIIC and APGENCO with equity participation at 51:49 respectively. APGIC was incorporated on 2nd September, 2009 under the provisions of Companies Act. The authorized share capital is Rs.100 crore and paid up capital is Rs.40 crore upto February 2015.

Objectives:

- Exploration and Production activities particularly in KG Basin.
- Make Andhra Pradesh a gas based economy.

Keeping in view of the above objectives, 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 has won four blocks in KG Basin along with other consortium partners in NELP VIII round bidding conducted by Directorate General of Hydrocarbons. APGIC has 10% equity in all these four blocks. Out of these four blocks, three are Shallow Water Blocks and one is Deep Water Block. ONGC is the operating partner for the three Shallow Water Blocks; and British Gas is the Operating Partner for the Deep Water Block.

A.P. Gas Distribution Corporation Ltd.:

Andhra Pradesh Gas Distribution Corporation Limited (APGDC) is a joint Venture of APGIC and GAIL Gas Limited, wholly owned subsidiary of GAIL (India) Limited. APGDC is keen to participate in the business of CGD Networks, Trunk Pipelines, Regional Grids, CNG and import of LNG and its Regasification.

A.P. Gas Distribution Corporation proposed to form SPV with M/s. GDF Suez LNG UK Limited for establishment of FSRU Project in Kakinada Deepwater Port. APGDC is jointly held by Andhra Pradesh Gas Infrastructure Corporation (APGIC) and Gail Gas Ltd., a subsidiary Company of GAIL

(India) Ltd. APGDC has selected M/s. GDF Suez LNG UK Limited as their strategic partner to develop the LNG Terminal using FSRU. The estimated cost of the project is Rs.5,000 crore. The annual handling capacity is 3.50 MMTPA. Orders were issued on 19.07.2014 for induction of M/s.Shell in proposed SPV with 26% Equity at par. The Project has been included in the list of projects to be completed on Top-priority, to overcome the gas shortage being faced by the State. Public hearing for environmental clearance for the project was conducted on 11-12-2014.

KG-DWN-2009/1:

BGEPIL is the main operator of the block. Due to Ministry of Defence restrictions 57% of the Block is in the 'No Go' area. Due to the 'No Go' restrictions the operator and the JV partners have felt that it is not viable to continue further operations and have decided to surrender the block.

KG-OSN-2009/1:

3D OBC Seismic data acquisition started in KG-OSN-2009/1&2 on 28th March, 2014. Interpretation on 2D reprocessed data & remapping of fault trends in the blocks is in progress.

Drilling Activity:

As per the Minimum Work Programme, the Operator has to drill 3 Exploratory Wells during the Initial Exploration Period. In KG-OSN-2009/1-B-1 drilling activities are spudded on 20.03.2014. WD: 19.81M; td: 5300M

The Operating Committee (OC) notes that the well KG-OSN-2009/1-B-1 has been drilled to the Target Depth 5325m (MD). The geological objectives of the said well have been met as the depth objective for the envisaged targets have been drilled. Based on the Geological and Geophysical analysis, drilling data, electro logs ,MDT/Straddle Packer Tests and SWC, there are no significant interesting zones from hydrocarbon point of view in the drilled section.

The well KG-OSN-2009/1-B-1 is therefore recommended for termination and abandonment at the drilled depth 5325m (MD) as per standard industry procedure.

KG-OSN-2009/2: G&G Studies:

3D OBC Seismic data acquisition started in KG-OSN-2009/1&2 on 28th March, 2014.

Drilling Activity:

As per the Minimum Work Programme, the Operator has to drill 3 Exploratory Wells during the Initial Exploration Period.

The well KG-OSN-2009/2-A-1 has been drilled with the revised TD of 2186m (MD) to a depth of 2174m (MD). The well has encountered Basement and facing drilling complications (Total mud loss) resulting in further drilling impracticable.

The geological objectives of the well have been met as the depth objective for the envisaged targets have been drilled and encountered in the well. Therefore, the well is terminated at the present depth of 2174m in accordance with modern oilfield and petroleum industry practices.

458 days of excusable delay granted by MoPNG, Govt of India due to delay in Ministry of Defence clearance.

KG-OSN-2009/4:

Due to MOD restrictions, out of a total block area of 835sq.kms, 62% area is declared as 'No Go' area and High Risk Zone. The operating Committee has resolved and proposed to the Managing Committee the following:

Retention of conditionally cleared area of 317sq.km with downward revision of Minimum Work Programme of initial Exploration Period to one exploratory well with no MWP commitments of 2D/3D seismic API.

Grant of 510 days as excusable delay and the period of excusable delay to begin from the date of the said grant.

The PEL fees paid for the block during non-availability of MoD clearance i.e. block declared as "No Go" area, be adjusted during future PEL fees payments.

Contractor's consent/right of refusal be sought by DGH/MoPNG in cases the 'No Go Area' and High Risk Zone is cleared by MOD, for offer in future.

Excusable delay (due to MoD clearance) of 510 days granted by Directorate General of Hydrocarbons.

Petronet LNG facility at Gangavaram Port

Gangavaram Port Ltd. is proposed to setup a Liquefied Natural Gas (LNG) Terminal at Gangavaram Port through a joint venture with Petronet LNG Ltd. The Joint Venture Company will have equity contribution from Petronet LNG Limited (PLL), Gangavaram Port Ltd. (GPL) and other parties. The estimated cost of the project is Rs.4500 crore. The capacity of the terminal is 5 MMTPA with a provision to expand upto 10 MMTPA. The tentative schedule of the Project is to start the initial operations of LNG by setting up an FSRU by 2014 and commencement of operations of LNG Terminal from 2016. Orders were issued according approval for establishment of LNG terminal, Gangavaram on 28.7.2014. As ascertained from M/s. Petronet LNG Ltd., all statutory clearances have been received from Govt. of India and they are in correspondence with APGDC for having pipeline connectivity from Kakinada to Srikakulam.

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 by collecting data from selected units of Manufacturing, Mining, Quarrying and Electricity. 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 2004-05 for 22 industrial classifications at 2-digit level under manufacturing sector.

As per Quick estimates of IIP (for combined state), the Mining and Quarrying, Manufacturing and Electricity sectors (at NIC 2 digit level) registered growth rate of -0.1%, 4.2% & 3.3% respectively during the period April to Dec 2014 over April to Dec 2013. The indices of IIP of the State are given in Annexure - 6.4. Growth in Industrial Production in terms of IIP is shown in chart 6.1. The General Index

for the period from April to December 2014 in Andhra Pradesh stands at 155.0 against 150.4 observed in the same period with a growth rate of 3.1%.

Annual Survey of Industries

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. It is conducted once in a year to collect the data from the Organised Manufacturing units registered under the section 2 m(i) & 2m(ii) of the Factories Act, 1948 and units registered under Beedi and Cigar (condition of employment) Act, 1966. Also collects information relating to Industrial production on monthly basis for the calculation of IIP.

The main objectives of Annual Survey of Industries are:

1. Estimation of the contribution of manufacturing Industries as a whole and of each type of Industry to the State Income.
2. Systematic study of the structure of the Industry as a whole and each type of Industry.
3. Analysis of various factors influencing Industries in the State.
4. Provision of comprehensive, factual and systematic basis for formulation of Policy.

The data for 16 principal characteristics based on Annual Survey of Industries (relates to Combined State) from 2007-08 to 2012-13 is given in Annexure-6.5.

Highlights of ASI 2012-13 Results (provisional)

The number of factories increased from 11,195 in the year 2011-12 to 15,358 in 2012-13, registering a growth rate of about 37.19%. The 15,358 factories in the state generated employment to 5.04 lakh persons by the end of 2012-13 and growth of 10.68% over the previous year. From 2011-12 to 2012-13 the Gross value added decreased by 19.48% and the Net value decreased by 26.20%.

STATE LEVEL PUBLIC ENTERPRISES

There are 44 State Level Public Enterprises (SLPEs) functioning in the state (Combined State). As per the working results of these SLPEs, the performance during the year 2011-12 is summarized hereunder:

Capital Employed

The capital employed by all the 44 state level public enterprises was Rs.78398.50 crore. The top five State Level Public Enterprises with the highest 'Capital employed' are Housing Corporation, A.P.GENCO, APCPDCL, APSPDCL and APTRANSCO. The capital employed by the top five SLPEs constitute 63.61 % of the total capital employed by all the SLPEs in the state.

Turnover

The total turnover (including other income) made by all the 44 public enterprises was Rs.79,700.21 crore. The top five state level public enterprises whose turnover is highest are - State Beverages Corporation, APCPDCL, Civil Supplies Corporation, A.P.GENCO and APSRTC. The turnover achieved by the top five state level public enterprises to total turnover works out to 69.33%.

Profit

30 SLPEs, out of the total 44, made a profit of Rs.1,916.89 crore during 2011-12. Of this, the following top five SLPEs made a profit of Rs.1583.68 crore, accounting for 82.61% of the total profit made by all the 30 profit making SLPEs.

- APGENCO (Rs.765.05 crore),
- A.PTRANSCO (Rs.336.00 crore),
- AP Mineral Development Corporation (Rs.226.94 crore)
- Ware Housing Corporation (Rs.336.00 crore)
- APSFC (Rs.112.12 crore)

MINES AND GEOLOGY

Minerals & Agriculture are the main sources of revenue to Andhra Pradesh with minerals forming the major contributor for the economic growth of

the State. Andhra Pradesh is well known globally for variety of rocks & minerals and called Ratna Garbha. Minerals form a major contributor to the economic growth of the State. 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, Bauxite, 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 has focused 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 State occupies first position in Barytes & Beach Sand Heavy Mineral deposits in the country having the large coastal line of 974Km.
- The State is well known for Gold, Diamond, and Precious & Semi Precious stone over vast areas.
- The Narsipatnam, Visakhapatnam Apatite is the single largest deposit for extraction of Rock Phosphate by M/s APMDC Ltd. under Joint Venture with M/s Andhra Phosphates Pvt. Ltd.
- There are huge Bauxite deposits occurring as thick capping over khondalites and related rock formations of Eastern Ghat Mobile Belt in East Godavari & Visakhapatnam Districts.
- The Krishna-Godavari basin contains huge reserves of Crude Oil and Natural Gas being exploited on shore by M/s Oil & Natural Gas Commission Ltd. (M/s ONGC) and off shore by

M/s Reliance Petroleum Ltd. and multi-nationals like M/s Cairn Energy Pvt. Ltd.

- The Agnigundala, Bondalamottu areas 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 District. The Department of Atomic Energy, GoI 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 Anantapur District.
- The State is endowed with a number of scattered low grade iron ore deposits in Prakasam, Krishna, Kurnool and YSR districts.
- The State is well 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, Blur Paradise, Copper Green, Platinum Blur in Guntur, Viscon White, Tiger Black, Kuppam Green English Teak in Chittoor, Pista Green in YSR, Chilli Red in Anantapur and Chocolate Brown in Kurnool Districts.

Departmental Functions/Activities

The Department of Mines and Geology looks after promotional and regulatory functions for overall development of mineral sector and also collection of mineral revenue for the State Exchequer. The Department is responsible for processing of Mineral concession applications, grant of leases for Minor Minerals, approval of Mine Plans, Inspection of Mines, curbing of illicit Mining and Transportation, Vigilance, monitoring of Mineral Production, Survey and Demarcation of areas, Mineral Revenue

Collection, Mineral Investigations and explorations and dissemination of Mineral information.

Leases and Mining

There are 47 prospecting Licenses and 1571 Mining leases for Major minerals (Industrial Minerals), 1642 Quarry leases for cut and dressed blocks of Granites and 4797 Quarry leases for other Minor Minerals (Construction Minerals) during 2013-14.

Mining for Limestone, Barytes and Natural Gas falls under large scale mechanized sector, while Granite, Dolomite, Quartz, Feldspar, Clays etc all 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 Rocksand units in Andhra Pradesh State.

The Mining Sector is identified as one of the growth engines and certain minerals have been identified as focus minerals viz Bauxite, Heavy minerals, Beach Sand, 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.

Mineral Production and Value

Mineral consumption is increasing due to promotion of various industries and manufacture of Mineral based products. The State produces about 46 million tonnes of industrial minerals and 95 million cubic meters of dimensional stones. The production of Crude Oil, Natural Gas and Limestone is given in Annexure 6.6.

Revenue

The State Mineral and Mining sector contributed Rs.884.64 crore of Mineral Revenue to the state exchequer during 2013-14 and Mineral Revenue during 2014-15 (upto Nov, 2014) earned Rs.554.27 Crore.

The percentage growth compared to last year during the same period was (-) 17.22%. Details of Mineral revenue achievements are shown in Table 6.3 District wise mineral revenue from 2011-12 to 2014-15 (upto Nov 14) is given in Annexure 6.7.

Table 6.3 Mineral Revenue Achievement (Rs.in Crore)

Year	Achievement	Growth over previous year (%)
2011-12	1040.90	8.11
2012-13	1068.68	2.67
2013-14	884.64	-17.22*
2014-15(up to Nov 2014)	554.27	

Source: Director of Mines & Geology

*Due to agitation

Vigilance

The Department controls illicit mining and transportation of minerals. There are 9 Vigilance Offices in the Districts and 5 Regional Mobile Squads stationed at 5 Regional Dy. Directors of Mines & Geology and operating at Srikakulam, Vizianagaram, Guntur, Kurnool and YSR and there are 2 Central Vigilance Units at Directorate of Mines & Geology. There are two integrated check posts at Tada and Naraharipet and observation check posts at Ibrahimpatnam, Krishna Dist. Piduguralla, Guntur Dist.; Bugga, Bethamcherla, & Dhona, Kurnool Dist. for effective vigilance to curb illegal mining & transportation of minerals. The department has booked 5546 cases and collected Rs.779.37 crore as penalty.

Task Force

Government of India advised the State Governments to constitute State Level, Central level

and District Level Task Forces for effective vigilance to curb illegal mining and transportation of minerals in respective states. Consequently, the State Government constituted a State Level Task Force under the Chairmanship of the Secretary, Industries & Commerce Department and similarly a District Level Task Force was also constituted under the Chairmanship of the District Collector.

Mineral Projects

The Department took up initiative for grounding of Bauxite mining project and establishment of Alumina/ Aluminum project with an investment of Rs.40,000 crore. M/s. Anrakh (Andhra Pradesh & Govt. of Rasal Khaima) has already established Alumina Smelter at Makavarapalem, Visakhapatnam. M/s Jindal Southwest Holdings acquired lands at Batwada Village, Vizianagaram for establishment of Alumina Smelter and Aluminium Refinery. Besides this, National Aluminium Company (NALCO) also proposes a similar project for exploitation of Bauxite in the State of AP. Uranium exploitation project is already commenced at Thummalapalli, YSR District by the Department of Atomic Energy through Uranium Corporation of India Ltd. The extraction of heavy minerals from Beach Sand deposits along the coastal line is presently under private sector by M/s Trimax Sands Pvt. Ltd. M/s APMDC Ltd. identified the Beach Sand placer deposits and called for Expression of Interest for establishment of mineral separation units under Joint Venture. M/s.VV Minerals entered into JV agreement with M/s.APMDC Ltd for establishment of mineral separation plant with a project cost of Rs.6,000 crore. Basing on the availability of huge deposits of Cement Grade Limestone a number of green field projects are proposed in the area in addition to the expansion by the existing Cement plants with Rs.3,000 crore.

Participation in Exhibitions

The Department participated in International granite trade fairs Marmomacc -International exhibition of Stone, design and Technology, Verona-Italy, PDAC-Canada and National exhibitions at Jaipur, Chennai and Bangalore to disseminate and promote the mineral potential and Mining Sector opportunities in the State.

Policy Initiatives

- Enacted “the A.P. Mineral Bearing Lands” (infrastructure) Cess Rules, 2005 for collection of Cess on Mineral Bearing Lands for promotion of infrastructure facilities and rapid exploitation of Mineral resources in the State. Initially, only Coal, Oil, and Natural gas, Barytes, Lime Stone, Iron Ore and Granite are brought under the Cess Rules.
- The Government announced New Sand Policy 2014 in August, 2014. As per new Sand Policy the Sand Quarrying allotted to the Women Self Help Groups only.
- Initiated on-line filing mineral concession applications and successfully launched through Mee-Seva.
- Hon'ble Chief Minister launched “Mineral e-permit” system at Visakhapatnam on 29.09.2014 and implementing throughout the State.

Other Initiatives:

- State pursued with Central Geological Agencies for exploration of Diamond, Gold, Base Metals, Rare Earths, Beach Sand minerals, Volcanic Ash, Granites.
- Identification of exclusive quarry zones around Vijayawada, Visakhapatnam, Guntur & Chittoor districts.
- The Department has taken initiative to promote the manufactured sand. The Government conducted a workshop to create awareness for usage of Manufactured Sand as an alternative to River Sand. The Government intends to conduct some more workshops at different places in Andhra Pradesh in due course.
- The Department encouraged the Andhra Pradesh Mineral Development Corporation & other Private Sector entrepreneurs for mining & establishment of Beach Sand Mineral Separation Units, Titanium Slag & downstream industry at Vizianagaram & Srikakulam districts.
- The Department encouraged APMDC for establishment of Low Grade Iron Ore

beneficiation Plant at Ongole (Prakasam District) and large scale mining of Galaxy Granite (Prakasam District).

- The Department has taken initiative in establishment of cement plants at Krishna, Guntur, Kurnool, Anantapur & YSR Districts.
- The Government through APMDC intends to enter into Oil and Natural Gas exploration. The Department requested the Government of India to allocate on-shore Oil and Natural Gas blocks to APMDC for exploration on nomination basis so as to cater the needs of the State.

COMMERCE AND EXPORT PROMOTION

The State recorded (Combined State) Rs. 92,890.53 crore exports in the year 2013-14. The major exports from the State are Drugs, Pharmaceuticals and allied Chemicals and plastics, Agriculture and Agro based Products, Engineering products, Minerals and Mineral Products, Handicrafts and carpets, Textiles, Leather, Animal and Marine Products.

Assistance to States for Infrastructure Development of Exports

The Commerce & Export Promotion Wing is the Nodal Agency of the state for implementing Central Scheme of ASIDE. It receives central grants to develop export infrastructure and allied activities in the State under this scheme. A State Level Export Promotion Committee (SLEPC) has been constituted under the Chairmanship of Chief Secretary and the Commissioner of Industries, Commerce & Export Promotion as the convener. SLEPC identifies and selects different projects across the state in various sectors to create appropriate infrastructure for development and growth of exports from the State. The C&EP as nodal agency provided assistance to about 28 different projects during the years 2010 to 2014. The project of International Trade & Convention Centre (IT & C) has been sanctioned to be constructed at Madhuravada, Visakhapatnam at cost of Rs.30.19 crore. The assistance from the Central component is Rs. 20.00 crore.

Software worth Rs. 930.87 crore has been exported from the state during 2013-14. This comprises of exports of Rs. 191.60 crore from SEZs and R. 739.27 crore non SEZs. Vishakapatnam is the leading exporter.

INDUSTRIAL RELATIONS

Industrial peace is a prerequisite for the growth and development of Industries. Work stoppages due to industrial disputes between employers and workmen and consequential loss of man-days in a given period are an important indicator of labour management relations in Industries. Government through its conciliation machinery has been making efforts to settle disputes amicably and promote industrial peace for congenial work environment. Efforts are being made by the department to promote productivity-linked settlement in order to make Industries more competitive.

The number of workers involved and man-days lost due to work stoppages decreased this year compared to the corresponding period in last year. Details about industrial relations are shown in Table 6.5.

Details about the number of strikes, lockouts, workers involved, and man-days lost from 2013 to

2014 (upto Sep, 2014) are shown in Annexure 6.8.

Table 6.4 Industrial Relation		
Item	2013	2014 (up to Sep)
Strikes (No.)	4	4
Lockouts (No)	3	5
Workers involved (No.)	10293	13042
Mandays lost (lakh No.)	28.05	21.41

Source: Labour Department