6. INDUSTRIES

6.1 The pace of industrial growth in the State has quickened in the recent years and almost all the sub-sectors of the Industry sector including manufacturing have shown considerable dynamism. It will be necessary to build on this momentum and impart additional impetus to generate high growth in Industry and even higher growth in manufacturing. This will not only provide the additional job opportunities to absorb some of the surplus labour in the rural workforce but also generate employment for the new entrants into the labour force. A positive mindset and increased skilled labour force across the industries played constructive role in this growth process.

The department of Industries was set up with the objective of establishing Cottage and Small Scale Industries, Industrial Co-operatives and extending credit to artisans. Block-level training-cum-production centres, Rural Artisan Complexes and Guilds were established for giving necessary training to the artisans in rural areas. The Department has transformed into a technical and promotional agency for providing necessary assistance and service for establishment of Industries. It has implemented several Self Employment Schemes promoted by State and Central Governments for educated unemployed youth. Necessary technical guidance and required services are provided to other Government agencies like District Rural Development Agency, Youth Services, STEP societies, SC/ST/BC/ Minorities/ Women's finance corporation etc by providing necessary technical guidance.

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 the availability of resources, provide conducive industrial environment, increase in labour intensive industries, improve the exports by providing market inputs to exporters.

The focus is on development of key sectors like Pharmaceuticals, Biotechnology, Food Processing and Agro based, Chemicals, Leather, Textiles, precision components, Aero-space Engineering, Electronics and Semiconductors and Automobile & Auto-components to accelerate the industrial growth in the State by creating Sector specific industrial infrastructure such as Biotech Parks, Textile Parks, Leather Parks Auto Parks, Fab city and Hardware Parks.

District Industries Centres:

District Industries Centres were established in 1978 to serve as the nodal agency in the District to assist the entrepreneurs for establishment of the Industries. These centres provide all the required approvals/ clearances for setting up an Industry under 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 the Industrial development of the district is maintained in these centres.

Single Window Act:

Government have enacted "Industrial Single Window Clearance Act" in 2002 for speedy processing and issue of various approvals / clearances / permissions required for setting up of an Industrial undertaking and also to create an investment friendly environment in the State. Statutory time limits have been prescribed for various departments and concept of deemed approvals have been introduced under this Act.

Since beginning of the Single Window Act, 86,447 clearances were issued under Single Window in respect of 55,983 units with a proposed investment of Rs.4,23,003 Crores and an employment potential of 13,28,696 persons(as on 31-07-2011).District Industries Centres (DIC) have been delegated the powers to process the proposals up to Rs.5.00 crores investment in Plant & Machinery in District Single Window Clearances Committee (DSWCC).

Large Scale Industries:

After introduction of Industrial Policy in 1991, Andhra Pradesh has received investment intention (IEM) for 7,346 proposals with an investment of Rs. 7,78,494 crores to provide employment to 13,49,084 persons so far (up to 30.09.2011). Out of the above, 3,132 proposals have gone into production with an investment of Rs.73,858 crores providing employment to 4,79,900 persons. Status of implementation as on 30.09.2011 is shown in Table 6.1.

Table 6.1
Large Scale Industries

Status	No. of Proposals	Investment proposed (Rs.Cr)	Proposed Employment
Gone into Production	3132	73858	479900
Under implementation	525	86448	134482
Initial Stages	1867	500167	433353
Dropped	1822	118021	301349
Total	7346*	778494	1349084

Source: Industries Department

*Many existing and proposed Medium and Large Scale Industries were converted as Small and Medium Enterprise based on the investment limits specified in MSMED Act, 2006.

The details of Large & Medium industries proposals, investment and employment are given in Annexure 6.1.

Mega Projects

Project with investment more than Rs.250 crores are called Mega Projects as per the new Industrial Promotion Policy 2010-15. Since inception, as on 30-09-2011, 125 Mega Projects with an investment of Rs.53,023 crores have gone into production creating employment to 2,90,390 persons. 86 Mega Projects with an investment of Rs.77,988 crores are under active implementation to provide employment to 60,258 persons and 366 units with an investment of Rs.3,77,301 crores are in initial stages of implementation.

Foreign Direct Investment: The State has received Rs. 35,257.40 crores of Foreign Direct Investment (FDI) inflows as equity as on September and the year-wise equity flow is shown in Table 6.2.

Table 6.2
Foreign Direct Investment(FDI) Equity

Year (Jan-Dec)	Amount(Rs. Crores)
Till 1999	9613
2000-2005	2737
2006	2518
2007	3185
2008	6203
2009	5440
2010	5515
2011 (up toSept.11)	46.40
Total	**35,257.40**

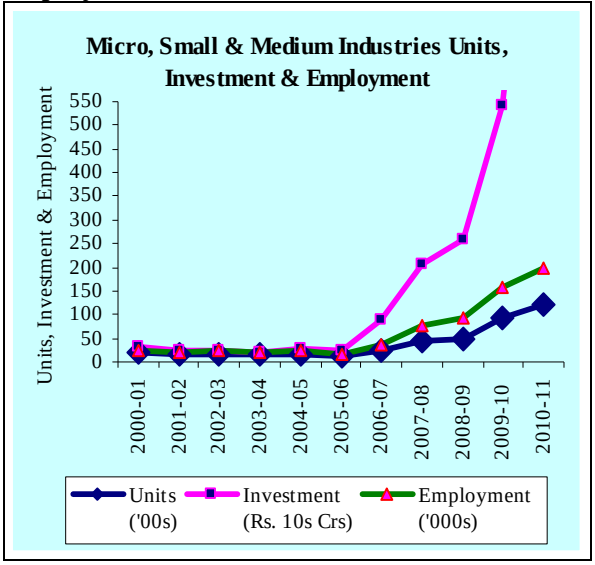
Source: Industries Department

Micro, Small & Medium Enterprises:

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

During 2010-11 and 2011-12 (as on 30-11-2011), 24,974 Micro, Small and Medium Enterprises are established providing employment to 3,92,821 persons involving an investment of Rs.33,220.91 crore.

The details of Micro Small and Medium Industries established, investment and employment are shown in Annexure 6.1.



Prime Minister's Employment Generation Programme (PMEGP):

Government of India have introduced a Credit linked subsidy programme called "Prime Minster's Employment Generation Programme (PMEGP) from September 2008 by merging the two schemes i.e., PMRY & REGP for generation of employment opportunities through establishment of Micro enterprises in rural as well as urban areas. The PMEGP is a Central Sector Scheme implemented by Ministry of Micro, Small and Medium Enterprises and will be implemented by KVIC, a statutory body created by the Khadi and Village Industries Act, 1956 which will be the single National Level implementation agency for PMEGP. It will directly execute the programme in rural areas as defined in the KVIC Act in association with KVIBs. The scheme will be executed in other rural areas as well as urban areas by the State Governments through Commissioner of Industries and District Industries Centres. The subsidy will be placed at the disposal of participating banks by the KVIC in respect of targets that will be allocated to DICs. Once the State Level Committee accepts the proposal, the Commissioner of Industries shall draw the eligible interest subsidy on annual basis and reimburse to the financing bank.

The scheme envisages 15% reservation for SCs, 7.5% for STs. 27% for OBCs, 5% for Minorities 1% for Ex-Servicemen, 3% for physically handicapped, 30% for Women (overall).

Objectives of the Scheme

i. To generate employment opportunities in rural areas and urban areas through self employment ventures.
ii. To bring together widely disbursed traditional Artisans, Rural and Urban unemployed youth and give them Self employment opportunities to the extent possible, at their place.
iii. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and Rural and Urban unemployed youth in the country so as to help arrest migration of youth from Rural to Urban Areas.
iv. To increase the Wage earning capacity of Artisans and contribute to increase in the growth rate of Rural and Urban employment.
v. Self Help groups (including those belonging to BPL provided that they have not availed benefit under any other scheme) are also eligible for assistance under PMEGP.
vi. Assistance under the scheme is available only for new projects sanctioned specifically under the PMEGP.
vii. 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.)
viii. Margin Money (rate of subsidy) for general categories will be 15% in urban, 25 % in rural areas. For special categories, it will be 25% in urban and 35% in rural areas and will be a 'one time assistance'.
ix. Normal rate of interest shall be charged. Repayment schedule may range between 3 to 7 years.
x. No Collateral security will be insisted upon by Banks in line with guidelines of RBI for projects involving loan up to Rs.5.00 lakhs in respect of projects cleared by the Task Force.

Guidelines for implementation of the Scheme:

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

The PMEGP scheme is being implemented by the Industries Department w.e.f. 2009-10 and the details of the progress made are as indicated below:

Year	No of units grounded	Amount disbursed in Rs Crs	Employment
2009-10	702	21.97	17730
2010-11	906	23.59	14200
2011-12	655	20.11	6550

In all, 655 projects under PMEGP have been established in the State during 2011-12(till the end of Sept.2011) for which total margin money released was Rs.20.11 crores. Warangal district with 69 projects and with margin money of Rs. 1.92 crore, tops the list in the State. The District-wise details of PMEGP projects established and margin money released are given in Annexure 6.2.

Rehabilitation of Sick SSI units:

Government have introduced a Scheme called A.P. Small Scale Industries Revival Scheme (APSSIRS) to address the problem of sickness in SSI sector. Under APSSIRS, the Special Cell has sanctioned 58 relief and concessions. Subsequently, the Government have launched a new revised scheme i.e., A.P. Small Scale Sick Industries Revival & Rehabilitation Scheme-2006 (APSSSIRRS) for revival of sick enterprises to cover rehabilitation of potentially viable enterprises and to prevent incipient sickness.

Government also decided to set up "A.P. Small Scale Industries Revival and Rehabilitation Fund" for the purpose of partially compensating the sacrifices made by the Financing Institutions, Banks etc.

The following relief and concessions are being made available.

i. **Relaxation from ULC Act.**

Grant of permission to mortgage surplus land by exempting it under section 20 of the Urban Land Ceiling (ULC) Act in favour of banks / financial institutions, as proposed in the Industrial Investment Promotion Policy 2005-10.

ii. **Healthy Industrial Relation:**

The labour department would take proactive action for amicable settlement of disputes between management and representatives of labour so as to ensure success of the rehabilitation package with the cooperation of the workers.

iii. Interest rebate to Bank/Financial Institutions:

The backbone of the new revised policy is to encourage the Banks/Financial institutions for servicing the sick units and provide a rehabilitation package for their quick revival to join the main stream. 6% interest subsidy will be provided to all the identified /eligible sick units, subject to maximum of Rs.2.00 lakhs per year for a maximum period of three years. However, the component of the interest to be reimbursed shall be projected by the Financing Bank and the balance percentage of interest charges shall be borne by the beneficiary (which includes surcharge and penal interest etc.

iv. Deferment of Commercial Tax (CT) Arrears:

Arrears of payment of purchase tax, sale 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 deferred will be recovered in six equal half yearly installments effective after three years tax holiday.

v. Relief in Energy Charges:

a) If the sick industrial unit under consideration has to pay arrears of Current Consumption (CC) charges, it may be given choice either to pay the entire arrears of CC Charges up to the date of disconnection with interest and 4 months minimum charges during closure period without interest + Contracted Maximum Demand (CMD) charges in one lump sum for new connection, the percentage of interest charged by APTRANSCO/DISCOM on the arrears of CC charges will be subsidized to the extent of 15% of interest charged from out of the percentage of the total interest charges and the same will be paid to APTRANSCO subject to a maximum of Rs.5.00 lakhs and the balance percentage of interest charges shall be borne by the beneficiary (which includes surcharge and penal interest etc.).

b) If the Industrial unit under consideration opts for payment of arrears of CC charges up

to the date of disconnection with interest and 4 months minimum charges during closure period without interest + CMD charges in 3 annual installments then it will be permitted to pay by 1/3 of the dues each year, with reimbursement of 15% of the interest charged from out of the percentage of the total interest charged to APTRANSCO by Government, subject to maximum of Rs.3.00 lakhs per year for a period of three years.

Industrial Incentives:

Industrial Investment Promotion Policy 2010-2015:

Government of Andhra Pradesh have announced Industrial Investment Promotion Policy 2010-2015, in the year 2010 extending various incentives for the MSME Sector and Large Industries. The Scheme covers the whole of the State except in the Municipal Corporation limits of Vijayawada, Greater Visakhapatnam Municipal Corporation and Greater Hyderabad Municipal Corporation 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. However, the Industrial Enterprises located in Sanathnagar, Azamabad, Chandulal Baradari and Kattedan Industrial Estates of Hyderabad and Rangareddy districts are not eligible for any incentives/concessions. However, the 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.

Project involving substantial expansion / diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the policy. Following are the incentives:

1. Micro and Small Enterprises:

1.1. 15% investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.

1.2. 100% reimbursement of stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

1.3. 100% reimbursement of stamp duty for lease of Land / Shed / Buildings, mortgages and hypothecations.

1.4. 25% rebate on land cost limited to Rs.10.00 lakhs in Industrial Estates and Industrial Parks.

1.5. 25% land conversion charges for industrial use limited to Rs.10.00 lakhs.

1.6. Fixed power cost @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for a period of 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff the reimbursement will be reduced proportionately.

1.7. Reimbursement of 100% VAT / CST or State Goods and Service Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Micro Enterprises.

1.8. Reimbursement of 50% VAT / CST or State Goods and Service Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Small Enterprises.

1.9. Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by New Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production.

1.10. Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @ 10% the machinery cost, which will be deducted from the eligible investment subsidy.

1.11. 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.

1.12. 50% subsidy on the expenses incurred for quality certification / patent registration limited to Rs.2.00 lakhs for MSEs.

1.13. 25% subsidy on specific cleaner production measures limited to Rs.5.00 lakhs.

1.14. To extend investment subsidy to the identified service activities related to industries setup in all Municipal Corporation limits in the State.

2. **Medium Enterprises & Large Industries**

2.1. 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

2.2. 100% reimbursement of stamp duty for lease of Land / Shed / Buildings, mortgages and hypothecations.

2.3. 25% rebate on land cost limited to Rs.10.00 lakhs in Industrial Estates and Industrial Parks.

2.4. 25% land conversion charges for industrial use limited to Rs.10.00 lakhs for medium enterprises.

2.5. Fixed power cost @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for a period of 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff the reimbursement will be reduced proportionately.

2.6. Reimbursement of 25% VAT / CST or State Goods and Service Tax (SGST) for a period of 5 years from the date of commencement of commercial production.

2.7. 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.

2.8. **50%** subsidy on the expenses incurred for quality certification / patent registration limited to Rs.2.00 lakhs for Medium Enterprises.

2.9. **25%** subsidy on specific cleaner production measures limited to Rs.5.00 lakhs.

2.10. Infrastructure like roads, power and water will be provided at door step of the industry for stand alone units by contributing 50% of the cost of infrastructure from Industrial Infrastructure Development Fund with a ceiling of Rs.1.00 crore subject to (a) the location should be beyond 10 KMs from the existing Industrial Estates / Industrial development Areas having vacant land /shed for allotment and (b) cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

3. Scheduled Caste / Scheduled Tribe Entrepreneurs

3.1 **100%** reimbursement of stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.

3.2 **100%** reimbursement of stamp duty for lease of Land / Shed / Buildings, and also mortgages and hypothecations.

3.3 **33 1/3** rebate in land cost limited to Rs.10.00 lakhs in Industrial Estates / Industrial Parks.

3.4 **25%** land conversion charges for the industrial use limited to Rs.10.00 lakhs.

3.5 Fixed power cost @ Rs.1.00 per unit (upper ceiling) on the proposed revised rates (2010-11) for a period of 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff the reimbursement will be reduced proportionately.

3.6 Reimbursement of 100% VAT / CST or State Goods and Service Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Micro Enterprises.

3.7 Reimbursement of 50% VAT / CST or State Goods and Service Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Micro Enterprises.

3.8 Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @ 10% the Machinery cost, which will be deducted from the eligible investment subsidy.

3.9 **35%** investment subsidy on fixed capital investment for Micro & Small Enterprises by SC and ST Entrepreneurs, with a maximum limit of Rs.50.00 lakhs per unit (i.e. 35% for SC and ST Entrepreneurs and 40% for SC Women and ST Women Entrepreneurs). Additional 5% investment subsidy for

units set up in Scheduled Areas by ST Entrepreneurs with a maximum limit of Rs.50.00 lakhs per unit.

3.10 Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by New Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production.

3.11 **50%** Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.

3.12 **50%** subsidy on the expenses incurred for quality certification / patent registration limited to Rs.2.00 lakhs for MSEs.

3.13 **25%** subsidy on specific cleaner production measures limited to Rs.5.00 lakhs.

3.14 For Micro and Small Enterprises set up by SC and ST entrepreneurs, Infrastructure like roads, power and water will be provided at doorstep of the industry for stand alone units by contributing 50% of the cost of infrastructure from IIDF on Fixed Capital Investment with a ceiling of Rs.1.00 Crore, subject to a) the location should be beyond 10 kms from the existing Industrial Estates/IDAs having vacant land/shed for allotment; and b)cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas.

3.15 The line of activity considered as eligible exclusively in case of Scheduled Caste and Scheduled Tribe entrepreneurs and incentive shall be extended under service activity.

4**. Women Entrepreneurs**.

4.1 **5%** Additional Investment subsidy on fixed capital investment limited to Rs.5.00 lakhs to Micro & Small Enterprises.

4.2 All other benefits as stated above in respect of Micro & Small enterprises.

5. **Mega Projects**

5.1 Mega projects i.e. projects with an investment of Rs.250 crores and above or a project that created employment to more than 2000 persons are eligible for all the incentives available for Large & Medium Scale industries.

5.2 Further, the Government will also extend tailor made benefits to suit to particular investment requirements on case to case basis.

Pavala Vaddi Scheme:

Government have introduced an Interest Subsidy Scheme of "Pavala Vaddi" to reduce the financial burden for setting up of New Micro & Small Enterprises including Food Processing Industries in the State. The Scheme shall be applicable to the Term Loan availed by eligible new Micro & Small Enterprises on or after 1-7-2010. The new Micro and Small Enterprises shall commence commercial production after 1-7-2010 and before 31.3.2015. The new Micro and Small enterprises under IIPP-2005-10, availing term loan from scheduled commercial Banks recognized by Reserve Bank of India, APSFC and SIDBI only are eligible under this scheme.

1. The reimbursable interest on term loan is that portion which is in excess of 3 % per annum, subject to a maximum reimbursement of 9% per annum.
2. The interest amount paid by the new eligible Micro & Small Enterprises to the financial institution/ banks on the term loan availed will be reimbursed with a maximum limit of 9 % on half yearly basis through the concerned Financial Institutions/Banks. Benefit will be available for period of 5 years from the date of commencement of commercial production i.e. up to 1st half of 6th year or till the closure of the term loan account whichever is earlier.
3. This reimbursement to the unit shall not include penal interest, liquidated damages etc., paid to the Financial Institutions/ Banks.

4. The benefit shall be extended only to the eligible new units which are promptly and regularly repaying the loan installments of principal and interest.
5. The loan accounts that are classified as overdue in the books of the bank at the time of half yearly closing and that which are classified as Non-performing assets year-end closing are ineligible. However, if they resume on-time repayments and regularize the arrears, they are eligible for the incentive in the next half yearly period.
6. The benefit shall be extended only to eligible new Micro & Small enterprises set up in the State except in the Municipal Corporation limits of Visakhapatnam, Vijayawada and Hyderabad. However, units under expansion/diversification are not eligible for this benefit.
7. The classification of enterprises as Micro & Small enterprises shall be as per the MSMED Act, 2006.
8. All the definitions and other guidelines not mentioned in the G.O. shall be followed as per the operational guidelines of IIPP-2010-15 Scheme.

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, to generate large scale employment in the rural areas and provide high returns to farmers, to maximize use of the 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. Government has announced various incentives under Food Processing Policy of A.P including reimbursement of Power @ Rs.1/- per unit exclusively to the Food Processing units and the other incentives will be granted as per IIPP 2010-15 Policy.

Industrial Infrastructure Development Fund (IIDF)

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

a. Drinking water and Industrial Water
b. Electricity
c. Telecommunications
d. Drainage, laying of drainage line from the unit/industrial estate to the existing point or to the natural drainage point.
e. Roads.
f. Any other infrastructure facilities as approved by the Government; SLC.
g. Common Effluent treatment plans.

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. Government Estates shall only be considered to have the benefits of the IIDF. Industries proposed to be located in place 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 lakhs which ever 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.

Bio-technology Park:

Government of Andhra Pradesh intends to provide high quality infrastructure at a reasonable cost with integrated services to Biotech manufacturing units by setting up a series of Bi-tech parks throughout the State. Shapoorji Pallonji Biotech Park is located at Turkapalli (Village), Shamirpet (Mandal), Ranga Reddy District in an area of 300 acres with a private promoter to cater the needs of increasing demand for space, an additional space of about 1.2 million sq.ft. is developed in Phase-II of the park. Apart from this, APIIC has also developed Biotech Park at Karakapatla (V), Mulugu (M) of Medak District in an area of 609 acres.

Government have constituted an Advisory Committee for Biotechnology Park, which will advise the Government on the

infrastructure to be created, types of units to be allotted site in the Park etc.

Growth Centers:

Government of India with a view to act as magnets for attracting industries in backward districts, have approved Growth Centers to provide best infrastructure facilities available in the country in respect of power, water, telecommunications. The cost of each Growth Centre is Rs.30 crores. The financing pattern of the Growth Centre is in the ratio of 2:1. Government of India have sanctioned 4 Growth Centers to the State which are being set up at Bobbili in Vizianagaram District, Ongole in Prakasam District, Hindupur in Ananthapur District and Jadcherla in Mahabubnagar District. The APIIC Ltd., is the implementing agency for the establishment of Growth Centres.

Integrated Infrastructural Development Centres (IIDC):

Integrated Infrastructural Development Centres (IIDC) is to facilitate setting up of industries in rural/backward areas and to provide stronger linkages between Agriculture and Industry. The cost of the Centre will be financed by the Central Government by way of grant and the balance as loan from SIDBI. Government of India have sanctioned 6 IID centres in the State which will be developed by the APIIC Ltd.

1. IIDC, Udumulapur, near Nandyal, Kurnool District.
2. IIDC, Tada, Nellore District.
3. IIDC, Keelapattu(V) Nagari, Chittoor District.
4. IIDC, Madikonda, Warangal District.
5. IIDC, Gajularamaram, Ranga Reddy District.
6. IIDC, Surampally, Vijayawada, Krishna Dstrict.

The status of implementation of above centres is as follows:

IIDC, Udumulapur: The approved cost of the IID Centre is Rs.235.99 lakhs. The cost of the Centre will be financed by way of Rs.2.00 crores grant by Central Government and the balance as loan from SIDBI. Government of India have so far released an amount of Rs.65.50 lakhs as grant. The APIIC Ltd. have acquired 68.55 acres situated at Nandyal (M) Kurnool district for the development of the centre. 92 plots are developed.

IIDC, Tada: Government of India have approved IIDC, Tada, Nellore District with a total cost of Rs.404.69 lakhs. The implementing agency has developed the IIDC in an area of 30 acres and all the 136 plots developed have been allotted to the women entrepreneurs.

IIDC, Keelapattu: Government of India have approved IIDC Keelapattu, Chittoor District with a project cost of Rs.499.10 lakhs. The development work is yet to be started.

IIDC, Madikonda: Government of India have approved IIDC, Madikonda, Warangal District at a total cost of Rs.452.23 lakhs. The development work is yet to be started.

IIDC, Surampally (V), Vijayawada: Government of India have approved the setting up of IIDC at Surampally village at an estimated cost of Rs.370.00 lakhs which will be implemented by Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP). Government of India so far released an amount of Rs.52.33 lakhs as a grant to the ALEAP. The ALEAP is developing IIDC in an area of 29 acres which is under implementation.

IIDC, Gajularamaram: Government of India have approved for setting up of IIDC at Gajularamaram, Ranga Reddy District at an estimated cost of Rs.347.00 lakhs and also released an amount of Rs.1.40 crores as a grant to ALEAP, the implementing agency. It has developed the IIDC in an area of 30 acres and developed 136 plots and allotted all the plots to the women entrepreneurs.

Critical Infrastructure Balancing Scheme (CIBS):

Government have introduced new scheme called ‘CIBS under which funds will be made available to the Industrial Association / Service Societies/ NGOs for the up gradation of the infrastructural facilities such as water supply, power, laying of roads, effluent Treatment Plants, etc. in the existing IEs /SSI clusters identified under the SSI cluster development programmes. The funds will be

provided/ reimbursed in the ratio of 1:1 between Government and IAs/ Service Societies/ NGOs. In some cases where number of sick and closed units and vacant plots are more than 50% APIIC will share 20% of the estimated cost and the service societies have to contribute only 30% of the project cost.

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INDUSTRIAL INFRASTRUCTURE

Special Economic Zones(SEZ):

6.2 Andhra Pradesh Industrial Infrastructure Corporation (APIIC) is the nodal agency for the Special Economic Zones in Andhra Pradesh. There are 114 SEZs approved by the Government of India and out of these, 75 are notified and 27 SEZs have become operational.

The projected direct employment generation is 8,50,022 and created employment is 97763 so far. The projected investment is Rs. 1,05,447 crores and achievement so far is Rs. 14,267.43 crores.

The details of the exports from out of SEZs are as follows:

Year	Exports (Rs.Cr.)
2008-09	3021.00
2009-10	5554.00
2010-11	13334.69

Petroleum Chemical and Petrochemical Investment Region (AP PCPIR)

Department of Chemicals & Petrochemicals, Government of India has accorded approval in March 2009 for development of Petroleum Chemical and Petrochemical Investment Region (AP PCPIR) in Visakhapatnam – Kakinada Region in an extent of 603.58 Sq.Km. A Memorandum of Agreement (MOA) was signed between Government of India and Government of Andhra Pradesh on 01-10-2009. Government of Andhra Pradesh has already constituted a Special Development Authority as Visakhapatnam – Kakinada Petroleum, Chemical and Petrochemical Investment Region Special Development Authority (VKPCPIRSDA) for planned growth of the area by making master plan, providing civil amenities etc, in the SDA area. Master Plan is under preparation. State Government has sanctioned Rs.40.00 Crore for this project which will be utilized for Land Acquisition for widening of state roads providing NH connectivity.

AP Gas Infrastructure Corporation Exploration and Production:

The State Government with an intention to utilize the natural gas for the overall development of the State's economy through the participation in Upstream and the downstream sectors like power, fertilizers, ceramics, glass, Commercial, domestic fuel and automobile etc., have created a Special Purpose Vehicle by name "Andhra Pradesh Gas Infrastructure Corporation(APGIC)". The APGIC was incorporated on 2.9.2009 as a Government Company. It is a Joint Venture of APIIC and APGENCO with 51 and 49% equity in it respectively. Krishna-Godavari basin is considered to be one of the world's richest deposits of natural gas. The APGIC got the mandate to participate in the NELP biddings for the Exploration and Production of Natural Gas. The APGIC had joined hands with the global majors of E&P activities of oil and natural gas, such as British Gas, ONGC, OIL, and NTPC and participated in the bidding. The APGIC won one Deep Water Block and three Shallow Water blocks with other consortium partners. The APGIC has 10% equity in all the four blocks and whereas other partners got the remaining 90% interest. British Gas is the operating partner for the Deep Water Block where as ONGC is the operating partner for the three Shallow Water Blocks. It is estimated that the APGIC, as 10% equity holder in the four blocks, has to spend about US$ 40.5 Millions (Rs. 184.28 Crs.) in total. So far, an amount of Rs. 8.94 Crores has been contributed for all the blocks.

Progress of Upstream:

KG-DWN-2009/1:

The activity progressed so far:

- Loaded 2D seismic and 2 wells data. Tied 2 wells to seismic.
- Regional correlation to tie the two areas (A &B) using a GXT line.

- Velocity modeling using well data prepared.
- Mapping of four tertiary horizons in Area B completed.
- Time Map for all four tertiary horizons in Area B generated.

KG-OSN-2009/1:

- G &G interpretation of the existing data is completed.
  - Regional mapping of reflectors close to the top of Basement and cretaceous in 2D data is completed.
  - Correlation of events closes to cretaceous, Albian, within Albian and Berremian top, and basement in 3D is completed.
- Processing of 2D Seismic data (Phase II) at RCC Chennai is in progress.
- Newly acquired 2D data loading in IIWS is in progress.
- Newly acquired 3D seismic Data at RCC Chennai is in progress. Notice and multiple attenuation tau P dominion is completed.
- NTPC Geophysicist interacted with operator regarding Seismic data processing.
- 2D - 1163.5 LKM; 3D 567.275 SKM completed (Cumulative).
-

KG-OSN-2009/2:

- G &G interpretation of the existing data is completed.
- Regional mapping of the reflectors close to the top of Basement and Cretaceous in 2D completed.
- Processing of 2D seismic data (Phase II) at RCC Chennai is completed
- Newly acquired 2D Seismic data loading in IIWS is in progress.
- Processing of newly acquired 3D Seismic data at RCC Chennai is in progress. Noise and multiple attenuation in tauP domain is completed.
- MC Meeting was held at DGH office, Noida on 27th Sep 2011 and discussed the status of Exploration of blocks.
- 2D - 1163.5 LKM; 3D 357.735 SKM completed (Cumulative).

KG-OSN-2009/4:

- Regional mapping of the reflectors close to the top of the basement and cretaceous is completed.
- Mapping of two reflectors close to Mio-Pliocene and Cretaceous within 3D area is completed.

Gas Distribution Network:

The Petroleum and Natural Gas Regulatory Board (PNGRB), New Delhi is the competent authority to regulate the petroleum and natural gas pipeline and other midstream and down stream activities in India. PNGRB so far conducted three rounds of bidding to allocate the Geographical Areas to the interested entities to lay and operate the City or Local Gas Distribution Networks. In the first two rounds of bidding the PNGRB has included Hyderabad, Vijayawada, Kakinada and Rajahmundry cities of our State among other Cities of various States. M/s. Bhagyanagar Gas Limited has been authorized by PNGRB to lay CGD network for Hyderabad, Kakinada and Vijayawada cities. APIIC, the parent Company of APGIC is holding 5% equity in Bhagyanagar Gas Limited. Rajahmundry city was under bidding in round 2 and it is learnt that M/s. Reliance (RIL) has to be declared as successful bidder as per PNGRB parameters but authority has not been awarded due to a case pending before Supreme Court. The State Government of Andhra Pradesh had requested PNGRB to switch over to District Gas Network instead of City Gas Distribution Network so as to enable the rural areas to get the advantage of natural gas availability. The PNGRB had accepted the proposal of the Government of Andhra Pradesh and accordingly from the 4th round of bidding it has taken district as a unit instead of city. In the 4th round bidding to be closed on 16th Nov, 2011, in which the districts viz., Ranga Reddy-Medak, Nalgonda and Khammam are included. The APGIC has submitted the details basis Suo – motu letter of PNGRB for laying and maintaining the City or Local Gas Distribution Networks for the Geographical Areas in addition to Rangareddy-Medak, Nalgonda and Khammam (4th Round of Bidding) viz., 1)

West Godavari-South of East Godavari-Krishna, 2)Visakhapatnam-North of East Godavari, 3) Srikakulam-Vizianagaram, 4) Karimnagar-Warangal Districts, 5) Chittoor and 6) Mahabubnagar districts.

Andhra Pradesh Gas Distribution Corporation (APGDC):

The Andhra Pradesh Gas Infrastructure Corporation (APGIC) is planning to participate in the bidding for the CGDs' in the State. To participate independently for these Local Gas Distribution Networks, the APGIC yet to acquire the qualification such as previous experience in laying and maintaining the Gas pipelines of at least 300 K.Ms cumulatively. Keeping in view of the above, the APGIC had incorporated a whole subsidiary company by name Andhra Pradesh Gas Distribution Corporation (APGDC) from Infrastructure & Investments Department. APGIC is offering 50% of equity in APGDC to GAIL Gas Limited initially, before off-loading to private participants, at prorata basis subsequently. After off-loading the 50 % equity to the Private/Public participants, the equity shall be APGIC 25 %, GAIL GAS Ltd 25 %, Private/Public Participants 50%.

As GAIL Gas Ltd., had the experience and expertise in laying and maintaining the City or Local Gas Distribution Networks as well as cross-country pipelines, it is thought their association will augment well for the State. And also the APGDC will acquire all the pre-requisite qualifications to compete for the bids conducted by the PNGRB for the City or Local Gas Distribution Network or Cross-country or other pipelines.

Recently the output of natural gas has dropped down significantly from KG-D6, the supplier; Reliance is unable to meet the demand as committed to the downstream entities. Moreover, MoPNG indicated to rely on LNG is inevitable. Govt of Andhra Pradesh is also of the opinion to opt for RLNG through floating barge or land based terminal in the East coast of Andhra Pradesh in view of swapping issues and additional taxes for importing Gas from West coast. This matter was deliberated with GAIL at length during 4th Board meeting on 15th Oct 2011. GAIL were asked to prepare feasibility report to explore avenues further for suitable location and a knowledgeable experienced party.

Regional Grid:

The State and APGIC are planning to have the State-wide Pipeline Grid connecting CGD/Local Gas Distribution Networks so as to cover all the districts thereby enabling the supply of natural gas for domestic, industrial, commercial and automobile purposes. It is also to cover Industrial Parks, SEZs' and NHs'

Industrial Park, Mannavaram

The Government of Andhra has issued revised orders alienating Government land measuring an extent of Acs.753.85 at Industrial Park, Mannavaram i.e., Acs.490.08 situated in Sy.Nos.1-1, 1-3, 68-1, 69-1, 80 & 145 of Mannavaram Village and Acs.263.77 situated in Sy.Nos. 1, 19, 23-1, 507, 508, 509, 510 & 512 of Kalavagunta Village of Srikalahasthi Mandal, Chittoor District, Andhra Pradesh in favour of APIIC Ltd. The Revenue Authorities have handed over possession of revised extent of Acs.753.85 i.e., 490.08 acres. in Mannavaram Village and 263.77 acres. in Kalavagunta Village of Srikalahasthi Mandal to APIIC Ltd., in June 2010. The APIIC has handed over the revised extent of 753.85 acres @ Rs.100/- per acre to M/s. N.B.P.P.L. in June 2010 and registered the fresh deed of sale in favour of M/s. NTPC-BHEL Power Projects Private Limited.

As regards to civil works, the compound wall for factory area about an extent of 400 acres with a cost of Rs.238.00 lakhs completed. The compound wall for town ship area with a cost of about Rs.91.00 lakhs is being constructed. Further, in 1st phase 17 Nos. (i.e., fabrication building, administration building, permanent store, open store, shifting yard, dispensary building, security building, fire station building, substation building for 33 KV, canteen, entrance gates, over head tank, sump, formation of internal roads, drainage system and water distribution system etc.) works were taken up with a cost of Rs.40.00 crores duly fixing target date for completion by 12/2012. All buildings are

come upto plinth level and columns casting are in progress. At present, eleven engineers are employed by NBPPL company for supervision of works taken up by them. At about 450 people are engaged by the contractor as temporary employees for execution of various works presently going on at site. The employment will be generated about 5000 Nos., direct employment and 25,000 Nos., indirect employment.

* * *

INDEX OF INDUSTRIAL PRODUCTION

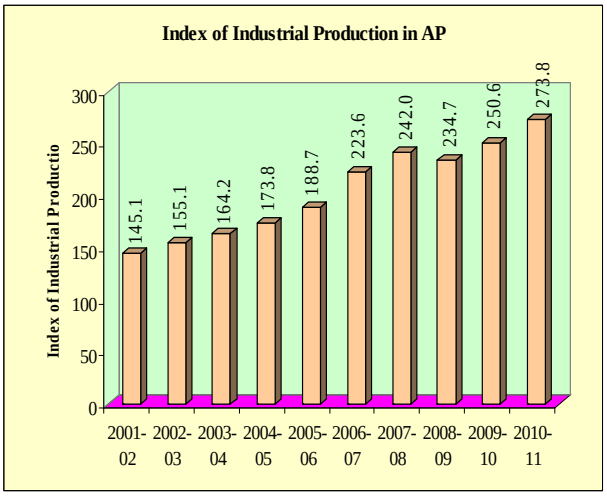
The Index of Industrial Production (IIP) is yardstick of measuring the Industrial growth in the State. It includes the relative change of physical production in the field of Industry during specific period as compared to the previous period. The IIP is estimated monthly by collecting data from the selected units of Manufacturing, Mining and Quarrying and Electricity. The main objective is to estimate the contribution of Industrial sector to the Gross State Domestic Product.

In the State, the IIP is being compiled with base year 1993-94 for 17 industrial classifications at 2-digit level under Manufacturing sector.

As per the Advance estimates 2011-12(A), the Mining & Quarrying, Manufacturing (Regd.), Electricity sectors have registered 0.90%, 9.6% and 8.1% growth respectively. Where as at all India level the Mining & Quarrying, Manufacturing, Electricity sectors have registered (-)2.2%, 3.9% and 8.3% growth respectively.

The estimates of IIP for the period April-November, 2011 (provisional) for Andhra Pradesh - General Index shows a growth of –11.9% over the corresponding period of previous year. The General Index growth at all India level for the period April-November, 2011 is 3.8%. In the State Mining & Quarrying, Manufacturing and Electricity Sectors registered a growth of (-)1.1%,14.1% and 9.9% respectively. Where as in all India the growth in Mining and Quarrying, Manufacturing and Electricity Sectors are (-)2.5%, 4.1% and 9.5% respectively. The indices of IIP of the State are given Annexure -6.3.

Growth in Industrial Production in terms of IIP is visible over the decade as shown in the following diagram.



Use-based groups are integral part of the IIP, divided in to four major groups i.e., Basic goods, Capital goods, Intermediate goods and consumer goods and these groups have registered a growth of 0.9%, 47.7%, 4.8% and 15.7% respectively during the period April - November, 2011 (provisional) as compared to the corresponding period of previous year. Consumer durables and Consumer non-durables have registered a growth of 10.0% and 15.9% respectively during the period April - November, 2011 (provisional) as compared to the corresponding period of previous year.

ANNUAL SURVEY OF INDUSTRIES

The Annual Survey of Industries is the principal source of Industrial statistics in the State. It is conducted once in a year to collect the data from the Organised Manufacturing units registered under the section 2m (i) & 2m (ii) of the factories Act 1948. This refers to the factories employing 10 or more workers and using power or those employing 20 or more workers but not using power and Beedi and Cigar units registered under Beedis, Cigar worker(conditions at employment) Act, 1966. 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 are given in from 2004-05 to 2009-10 (P) Annexure- 6.4.

* * *

STATE LEVEL PUBLIC ENTERPRISES

6.3 There are 30 state level public enterprises (SLPEs) functioning in the state. As per the working results of these SLPEs, the performance during the year 2008-09 is as follows:

Capital Employed: The capital employed by all the 30 state level public enterprises was Rs.32,580.96 crores. The Top five state level public enterprises whose 'Capital employed' is highest are A.P.GENCO, Housing Corporation, A.P.TRANSCO, Singareni Colleries Co. Ltd and APSFC. The capital employed by the top five SLPEs constitute 81.43 % of the total capital employed by all the SLPEs in the state.

Turnover:

The total turnover (including other income) made by all the 30 public enterprises was Rs.36,276.67 crores. The Top five state level public enterprises whose turnover is highest are - State Beverages Corporation, A.P. GENCO, Singareni Colleries Co. Ltd APSRTC, and Civil Supplies Corporation. The turnover achieved by the top five state level public enterprises to total turnover works out to 87.24%.

Profit:

23 SLPEs, out of the 30 have made profit totaling to Rs.2258.49 crores during 2008-09. The Top five state level public enterprises that made profits during 2008-09 are Housing Board (Rs.1029.06 crores) APGENCO (Rs.515.20 crores), Singareni Collieries Co. Ltd.(SCCL) (Rs.248.32 crores), A.P TRANSCO (Rs.113.10 crores) APSRTC(Rs.110.78 Crores) and the total profit made by these five SLPEs is Rs.2016.46 crores, which is 89.28% of the total profit made by all the 23 profit making SLPEs.

* * *

MINES AND GEOLOGY

6.4 Minerals form a major contributor to economic growth of the state. Andhra Pradesh is a Mineral rich State in the Country containing a vast and variety of Mineral Wealth particularly Industrial Minerals. It is a house for 48 minerals and more specifically for Gold, Diamond, Bauxite, Beach Sand, Limestone, Coal, Oil and Natural Gas, Manganese, Dolomite, Quartz, Feldspar, Precious and Semi-precious stones, Clays, Calcite, Steatite Iron Ore, Base Metals, Barytes, Uranium, Granite, Limestone Slabs, Marbles, Dimensional Stones and other Building Materials.

The State with vast mineral potential has worked out certain strategies to explore, exploit and develop the mineral sector with the constructive co–operation of both private and public sectors. The State has focused on the inventory of mineral resources, key issues of legislation, objective and strategies in tune with the National Mineral Policy in accelerating the growth in the liberal regime and thereby leading to overall development of the mining sector.

The State Mineral Policy is an integration of National Policy. The main aim of State Mineral Policy is to serve as a guiding force to translate the State's mineral potential into reality with the objectives of eco-friendly and sustainable mining.

Andhra Pradesh is rapidly changing and emerging as a Mineral State of Global importance and growth of Mineral Economy. The State is constantly encouraging new entrepreneurs to ground Mining and Mineral Projects through effective implementation of Government policies and quick disposal for Mineral Concession Applications. The progressive strategies and Polices of the state have culminated in growth of leases, extent,

Mineral Production, Mineral Value and grounding of Mineral Based Industries.

Mineral Resources

Andhra Pradesh is well known globally for variety of rocks and minerals and called as Ratna Garbha, a State endowed with variety of minerals. Many of the ancient travelers and historians have mentioned about ancient mining of Gold, Diamond, Base Metals, Precious Stones etc. The State Mineral Industry is well illustrated in the form of Damascus Sword, Jewellery, Monuments, Sculptures, Aesthetic Forts, Palaces etc., – made out of locally available minerals and rocks. Andhra Pradesh is repository of many minerals and has tremendous potential for mining and development; contains varieties of Litho units/ Rocks, Which contain host of industrial and non-industrial minerals.

A.P. is geologically unique and consists of Igneous, Volcanic, Metamorphic and Sedimentary formations range in age from most ancient (Archean) to recent(ternaries), and contain Peninsular Gneissic complex, Dharwars, Eastern ghats, Cuddapah, Pakhal, Penganga, Bheema Kurnool (Palnadu,) Gondwana, Deccan traps, Tertiary and Quaternary formations. These formations with different Litho Units / Rocks contain host of industrial, Non-Industrial, Metallic Minerals.

Table 6.3
Estimated Mineral Reserve

Item	Unit	Quantity
Coal	Million Tonnes	18,927
Limestone	,,	35,179
Bauxite	,,	615
Barytes	,,	70
Beach Sands	,,	241
Gold (ore)	,,	12.10
Diamond	Lakh carats	18.23
Granite	Million Cubic Meters	2,406

Source:-Mines and Geology Department

- The State occupies first position in Barytes, Limestone and Beach sand heavy mineral deposits in the country.
- State is well known for Gold, Diamond, Precious and Semi Precious stones occurrences over vast areas.
- There are huge deposits of Bauxite in East Godavari and Visakhapatnam districts.
- Krishna- Godavari on shore and off shore basin contain huge reserves of oil and natural gas.
- State also contains huge uranium deposits in Kadapa and Nalgonda districts.
- Andhra Pradesh is only State in the entire Southern India that contains large deposits of Coal.
- The State is also having number of scattered low grade iron ore deposits in Ongole, Krishna, Khammam, Karimnagar, Kurnool and Kadapa districts.
- The State is well known for exclusive granite varieties- Chimakurthy Black Galaxy Granite, Srikakulam Blue, Khammam and Warangal Black granite, Karimnagar Tan Brown etc. and producing 8.00 to 9.00 Lakh Cum.meters of various Varieties of black and multi colour granites.

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 to 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 2047 Mining leases and 9687 quarry leases for Major minerals (Industrial Minerals) and Minor Minerals (Construction Minerals)with an extent of 1,20,462 hects and 19,310 hectares respectively and 6 Reconnaissance permits (Gold, Diamond, Base metals, Precious metals). Mining for coal, Limestone, Barytes and Natural Gas falls under large scale mechanized sector; Granite, Dolomite, quartz, feldspar, Clays etc., under semi mechanized medium sector

and other minerals falls under semi mechanized small sector. Nearly 90% of the Mines fall under small sector and remaining 10% falls under medium and large sectors.

Mineral Based Industries

Both Public and Private sectors have established 97 principle large and medium scale mineral based industries for manufacture of cement, steel, sponge Iron, Fertilizers, Ferro Alloys, Glass, Oil refinery, Fiber Glass, Ceramics, Refractories, Zinc refinery, Chemicals etc., A.P. is the 2nd largest cement producer in the country. There are 42 plants with an installed capacity of 50 Million Tons per annum. In addition, there are about 5000 Granite, Marble and Limestone cutting and polishing units, Slate cutting units, mica processing units, Gem cutting and faceting units, Granite monuments manufacturing units, Pulverizing units, stone crushers, mosaic and ceramic tile units, lime kilns, and Rock stone sand units.

Focus Minerals and Industries

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, Coal, Gold, Diamond, Dolomite, Oil and Natural gas, Uranium, Garnet, Granite, Titanium, etc. In addition Cement, Thermal Plants, Refinery, Cutting and Faceting, Mining and Refinery, Steel and Sponge, Refinery etc., as focus industry for over all growth and development of the mining sector from the State.

Mineral Production and Value

The Mineral consumption is increasing due to promotion of various industries and manufacture of Mineral based products. State produces about 100 to 110 million tonnes of industrial minerals and 200 million cubic meters of dimensional stones and building material and A.P. stands 1st in Barytes and Limestone production in the country. The state contributing about 15 per cent to the country's mineral value production and approximately Rs.1000 Crores by way of foreign exchange.

The production of Coal, Natural Gas and Limestone from 1994-95 to August 2011 is given in Annexure 6.5.

Disposal of Mineral Concession Applications:

Disposal of Mineral Concession applications are given importance in pre-fixed time frame. The Mines Department has taken initative to get NOC's from Revenue and disposed record number of Mineral Concession Applications. The Department has disposed 8547 Mineral Concession applications in the year 2008-09, 10140 in the year 2009-10, 7731 in the year 2010-11 and 3479 in the year 2011-12(up to November 2011).

Revenue

The State Mineral and Mining sector has contributed Rs.2171 crores of Mineral Revenue during 2010-11. Rs.1017 Crores contributed upto Sep.2011 against the target of Rs. 2695 Crores during the year 2011-12.

During the 2010-11, State stands 3rd in Mineral Revenue among the important Mineral Producing States of the country viz., Orissa (Rs. 3230 Cr), Jharkhand(Rs.2133 Cr), Chattisgarh (Rs 2400 Cr), Rajasthan (Rs.1907 Cr), and Karnataka (Rs.1110 Cr) and Tamilnadu(Rs.650 Cr). District wise mineral revenue from 2007-08 to 2011 (April-Sep) is given in Annexure 6.6.

Vigilance

The Department was able to ground 4 Centralized Vigilance Units, 8 Regional Vigilance Units, 6 Temporary Check Posts and 15 Vigilance Offices to curb illegal mining and transportation of minerals in the state. The Department after grounding of the regional vigilance and sand vigilance schemes has stepped up vigilance over vulnerable areas of illicit mining & transportation and booked 15717 cases and collected a total penalty of Rs.17.49 crores during 2009-10. In the year 2010-11 the department has booked 18530 cases and collected a penalty of Rs. 20.09 Crores. During the year 2011-12 the department has booked 13949 cases and collected a penalty of Rs. 1327.82 lakhs.

Task Force:

Government of India has suggested to constitute a State Level Task Force and District Level Task Force for effective vigilance to curb illegal mining and transportation of minerals in the respective

states. Accordingly, State Level Task Force under the Chairmanship of the Secretary, Industries and Commerce Department and District Level Task Force was constituted under the Chairmanship of District Collector. The State Level Task Force has met and discussed issues of Forest and Revenue clearances for quick disposal of lease applications to stop illicit mining and transportation, more powers for seizure of vehicles under M.V. Act, blanket clearances in respect of mineral bearing areas falling in Revenue lands, identification of compensatory land adjacent to Forest areas, by Forest Department, inclusion of Commercial Tax Department, Seizure and safe custody of vehicles in the respective Police stations etc.

Investigations and Exploration

Investigations are carried out for Exploration and prospecting of mineral deposits, Building up History of Mines, Preparation of maps of mineral belts, Rendering advice for establishment of mineral based industries etc. These functions also comprise regional geological mapping followed up by detailed prospecting of mineral bearing areas selected on priority basis and estimation of reserves with quality. All mineral investigations carried out by the Central and State agencies in Andhra Pradesh are coordinated by the department. Mineral Investigations and explorations on promotional basis, Exploration by drilling in promising mineral belts is also undertaken to estimate the quality and quantity of the minerals available before venturing upon exploitation. Further, measures are taken to prevent frittering of large mineral deposits and steps towards their more systematic exploitation. It is therefore suggested to reserve certain areas for exclusive exploitation in the Public sector.

The Department through DMRTUF Trust has carried out investigations like Scan of Srikakulam and Kurnool mineral resources for grounding of mineral projects, Limestone waste utilization from the intensive limestone mining areas in collaboration with NCCB, Iron Ore in Kadapa district and proved know potential, grade and resources for exploitation of Iron Ore, Promotional drilling for Granite in Prakasam and Karimnagar districts, Limestone in Guntur and Anantapur districts, In addition, the department have also taken up the following investigations with the active participation of DMRTUF and Universities.

- Studies on exploration and reserve estimation for new and hidden bauxite deposits in EGMB of A.P.
- Geochemistry and utility of grey and black shale overburden of the Mangampet Baryte deposit- To probe the industrial application.
- Geochemistry of the Phosphoric siliceous dolostones near Pulivendula, Kadapa District.
- Evaluation of waste rock derived out of Dimensional Stone mining in parts of A.P and its utility.
- Evaluation of Dimensional Stone granite of Chittoor District.
- Geophysical Investigation of the gushing of gas in parts of Kadapa basin.
- Revival of sustainable mining activity in Nellore Mica Belt through prospecting for “COLTAN” (Colambite-Tantallum) and other economic minerals.
- On-line Processing of Mineral Concession Applications: Project Khanija in Kadapa District.

The department is also taking active participation in all the Central Geological Programs and Sub-Committee meetings for exploration of minerals in the State.

Mineral Projects

The Department has taken initiative for grounding of Bauxite mining projects and establishment of Aluminum / Alumina project with an investment of Rs.40,000 crores, Uranium Project with 2000 crores. Beach Sand heavy minerals project with Rs.6000 crores, Steel plant with Rs.20,000 crores, Iron ore project with Rs.160 crores, Gold and Diamond projects with Rs.50 Crores and Cement plants with Rs.3000 crores

Mineral Information

The department has participated in the International Granite Trade Fairs at Jaipur, Chennai and Bangalore, Industrial exhibitions at Hyderabad, World Mining

Congress and Expo 2006 at Tehran and Prospectors and Developers Association of Canada Expo 2010, Toranto (PDAC), International Exhibition of Stones, Design and Technology in September-October 2010 at Italy (Verona), Stone Mart 2011 at Bangalure to disseminate and promote the mineral potential and mineral sector opportunities of the State. Booklets and brochures on Minerals and opportunities in Mineral sector for the entrepreneurs and public are brought out.

Devolution of Powers

The department is also instrumental in devolution and delegation of certain powers to the Zonal Joint Directors in respect of Mineral regulation, issue of Mineral Revenue Clearance Certificate, and approval of Mineral Revenue Assessment, Issue of Notices, approval of Mining Plans and transfer and deputation of staff for effective Mineral administration at ground level**.** The department has also delegated powers to District officers from the Regional Offices for issue of way bills under Mineral Dealers Rules 2000 to facilitate the Mineral dealers to obtain way bills immediately from the respective district offices.

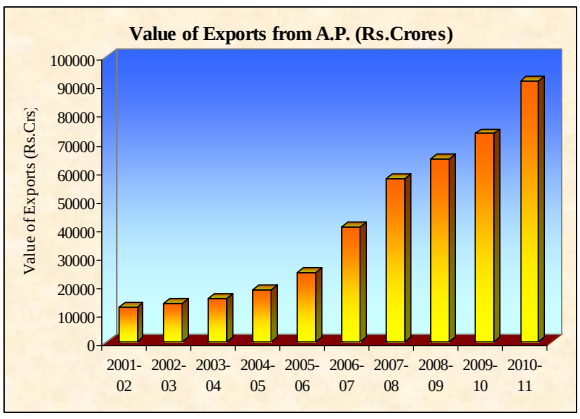
Policy Initiatives:

- The department has taken initiative in enactment of "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 department has taken initiative and identified 12 exclusive Mining zones around Hyderabad for Building stone, Metal, and Manufacture of stone sand. The Government has already declared One Exclusive Mining Zone at Bandaraviryala over an extent of 670 Acres
- The Government in consultation with department has also transferred the sand quarrying & regulation subject from Panchayatraj Raj & Rural Development Department to the Mines & Geology Department for scientific, regulation and effective realization of Mineral Revenue to the State exchequer. The department has taken fresh initiative to conduct sand auctions throughout the State.
- The Department taken initiative to announce the State Coal Policy facilitating APMDC to operate Coal Mines in Tribal Agency areas in conformity with APLTR and also in association with other PSU's.
- The Department has also suggested apportionment of some amount to the Department from Panchayat Raj Department from the Seigniorage Fee collected on minor minerals for effective vigilance and augmentation of mineral revenue to the local bodies.
- The department has also taken initiative and submitted proposals to Government for collection of uniform Seigniorage fee from the builders.

* * *

COMMERCE AND EXPORT PROMOTION

6.5 The exports from the State have recorded Rs.91,614 crores in the year 2010-11 while it was Rs.73,143 crores in the previous year 2009-10. Computer software contributes more than 30 percent to the total exports. The other major exports from the State are Engineering items, Drugs, Pharmaceuticals and allied Chemicals and plastics, Animal, Marine and Leather Products, Agriculture and Agro based Products, Minerals and Mineral Products, Handlooms, Handicrafts, Textiles, Gems and Jewellery and imitation Jewellery items, Electronics and Electrical items.



Item wise exports from Andhra Pradesh are given in Annexure 6.7.

* * *

INDUSTRIAL RELATIONS

6.6 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 would be an important indicator of labour management in Industries. Government through its conciliation machinery has been making efforts to settle disputes amicably and promote industrial peace and 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 have decreased this year when compared to the corresponding period of last year

The details industrial relations are shown in Table 6.4.

Table 6.4
Industrial Relations

Item	2010	2011 (up to Sep.,)
Strikes	8	9
Lockouts	9	7
Workers Involved (No.)	17,105	15,241
Mandays Lost (Lakh No.)	24.26	16.28

Source: Labour Department

The number of strikes, lockouts, workers involved, and man-days lost from 1981 to September 2011 are shown in Annexure 6.8.

* * *