

Industrial Scenario in A.P. and the Challenges Ahead

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The 21st century placed India in the fourth position in the world economy on purchase power parity. The proactive and cautious gradualist policy approach in addressing the economic problems brought significant recognition to the nation in the global arena. In a race towards becoming an economically powerful nation, the onerous has certainly been laid upon even on states. For instance, to spur industrial growth, in recent years, while the centre's focus lies on giving macro clearances for certain industrial activities, the states are asked to provide infrastructural support and other related activities. In such situation, the competent and capable states would be able to attract more investors both foreign and domestic.

In recent years, Andhra Pradesh is competing with the most industrialized states viz., Tamil Nadu, Gujarat Maharashtra etc and aggressively making efforts to attract the investors to build strong industrial base in its economy. The state has progressed in some of the industries like engineering, chemical, petrochemical, mineral processing, aqua culture and the frontier areas of electronics and information technology. The state has occupied an apex position in the manufacture of drugs and pharmaceuticals, IT and ITEs thus contributing to overall growth of the state. Traditional sectors such as textiles, leather, Gems & jewellery and food processing are also being further developed for high value addition.

In fact, a substantial rethinking on the part of the Andhra Pradesh government in the last few years in relation to its state's industrial policy has influenced much upon the state industrial scenario. In the earlier decades, the industrial sector has not shown much dynamism mainly because of dormant state business relations. Many firms' especially small units became sick as none of the previous governments were business friendly. In addition to this, defective financial planning, obsolete technology, power and energy shortages and problems related to the supply of raw materials further aggravated the industrial sickness. This has tremendously impacted the registered manufacturing sector until 2000.

International experience suggests that expansion of manufacturing activity would definitely scale up the process of development. "Labour intensive manufacturing-based development in

any nation creates jobs and, in countries with strongly growing manufacturing sectors, such expansion can be spectacular. Ordinary people benefit both through opportunities for formal wage employment and through rising wages. Typically, formal wage jobs are more secure and better paid, and offer greater scope for skill accumulation than either self-employment or informal wage work. This may be particularly important for gender equity as labour-intensive manufacturing is a key source of wage employment for women" (IDR 2009).

Table: State GSDP and All India GDP Year-wise from 2004-05 to 2012-13

	Andhra Pradesh		All India	
	GSDP (Rs.Crs)	Growth Rate (%)	GDP (Rs.crs)	Growth Rate (%)
2004-05 X Plan	2,24,713	-	29,71,464	-
2005-06 X Plan	2,46,210	9.6	32,53,073	9.5
2006-07 X Plan	2,73,730	11.2	35,64,364	9.6
2007-08 XI Plan	3,06,645	12.0	38,96,636	9.3
2008-09 XI Plan	3,27,731	6.9	41,58.676	6.7
2009-10 XI Plan	3,42,571	4.5	45,16,071	8.6
2010-11 XI Plan	3,75,664	9.7	49,37,006	9.3
2011-12 XI Plan	4,05,046	7.8	52,43,582	6.2
2012-13 XIIPlan	4,26,470	5.3	55,03,476	5.0

In the previous nine years prior to 2012-13, the GDP of India has grown above 9 per cent during 5 years. The growth rate has drastically come down especially in the years 2008-09, 2011-12 and 2012-13, owing to the economic slowdown that affected world over. XI Plan growth rate recorded above 8 per cent which is so far the highest among all the Plans. First three years of XII Plan has a slow growth rate makes it very clear that the target of XII Plan Growth rate of 8.2 per cent is certain to fall short of the expectations

Industrial Growth:

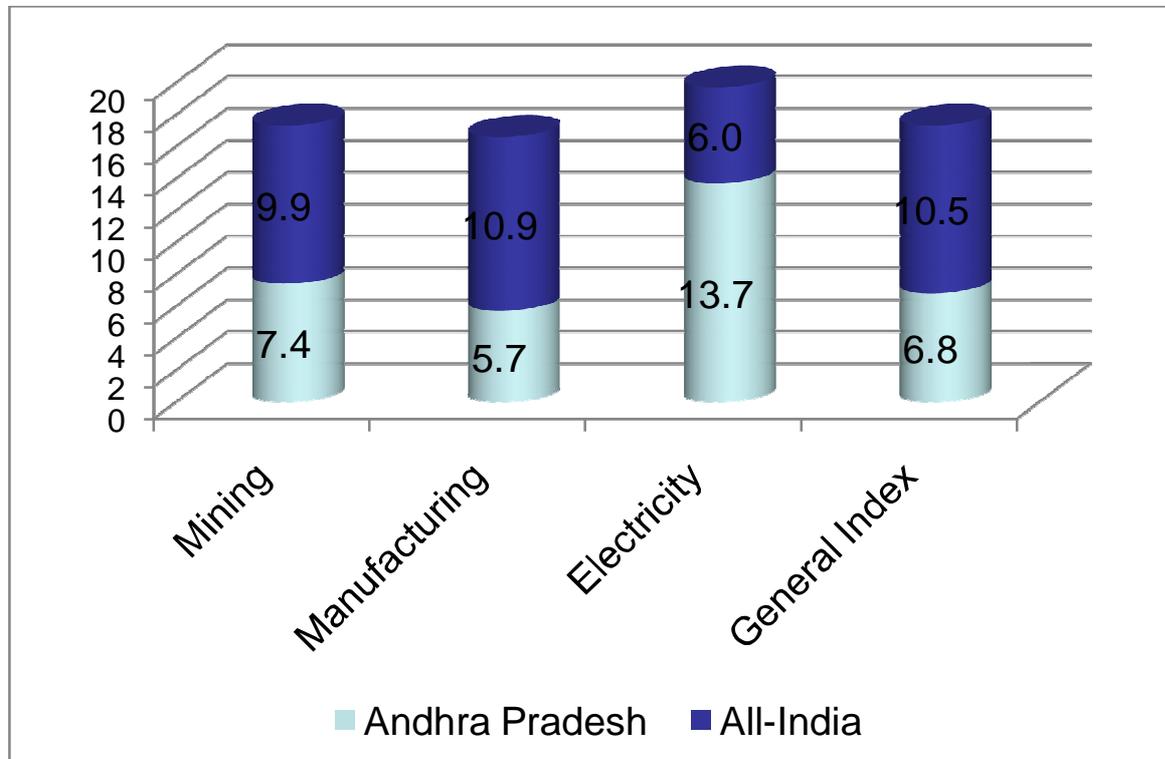
Table: Yearly Estimate of GDP Sector wise Year –on-year in per cent

Item	Growth in per cent			Share in GDP %		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
1.Agriculture	7.9	3.6	1.9	14.5	14.1	13.7
2.Industry	9.2	3.5	2.1	28.2	27.5	26.7
a) Manufacturing	9.7	2.7	1.0	16.2	15.7	15.1
b)Mining & quarrying	4.9	-0.6	-0.6			
c) Electricity	5.2	6.5	4.2			
d)construction	10.2	5.6	4.3			
3. Services	9.8	8.2	7.1	57.3	58.4	59.6
GDP at factor cost	9.3	6.2	5.0	100	100	100

(Source: Ministry of Finance, Govt. of India)

The sector wise growth rate of GDP between 2011-12 and 2012-13, indicate that the industrial growth rate has been slashed down to 1.9 per cent in 2012-13 from 9.2 per cent during 2010-11. The Manufacturing sector growth has also fallen to 1 per cent 2010-11. This has resulted in the reduction of share of industrial sector to GDP to 26.7 per cent in 2012-13 (28.2% in 2010-11) and the Manufacturing sector to 15.1 per cent. The fall industrial growth and the manufacturing sector in particular during 2011-12 and 2012-13 is a matter of concern and requires taking immediately steps by the government to recover.

Downfall of IIP :



In the recent economic down turn during 2011, most economies of the world are in a serious crisis today. World economy stands at a very dangerous juncture resulting in a slowdown of global economic growth with high unemployment. The Index of Industrial production (IIP) at national level has fallen down to - 5.1 as on 1st October, 2011, as compared to 11.3 in October, 2010

The manufacturing slow down is a result of lower order books, 'moderate export growth and rising raw material costs.

It is estimated basing on current economic protections that the manufacturing sector will employ a further 12-13 million out of nearly 29 million additional people who will enter the workforce. Studies have revealed that every job created in manufacturing has a multiplier effect, creating 2-3 jobs in the service sector.

Manufacturing PMI:

India's Manufacturing PMI (Purchasing Managers Index +PMI) more to 51.3 in November 2013 from indicating an expansion in activity. A reading of above 50 signifies expansion. Now orders also grow for the first time in six months. This growth is being driven by domestic demand, another positive, secondly the growth in input prices fell reflecting the steady rupee after the sharp depreciation earlier in 2013. Output prices, too fell as firms passed on the price decrease to consumers, but not to the same extent., firms could grow this quarter.

National Manufacturing Policy :

India's National Policy on manufacturing sector was formulated by the Department of Policy and Promotion which seeks to achieve inclusive growth of Indian economy. The policy envisages increasing the manufacturing sector to 25 per cent of GDP by 2022, doubling of employment by increasing the competitiveness and making India a global manufacturing hub. In the approach paper of the Twelfth Five Year Plan prepared by the Planning Commission (21st April 2011), it was recognized that the manufacturing sector is weak and it needs to grow at 11 to 12 % per year to create 2 million additional jobs.

Besides, it has been felt that FDI flows and suitable trade policies need to be tuned up to attract quality investment in critical areas. The sectors that are identified includes: a) textiles & garments, b) leather & footwear, c) gems & jewellery and d) food processing industry that have large employment potential. The percentage of growth of manufacturing sector has slid down from 9.7 per cent in 2010-11 to 1.00 per cent in 2012-13.

National Investment and Manufacturing Zones (NIMZ) :

The NMP for the developing of NIMZs as integrated industrial township with state-of-the-art infrastructure and land use on the basis of zoning; learn and energy-efficient technology; necessary social infrastructure and skill development facilities to provide a productive environment to persons transmitting from the primary sector to the secondary and tertiary sectors.

Key features of the proposed NIMZs are as follows:

- The State government would be responsible for the section of suitable land having an area of 5,000 hectares in size.
- At least 30 per cent of the total area proposed under NIMZs will be utilized for location of manufacturing units.
- A special purpose vehicle (SPV) will be constituted to discharge the affairs of the NIMZ.
- The state government would facilitate the provisioning of water, power connectivity, and other infrastructure and utilities linkages.
- The Central government will bear the cost of master planning will improve/provide external physical infrastructure linkages to NIMZs including rail, road (national highways), airport, and telecommunications in time-bound manner.
- The Central government will provide financial support in the form of viability gap funding (VGF) not exceeding 20 per cent of project costs.
- Soft loans from multilateral financial institutions will be explored and the developers of NIMZs will be allowed to raise external commercial borrowings (ECBs) for developing internal infrastructure of the NIMZs.
- The NMP provides for promotion of clusters and aggregation especially through the creation of national investment and manufacturing zones (NIMZs). Out of twelve

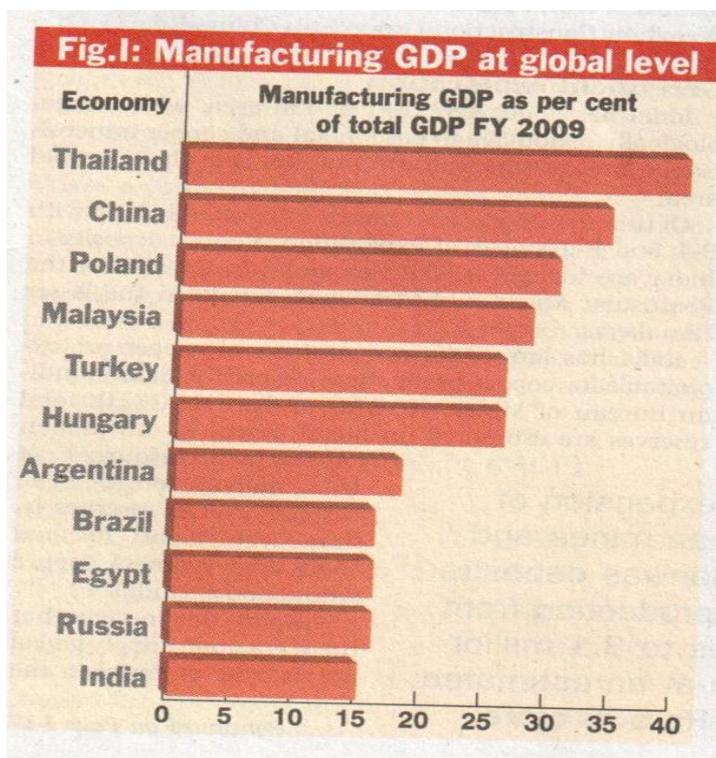
NIMZs so far announced, eight are along the DMIC.

Besides, four other NIMZs have been given in-principle approval

- (i) Nagpur in Maharashtra,
- (ii) Tumkur in Karnataka,
- (iii) Chittoor district in Andhra Pradesh,
- (iv) Medak district in Andhra Pradesh

DMIC Project

Industrial development initiatives under DMIC project presently cover eight industrial cities that are proposed to be developed along the railway corridor. The master planning for the investment regions and industrial areas taken up initially to be developed as new cities in Gujarat, Madhya Pradesh, Haryana, Rajasthan and Maharashtra have been completed and master planning in Utter Pradesh has started. The state governments have initiated the process of obtaining land for the new industrial regions /areas as well as for the Early Bird Projects. Environmental impact assessment (EIA) studies have been initiated for five industrial cities.



The challenge to the sector relates to infrastructural bottlenecks, procedural issues, and labour laws. Lack of quality and quantity infrastructural facilities is an issue affecting our cost-competitiveness vis-a-vis our competitors. While effort is being made to improve the state of infrastructure in the country, shortfalls continue to persist especially in sectors such as power, roads and water. In the case of power, for instance, uninterrupted and sufficient power supply at responsible rates continues to remain a dream for a majority of the manufactures.

The major policy tool to be deployed in the NMP is the establishment of National Investment and Manufacturing Zones. Leveraging the advantages of clustering and agglomeration, these are envisaged as Greenfield industrial townships that will be manufacturing hubs comparable to the best in the world. To be of minimum 5,000 hectares each, NIMZ would offer a complete eco-systems for manufacturing, including world-class infrastructure , appropriate clean technologies, skill development facilities, social infrastructure, and supportive institution for testing and standards.

Special purpose vehicles (SPV) will be constituted to manage the NIMZ, consisting of representatives from the Union Government, State Government and private developers and headed by a senior central/State Government official. The SPV would undertake master planning and strategies, select developers, formulate procedures and enforce them, obtain environmental clearances, levy charges for infrastructure, promote investments and implement the resettlement and rehabilitation package. It would be the responsibility of the State government to provide land, water, power, and infrastructure, while the Central Government would bear the cost of master planning, improving external infrastructure and linkages and providing quality, design and skill development facilities.

A.P. Industrial Potential:

Dating back to 50s and 60s the State was home for a few agro based industries. Major Industries knocked at the doors of the State by mid-70s and 80s making it the base for Caltex Oil Refinery, Coromandel Fertilisers, Bharat Heavy Plates and Vessels, Singareni Collieries, Bharat Heavy Electricals, ECIL , NFC, Mishradhatu Nigam, Godavari and Nagarjuna Fertilisers, Vizag Steel Planet etc. At the beginning of the Eleventh Plan, the State is considered as one of the fastest developing states in the country with rising industries in the areas of engineering, chemical, petrochemical, mineral processing and the frontier areas of electronics and information technology. The State has occupied an apex position in the manufacture of drugs and pharmaceuticals, IT and ITES.

Growth of Micro & Small Scale Sector in A.P:

The micro and small scale sector in Andhra Pradesh has seen a phenomenal growth during the last 4 decades. The number of units increased from just 6195 (1956) to 1.58 laths by 2009.

The number of small scale industries has growth 20 fold during the 40 years from 1956. A corresponding increase in investment and employment by the sector is that the average investment per unit in this sector has been rising whereas, the average employment provided by the sector has been coming down. The major reason that can be attributed to this trend is the advent of new technology and consequent increase in production. With the increase of bigger units, due to the revised definition, more capital intensive units will be included in this sector, the average investment per unit has risen to a much higher level.

Table: Investment trends of MSME Sector in AP (at current prices)

	1956	1967	1977	1985	1990	1996	2000	2003	2005	2008	2009
Investment (Rs.Crs)	56.93	81.3	209.55	607.44	1044.9	1933.43	3706.2	4361.18	4893.19	4963.07	10504

Source: Commissioner of Industries, Govt. of A.P.

The average investment per unit has risen from Rs.92, 000 in 1956 to just over Rs.3.00 lakh in 2003 and Rs. 3.34 lakh in 2005 and Rs.6.64 lakh in 2009. This could be due to the inclusion of Medium sector in the MSME sector since October 2006.

A glance over product wise distribution of MSMEs reveals interesting insights. Maximum number of units is found in the food processing sector. Repairing sector and mineral products industry occupy the 2nd and 3rd positions. Even in terms of Investments, food processing sector is on the top providing highest employment in the state. From this one can understand that this industry needs further boost with appropriate policy measures.

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"In Andhra Pradesh, a policy framework aimed at invigorating the MSME sector is geared towards attracting green energy investments. With readily available resources, prominence in A.P. has been laid on small scale industries that generate employment. It is hoped that the annual growth rate for the msme sector attains a 12 to 15 sustainable growth.

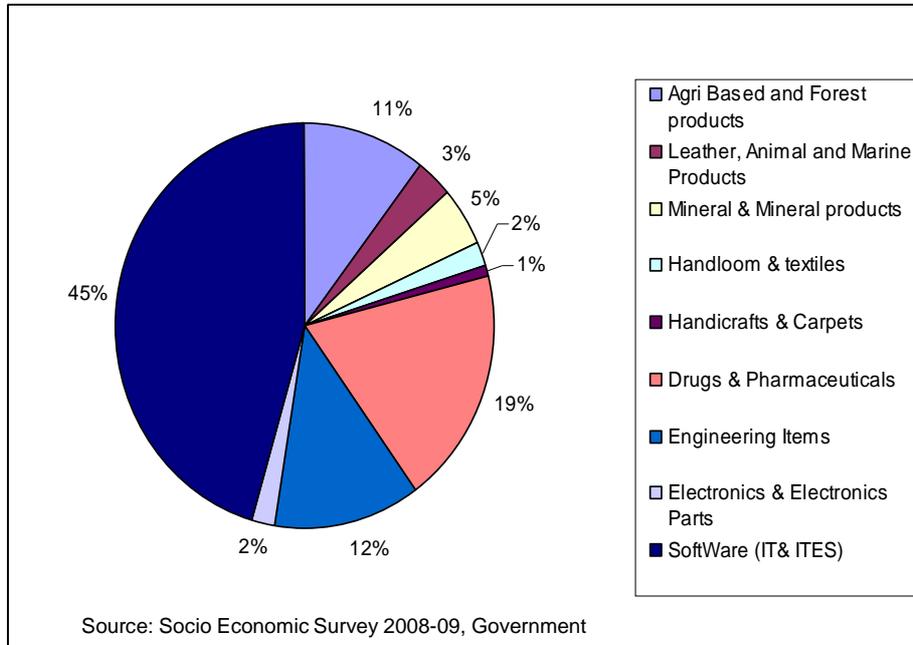
But the growth story of MSME sector was being limited by several road blocks including a disjoint between the local industry and educational institutions that could not cater to its needs.

The technology penetration in two-tier cities like Vijayawada and Visakhapatnam was not very good because the support services were all concentrated in metros like Hyderabad, Chennai and Bangalore.

Just with adequate finance and market demand the SMEs cannot grow, there should be a "conducive ecological system" for them to grow in the form of government policies.

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Exports in Andhra Pradesh (In crores) 2007-08



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Bottlenecks

a) Under-utilization of resources:

From the analysis drawn so far, it appears that despite best available resources, the state is lying far below that of many states on certain counts mainly because of improper government intervention. No specific policy regarding extraction of resources was in place. For example, despite the best endowments suitable for agriculture and industry in districts like Karimnagar, inability of the district administration to take advantage of policies and under-utilization of resources stood as obstacles to growth. Only in the recent past, the government initiatives have given rise to certain policies viz., introduction of mineral policy, mining, etc. If proper incentives are provided and speedy exploration process of natural resources that are available in plenty is taken up, there is no reason why these renewable sources cannot bridge the demand and supply.

b) Low budgetary support to industries by the Government :

The budget allocations to the industrial sector have also fallen far short of expectations. The total Plan BE allocation of A.P. State for 2011-12 for industries Department was Rs.775.36 crores (1.63). However the allocations under Plan and Non-Plan totalling to Rs. 858.86 crores. In the BE (2011-12).

The sector requires a justifiable share of plan allocations to industries, if the state is keen about promotion of industries particularly the manufacturing sector the key drive of growth.

Neglect of labour intensive units:

Though the state is known as a global hub of bulk drugs and pharmaceuticals 'and IT and ITES, its performance in manufacturing sector is not up to the mark. The industrial sector continues to be marked by some highly unsatisfactory features like neglecting the most labour intensive units that have high employment potential.

Exit Policy - Driving Real Estate Business:

The current Industrial policy provides a facility for change of land from industrial use to commercial/ residential purpose in respect of surplus lands held by the industries. Some people have been taking due advantage of this exit policy by duly disposing their lands for commercial and real estate purposes. The outright sale of industrial land has led to a surge in real estate business which is not desirable. It is imperative to see that industrialists feel the social responsibility and does not engage in such profit making business. In future the lands for industrial purpose may be allotted only by way of 33 year lease and there shall be no outright sale or auction of such lands.

Procedural hassles:

The large and medium firms by and large have no problem in getting permissions for setting up a new production unit, or expanding the existing one 'or acquiring land etc whereas the small and medium often face lot of procedural hassles with respect to above issues.

Large and medium firms on an average spend 30 to 40 percent of their time on addressing government regulations/officials and paper work, while SMEs spend nearly 60 to 80 percent of their time on government procedure.

Of all, district wise details further reveal that majority of the districts in the state are not on the industrial map even after the reform period. In fact the latest years have witnessed deceleration in industrial growth across the districts. Thus non-existence of new entrants resulted in fall in employment growth.

Lack of Employable skilled Personnel:

No doubt Andhra Pradesh has good number of educational (technical and non-technical) institutions, but quite a number of youngsters are not employable or do not

possess the expertise needed by the industrial sector. During the last five years, the number of colleges particularly the professional colleges has been increasing in the State (Table 18).

Challenges Ahead in A.P. Industry:

Given this background, the major challenges the state faces in its journey to leap forward in its industry includes development of world class infrastructure for which adequate capital has to be raised, Provision of uninterrupted power supply, enhancement of skilled man power, creating urban and rural infrastructure, provision of basic amenities to those affected by industrialization on a massive scale, building of townships at a rapid pace to address urban congestion etc. Unless these challenges are met with utmost care and responsibility, we cannot make our dream to see the state in first position in Indian Industry a reality.

Challenges of MSME Sector:

- “Volume of credit flow to MSMEs continues to be an area of concern. Bankers have maintained that MSME lending is growing at 20-22% year-on-year, even though the overall demand for credit far outstrips the credit flow.
- Source of finance for MSMEs should be thoroughly explored.
- Technology adoption-Need for setting up a technology acquisition fund of sizeable order.
- There should have a great thrust on innovation. For this an innovation fund could be created with government providing the corpus which may be managed by a team of professionals.
- Marketing-Sector should make use of information technology to build market access.
- Physical infrastructure SME clusters worked well. The State governments have key role in strengthening these clusters. Therefore opportunity of promoting private clusters should be looked into just as private SEZs are sanctioned.
- Skills development –Current activities are relatively diffused and emphasized the need for standardization and certification of the ongoing skills development programmes, such that they become more relevant to the industry. At the same time, the skills development infrastructure itself requires to be expanded in a big way to match the current and future needs”.

Issues of Industrial Growth:

- World class Infrastructure: Infrastructure remained many notches below world class. Problems related to amicability and quality of electric power as well as roads, railways, ports and airports require modernization and of better quality competing with global standards.

- Tax policy is an important determine of investment. The rates of direct taxes determine the structure of incentives, while the level and structure of indirect taxes influence the aggregate demand and thus the scale of operations on one hand and relative prices of different goods and services on the other.

To Sustain Economic Growth and Increase Exports:

- Estimates say that in order to achieve the target of 10% growth in 12th plan, the MSE sector needs to grow at 12 percent.
- The MSME sector is mostly heterogeneous dispersed and unorganized. It includes diverse type of production units ranging from traditional profits to high tech industries or serve as ancillaries to large industries.
- Non-availability of quality raw materials such as dyes, yarn, vital inputs such as power, proper packaging facilities continue to be major bottlenecks. The modern manufacturing MSE units are also constrained due to non-availability of quality raw materials in adequate quantity. Though the SSIDCs job is to provide raw materials, the efforts are not in consonance with the requirements.

Insufficient Market Research, Linkages and Design inputs:

- Most MSMEs do not have money to invest in market research and are unable to carry out design and technical improvement to keep up with market demands. Unlike the big business and industrial units they cannot invest in advertising and packaging. This limits their ability to tap markets and attract consumers. Many MSME units have to increasingly depend in middle men, petty trade and big business to market their products. This has reduced the daily wage of workers and affect the viability of these units.

V Steps to meet the Challenges:

Much can be achieved by involving all the stakeholders to various processes. Mere involving the stake holders i.e., public, private and other agencies does not end our job, every agency must have a specific role to address the problems to make the industry run smoothly and efficiently.

First and foremost it is necessary to see that there exists a proper coordination between various government agencies required to sanction the project, faster judicial process, and lesser bureaucratic controls in the state.

Measure Required for Skill Development in A.P:

Based on the employability of resources and the demand for skilled workforce, it is required to create educational infrastructure support systems for the vocational/skills improvement courses capable of training a large group consisting of 3 to 4 million candidates within a period of next five years. Keeping in view the growing demand for trained personnel, a significant number of the institution support systems needs to be managed through Public Private Partnerships. The quality and quantity of output from such institution support systems to be monitored closely.

i) Specialized Industry Specific Training in ITIs:

Gujarat State has introduced a system of industry specific training in ITI in the state. Efforts were made to identify institution wise industry that has been tagged or to these ITIs very reputed industries like Toyota, Kirloskar, L& T Ltd., L.G. Electronics, Eicher, Adani Group, General Motors, Microsoft India Ltd. Batliboi Jindal etc., have been involved in the process.

ii) Initiatives for Improving Employment of Unskilled Labour:

Sustenance Training and Employability Program: (STEP) has to be targeted at the large pool of minimal educated, but skilled workforce. A large scale development initiative covering around 5 lakh people annually in the state, seeking to impart basic training to unskilled labour especially those dependent on seasonal agriculture operations so that they can take up jobs in the state's industrial and service sector units. This will ultimately reduce the burden on NREGS.

Industrial Finance:

Role of APIDC: Access to Credit

APIDC, an investment body has vested powers in generating & implementing project ideas, promote equity participation, venture capital for IT, biotechnology & sunrise industries and in rehabilitation of sick industrial units in the sphere of medium and large industrial units for quite some time with an authorized capital of Rs. 110 and paid up capital of Rs.96.23 crs. Its association with various organizations like FAPCCI, CII, AMIO, HMA helped the entrepreneurs have access to business research and new ideas. Especially it played a pivotal role in locating state of the art technologies and sophisticated equipment from countries like U.S.A, Japan, West Germany, U.K., Sweden, France, etc and catalyzed a total industrial investment of Rs. 5430 crs in 792 industrial units in March 2007. But gradually since then, the corporation became dormant owing to lack of funds. Government of AP has now decided to revive the State owned APIDC by assigning a catalytic role being facilitator for small and medium industries instead of medium and large units. Since the small scale units are already having access to credit from Commercial Banks and Govt. Under "Pavala Vaddi Scheme", it is now desirable to revive APIDC as per its original objectives supporting medium and large industries, by raising its total outlay to the tune of Rs.1000 crores for providing financial assistance to the units in the form of direct subscription and/or underwriting for equity, and for term loans and working capital. This should be widely publicized to attract entrepreneurs from all over the country.

Energy:

Commercial energy demand will increase at 7% P.a. if GDP grows at an estimated 9%. This will require a major supply side response and also demand management.

The overall Power Production at all India level i.e. is of 2,11,766 Mega Watts of installed capacity. Table sharing the Power generated state wise, with installed capacities as on date.31.1.2013 are furnished below.

List of first 10 States of India by installed capacity of Power utilities with electricity generation mode break-up as of 30-06-2012 and 31.01.2013 (In M. Watts)

Rank	State / Union Territory	Total Installed Capacity	Total Thermal	Nuclear	Hydro	Renewable energy
-	India	211,766.22	141,763.88	4,780.00	39,416.00	24,856.14
1	Maharashtra	28,310.83	20,354.72	690.14	3,331.84	3,934.13
2	Gujarat	23,887.54	18,841.32	559.32	772.00	3,714.90
3	Tamil nadu	18,382.13	8,217.33	524.00	2,137.20	7,503.60
4	Andhra Pradesh	16,817.13	11,771.08	275.78	3,734.53	1,035.74
5	Uttar Pradesh	13,994.99	11,062.87	335.72	1,821.42	724.98
6	Karnataka	13,596.28	6,355.65	254.86	3,599.80	3,385.97
7	Rajasthan	10,704.57	6,077.13	573.00	1,527.80	2,526.64
8	Madhya Pradesh	9,288.86	5,302.15	273.24	3,223.66	489.81
9	West Bengal	8,507.29	7,229.54	0.00	1,182.30	171.45
10	Haryana	8,113.75	6,518.21	109.16	1363.18	123.20

From the above figures A is apparent that there is a need to improve the renewable energies especially the solar energy in particular.

(i) Power Sector Issues:

In view of National level target of 100,000MW capacity in 12th Plan (against to achievement of 65,000 MW in Eleventh Plan), A.P. may be fixed up at least target of 20,000 M.W of power during 12th Plan. Focus should be on Renewable energy (we may require about 80,000 MW in the next 20 years for A.P., assuming 10% growth rate.

Coal availability will be a major constraint after 50 years. Long term plan to import coal from Ports by developing port based infrastructure.

Long term health of power sector seriously undermined AT&C losses are coming down, but too slowly. State governments must push distribution reform.

(ii) Coal Production:

- ❖ On optimistic assumption about Coal India production, we will need to import 250 million tonnes in 2017-18.
- ❖ Must plan for corresponding expansion of rail and port capacity.
- ❖ Pipeline network for transportation of natural gas and LNG is limited. Need quick expansion.

(iii) Other energy sources:

- ❖ Solar Mission is seriously underfunded. Is bidding sufficiently competitive?
- ❖ Need longer term energy solution for cooking in rural areas. Expand LPG network (with cash subsidy for the deserving, not subsidised prices). Also use off grid solar and bio-mass energy.
- ❖ Wind power development, including off shore wind power, needs to be encouraged.
- ❖ In view of large reserves of Uranium, AP may go for nuclear power with appropriate safety measures.

Operational Procedures:

Single Window Clearance System:

- ❖ The concerned authorities from all the departments should assemble in a meeting at one time for giving final clearance and expedite the approvals within a certain time limit of two weeks from the time of submission of application unless the applicant seeks more time to answer the queries/furnish additional information.
- ❖ An online application form to set up new industry may be allowed with controls at the initial stage of application online on important pre-requisites (on the line of pass port application). In this regard the online application models can be designed on the lines of ASEAN countries.
- ❖ The objectives raised by any department should be considered by the members of the Committee instead of the officials of each department separately and the Board's decision in this regard shall be final.

Action Points:

- ❖ Faster Judicial process and less bureaucratic controls must prevail in the State.
- ❖ Development of world class Quality Infrastructure: Development of Industrial Investment Regions would be a major step forward that would greatly improve the economy of Andhra Pradesh as well as the country.
- ❖ The present problem of land allotment to industries and housing sector may be rationalized by allotment of land only by lease to the organizations and bringing out legislation to check improper utilization of land.
- ❖ Government of A.P. must plan and develop new industrial townships under public private partnership by inviting 100% FDIs. These townships must also accommodate qualitative infrastructure (housing, community centres, Banks, Police stations, Post offices) and also Social infrastructure (adequate number of schools, Health care centres) depending on the anticipated population for the next 30 years. Government should strive for slum free industrial townships. A clear-cut industrial infrastructure development plan inclusive of social infrastructure should be part of such development plan. Such plans shall include not only the requirements of the industrial workers but also the subsidiaries. Further, people's dependency on industry increase due to the generation of new employment opportunities in the industry. The non-processing zone of SEZs must be developed into industrial townships with full infrastructure. **In brief, development of a perspective Industrial Development Plan for fuller utilization of resources alone will be the best solution for overall development of the State.**
- ❖ The infrastructure needs of the Industry like power, water & road network, drainage and sewer treatment for the next 25-50 years shall be assessed and plan of action may be worked out so that any industry in A.P. shall not face any infrastructure deficiencies in future.
- ❖ Emphasis must be given to increase mineral based and labour intensive industries to fuel industrial growth as well as to improve exports.
- ❖ Government should think of alternative sources of energy for power generation viz., gas based power plants and solar power parks as already gas. Of course, gas based plants have already been commissioned. In addition to this, solar power parks can be developed as the state experiences good number of sunny days with high solar radiation to meet the growing needs of power by the industry.

- ❖ Development of Road network must be taken up through PPP model. At the National Level, this mode is already been experimented. In fact, the share of private investment has gone up from 5% in the X plan to 36% in the XI Plan.
- ❖ Unlike Gujarat and Tamil Nadu, Andhra Pradesh has only 5 ports despite ample scope, hence there is a need to develop the ports in a large numbers along with infrastructure in a more comprehensive manner as the existing ports are not able to cope up with the present pace of exports.
- ❖ Industrial Infrastructure Up gradation Scheme: The Industrial Infrastructure up gradation scheme is considered as best scheme for all bigger industrial clusters having an area of 200 acres and above. Hence government of A.P. can rethink on the speedy implementation of this scheme.
- ❖ The government agencies which are made responsible to supply raw materials to be strengthened to ensure supply of raw materials to the needs of SMEs.
- ❖ Unlike big business, SMEs do not have money to invest in market research and are unable to carry out design and technical improvement. Government have to take the responsibility to fill the gap by strengthening the government agencies to provide adequate support for marketing the products of MSMEs by organizing frequent exhibitions and resorting to other publicity measures.
- ❖ Skills development Current activities are relatively diffused and emphasized the need for standardization and certification of the ongoing skills development programmes. Such that they become more relevant to the industry. At the same time, the skill development infrastructure itself requires to be expanded in a big way to match the current and future needs”.
- ❖ Andhra Pradesh with its present 30 percent urban population is heading towards 50 percent urban population in the coming two decades. Studies show that 75 per cent of the migrants to cities in search of better wages and round the year employment. Our cities and urban semi urban areas are not geared to take up this challenge. Urban local bodies are unable to provide adequate infrastructure to the influx of population of growing. A.P. has vast extents of waste lands in some areas unlike West Bengal and Haryana. Therefore large for Industry, Housing and Future institutions, instead of distributing them to different people and agencies for popular demand. Preparation of appropriate master plan and its proper implementation will not only spur the state’s economy but also reduces poverty levels.

Role of MSME in Economy:

A comprehensive Micro, Small and medium Enterprises Act 2006 aimed at facilitating the growth of small enterprises that they graduate to medium enterprises improving their competitive strength. The three categories have been defined

1. Enterprises with investments in Plant and Machinery up to Rs 25 lakhs are Micro or tiny industries;
2. For small enterprises with investments between Rs 25 lakh and Rs 5.00 crores and
3. For medium enterprises with investments between Rs 5. crore and Rs 10. Crores.

The Small scale industry plays a pivotal role in Indian economy in terms of employment and growth. There are about 322.3 lakh units of SMEs by 2007-08 which provide employment to nearly 730 lakhs all over India. Employment provided by MSME sector is much higher compared to the employment generated by Major industry inspite of much higher investments.

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References: Indian Micro, Small & Medium Enterprises Report 2010

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