



Confederation of Indian Industry

Promoting Industry in Rural Andhra Pradesh



Taskforce on Non Migratory Rural Employment Generation
CII- Andhra Pradesh

Preface

In Andhra Pradesh more than 70% of the population is residing in the rural areas. The state is agriculturally prosperous, endowed with fertile land, water, conducive agro-climatic conditions. The state is among the largest producers of food grains, fruits, vegetables, cotton, maize, dairy and poultry products in the country. It stands first in seed production, egg production, paper & pulp production, besides others. Despite of the state's impressive economic performance and its immense potential, the growth process has not been inclusive.

During the year 2009-10, according to APDES (Andhra Pradesh Directorate of Economics & Statistics) Agriculture's contribution to State GSDP is 22.18% and the sector employs 62.17% of the working population. The state is witnessing drastic decline in Agriculture's contribution to GSDP where as corresponding decline of population dependence on Agriculture has been slow, which means majority of the population's economic condition is declining. This trend also indicates limited participation of majority of the population in economic activity and absolute need for necessary action.

With Andhra Pradesh emerging as one of the fast growing economies in India we need to relook at our journey to ensure that the fruits of this economic growth are enjoyed by all sections of the people. CII believes that the inclusive growth can better achieved by creating employment opportunities for everyone in the society. The employment opportunities can be created with accelerated phase of industrial development as well as enhancing the skills of the people. Hence, CII AP has set the vision to strengthen the workforce by envisioning 35 Million Employment by 2022, focusing on the non-farm sectors.

To achieve this there is a need to promote labour intensive production units in the rural areas. The workforce while working at the manufacturing units can also look after the agriculture and this would not only facilitate equitable economic growth but also ensures food security to the country's growing population. CII strongly believes that creation of more employment opportunities in rural and semi urban areas will reduce the migration of people from rural areas to urban areas in search of employment and would ease out the burden on the urban cities which have fast emerged as traffic islands.

Achieving full employment will require a reorientation of Government priorities, policies and action. The goals could be set on a sector-wise basis while simultaneously planning need to be integrated around a central vision. It is important for the Government, CII and other stakeholders to work together to have achieve this goal. This is possible only through collaborative efforts of all the stakeholders.

This Report on promoting industry in Rural Andhra Pradesh is a result of about one years' effort of the Taskforce on Non Migratory Jobs set up by Confederation of Indian Industry, Andhra Pradesh to understand the needs of the local industry and policy level support required to augment the industrial growth in rural areas. In July 2010, I was invited to be the chairman of the taskforce.

The study explores the nature of livelihood challenges in various sectors and its linkages to poverty, migration and urbanization in Andhra Pradesh and focuses on need for promoting employment in Rural Areas.

This study's focus is confined to the need for promoting labour intensive manufacturing units in the rural areas and how to create right environment to achieve this objective. The study primarily discusses on policy level and implementation support from Government of Andhra Pradesh and it intentionally does not cover any of the Central Government schemes or incentives.

The report documents the nature of employment challenges facing Andhra Pradesh while setting up AP's vision for 2022 must be founded on the premise of gainful Jobs for All. Creating access to gainful employment should be a top priority of the government as it not only improves the quality of life but also accelerates the economic activity in villages and reduces the welfare schemes burden of the government in the long run.

Reports like this one cannot be written without collective effort by a large number of persons. I would like to take this opportunity on behalf of the Committee to mention only a few names. First of all, I would like to record a special word of thanks to Mr. Anil Epur, Past Chairman, CII SR, Mr. MR Vikram, Director, Anandam & Co, Mr. J Nrupender Rao, Chairman, Pennar Group and Mr. Jayadev Galla, Chairman, CII AP who are not only part of the Taskforce but also provided very valuable professional and intellectual inputs and contributed ground level knowledge to the Committee's work. We also would like to thank Mr. Rahul Bojja, IAS, Collector, Warangal, Ms. Karuna Vakati, Jt. Collector, Warangal Dist, Mr. VN Vishnu, IAS, VUDA, Mr. Sridhar, Executive Director, APIIC, Mr. Venkat Reddy, NIIT, Warangal and Officials from Commissionerate of Industries, DICs, SBI, SBH and Roads & Buildings departments for their valuable inputs and for participation. I also would like to thank sponsors of this project Amara Raja Group, Pennar Group and Lepakshi Knowledge City for supporting the cost this study.

I hope this study attracts the attention of the Government of Andhra Pradesh and we hope to closely work the state Government in implementation of the recommendations and in shaping the next wave of growth of Andhra Pradesh towards inclusive sustainable growth.

Dr. Ramachandra N Galla
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Chairman, Amara Raja Group



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Approach & Methodology

CII Andhra Pradesh has formed a Taskforce on Non Migratory Jobs with members consisting key industrialists, well known thought leaders from across the state. During the first meeting organized on 17 September 2010 in Hyderabad the methodology was finalized. Further to this, Roundtable Sessions on Regional Economic Development were organized in Tirupati, Visakhapatnam, Vijayawada, Khammam and Warangal to understand the views and needs of the local industry. Apart from this, the team also met with various industrialists, bankers, Government officials in various departments to elicit their views and to find a range of solutions to recommend a plan of action and a road map.

Summary & Recommendations

Summary

1. In the recent years Andhra Pradesh has registered impressive economic growth but this momentum cannot be sustained unless it is facilitated towards right direction. At the current juncture, the state is facing the challenge of continuing the high growth trajectory while making the growth more broad based and labour-intensive. Industrialization absorbs more people irrespective of the skill level, and it should be promoted with utmost priority.
2. The study believes that given the enormous challenges of migration, concentrated growth and congestion of metropolitan cities, the State Government has to play a more proactive role in developing new urban centers and promoting rapid industrialization in rural areas. Zoning the new urban centers by devoting land for commercial, industrial and residential use, promotion of energy efficient buildings and technologies, better provision for public transport and waste management would not only improve the quality of life but also strengthens the state's growth curve.
3. Heavily distorted land market in the state is emerging as a bane for industrial development. The cost of the project is being inflated by many times due to the high volatility in land prices which is acting as hindrance for further investments.
4. This report comes to the conclusion that metropolitan cities could be promoted further as Commercial Centres and Manufacturing industry should be promoted in rural areas and new urban centers which could offer economies of scale. Building necessary physical and social infrastructure and creation of supportive investment environment are key drivers for promotion of non-farm employment in rural areas.
5. It is observed that migration from villages is mostly to metropolitan cities and small and medium towns are languishing slowly in need of economic base. Successful examples of the manufacturing industry based in rural area clearly indicates that if local people are equipped with skills & education relevant for employment their productivity has gone up by many folds resulting the economic prosperity of the region.
6. This report argues that focused promotion of manufacturing industry in rural areas could be done through policy level and administrative support, increased investments in infrastructure, Intensive promotion and prioritization of few geographical centers and supporting them through incentives.

Recommendations

I DEVELOPMENT OF NEW GROWTH CENTERS & INDUSTRIAL CLUSTERS

- 1.1 Categorization of districts as zones/clusters according to the ranking in Human Development Index, per capita income and presence of the industry then accord preferential treatment of the Government incentives.
- 1.2 To ease out the load on capital city there is a need to promote more growth centers across the state atleast one center in each district. The industrial zones in the commercial centres such as Kurnool, Tirupati, Vijayawada, Kakinada, Vijayawada, Nellore, Karimnagar, Hindupur, srikakulam and Warangal need to be activated more in terms of industrialization.
- 1.3 Bold efforts are required to promote a geographically more dispersed and equitable development paradigm, widening disparities between rural and urban centres will accelerate the migration to cities and the rapid expansion of urban slum areas. One promising alternative approach is to link clusters of villages together by high speed circular highways, thereby bringing 100,000 or more people into a circular community that can be crossed within 30 minutes of travel time, and promoting a balanced and distributed development of urban services along the periphery of the ring road. The urban centers connected with infrastructure facilities and located adjacent to National Highways could be promoted more.
- 1.4 Special incentives package could be offered to the manufacturing units proposed to be set up in the rural areas located in High priority and priority zones due to high cost involved in development of supply chain management, infrastructure development and manpower development.

II OPTIMUM UTILIZATION OF LAND RESOURCES

- 2.1 Establishment of High Power Expert Committee (HEPC) to study the optimum utilization of land and to regulate land prices.
- 2.2 Categorized Tax incentives to the units which are set up in the High priority and priority zones in the form of exemption from registration charges and VAT on Construction Services
- 2.3 Usage of GIS System to improve the better utilization of barren land
- 2.4 A systematic inventory of land assets must be made to be able to identify core and non-core land assets, and proposing the best use of public land assets must be part of comprehensive planning for the infrastructure development.
- 2.5 The state Government should ban the resale of land allocated in APIIC Parks for establishment of industrial units. After allocation of land a time line should be set up for initiation of the industry establishment process. Even after certain gestation period if the entrepreneur fails to start the unit then 'Vacant Land Tax' could be imposed for another period of upto 2 years and then the land should be taken back by APIIC.

III SPECIAL FOCUS ON PROMOTING AGRICULTURE AND MINERAL BASED INDUSTRIES

- 3.1 The development of downstream processing, packaging and distribution activities can generate millions of additional off-farm jobs. Policies are needed to attract greater private sector participation in terms of land development, storage production and processing technologies, investment, management and marketing. A concerted effort to fully develop the potentials of agribusiness could generate millions of additional jobs and the capacity to produce more than sufficient quantities of food to provide a healthy diet to its entire population and become a major food exporter. State Government to promote more small & medium scale processing units in rural areas which should be owned by farmer groups
- 3.2 State Government to encourage animal husbandry (fish, dairy & sheep farming) diversity of crops and offer special incentives for vegetables, oilseeds, millets and pulses cultivation in different regions depending upon the local climatic & soil conditions to ensure balanced development across the regions.
- 3.3 Induction of advanced crop technology will reduce production costs and expand the market for important commercial crops. Linkages to down-stream agro-industries can dramatically reduce waste and spoilage of perishable commodities, while broadening the range of marketable products. Adoption of an agriculture-based energy policy focusing on production of fuel oil and biomass power could generate millions of additional on-farm jobs and lucrative alternative markets for farm produce, while reducing the dependence on imported fuels.
- 3.4 CII Strongly believes the one of the key role of businesses or economic activity is employment generation. Even though Andhra Pradesh is endowed with rich minerals the conversion of this into local employment generation has been limited. CII suggests that the state Government should encourage industries which are into value addition of the mineral reserves locally as this would augment the employment generation in rural areas rather than promoting exports of minerals in raw form.
- 3.5 State Government's upcoming State Mineral Policy which would serve as a guiding force to translate the State's mineral potential into reality, by ensuring environmental and social sustainability should promote local employment generation also.

IV IMPORTANCE OF THE PHYSICAL & SOCIAL INFRASTRUCTURE

- 4.1 The state Government's concentrated efforts are needed to strengthen the rural infrastructure relating to education, health care, storages, transport, telecom, power and water.
- 4.2 State Government can allocate special fund with Rs. 500 crores to cater the infrastructure needs of the companies located in rural areas.
- 4.3 State Government to encourage social infrastructure projects in Public Private Partnership mode where in land could be allocated by state government and infrastructure and operations could be supported by the local organization. Similar model could be adopted for industrial zones/ clusters promoted in rural areas.

4.4 POWER

CII suggests that Government should put dedicated power lines from the grid for the industrial consumption. AP Transco should assess the power demand on regular basis and procure additional power through various sources and supply to HT Industrial consumers with the approval from APERC. This would be applicable to the Dedicated Feeders and Express Feeders with the connected voltage of 33 KV and above. 11 KV feeders within a industrial park.

4.5 ROADS & RAILWAYS

4.5.1 The road connectivity between the rural roads and NHAI's should be improved on priority basis. PPP projects can be encouraged in this area.

4.5.2 If company comes forward to improve the connectivity between the company location and the major road, approvals should be granted on fast track basis. Single window system should be implemented on fast track basis.

4.5.3 Road connectivity with sea ports such as Visakhapatnam, Gangavaram, Krishnapatnam should be improved on priority basis.

4.5.4 Road connectivity of Hyderabad/Warangal/Vishakapatnam/Vijayawada and Tirupathi to surrounding district headquarters need to be upgraded to N.H. Standards in order to develop them into Tier – II/Tier – III industrial towns.

4.5.5 Railway & Road connectivity between Hyderabad and Warangal/Khammam/ Karimnagar to be improved to allow for faster commuting to develop these towns into Tier-II growth centres.

4.6 AIRPORTS

State Government has recognized the need for upgrading Tirupati and Visakhapatnam airports as international airports. But the action should be devised for up gradation on time bound manner.

4.7 PUBLIC TRANSPORT

CII recommends that State Government to provide public transport to the all industrial units located in the rural areas which are employing more than 100 persons. Alternatively if the State Government is unable to offer the public transport facility then the cost of the transportation should be subsidized by the Government for 5 years.

4.8 TELECOM

The State Government can address the issues through quick approval of towers construction, towers sharing and standardization, providing backhaul for broadband connectivity to all villages on priority basis.

Government of India to devise pragmatic approach for collection and usage of USO Fund. Universal Service Obligation (USO) fund is created by all telecom operators who contribute 5% of their adjusted gross revenue toward it. USO fund could also be utilised for subsidising the mobile broadband devices and infrastructure, supporting operating expenditure in rural areas.

V. MANPOWER TRAINING & SKILL DEVELOPMENT

- 5.1 CII recommends that State Government to establish 'Anchor Institute' for sectors such as biotech, bulk drug & Pharma, Food & Agro based, Dairy (Para Vets) Information Technology, Mines & mineral based, textiles and tourism. Industrial association/industry members should be involved in entire process of establishing and running of the anchor institutes so that they gain industry acceptance and market leadership easily. State Government has to support the capital expenditure and operational expenditure for initial five years for setting up of the Anchor institutes. Further research is required to formulate the procedures, modalities for setting up the institutes.
- 5.2 Establishment of Specialized Skills Schools in select districts wherein school drop outs would be trained in vocational skills and Farm/Dairy management for six months. State Government to provide financial assistance up to Rs. 2 crores for setting up of these schools in PPP mode. The assistance to be linked with target number of trainees and time schedule.
- 5.3 State Government should work closely with local industry associations in assessing the skill demand on timely basis.
- 5.4 To promote industry in the rural areas State Government could support the manpower training cost of the organizations. The state Government to prepare the inventory of Skills set of the unemployed youth in & around industrial clusters and shortlisted growth centers. To achieve this there is a need to bring in convergence among various departments such as Rural Development, Panchayat Raj, MEPMA, EGMM etc.

VI. ACCESS TO FINANCE & ADMINISTRATIVE SUPPORT

- 6.1 CII suggests that State Government to suggest to Reserve Bank to encourage commercial banks to lend credit to the industrial units and dairies located in rural areas or backward districts. This could be placed under priority lending category making it mandatory for all banks to implement across the country. This would act as an impetus for the credit flow in the industrial sector in the rural areas.
- 6.2 As a special incentive 2% interest subsidy could be offered to the loans offered to the industrial units in rural areas. This interest subvention will help in building the competitiveness of the industry.
- 6.3 Confederation of Indian Industry recommends the establishment of Rural Industrial Promotion Cell at the state level and a nodal officer in each district with sufficient authority. There is a need to bring in convergence in among various departments and single window system should be implemented wherein the appointed officer would act as nodal.

Chapter-I

Development of New Growth Centers & Industrial Clusters



Introduction

Andhra Pradesh is regarded as one of the most progressive states in the country today. The state has witnessed a good development on the industrial front, with the IT, Pharma & Biotech sectors acting as growth engines. According to Planning Commission Report on Andhra Pradesh, major portion of this GDP growth is contributed by urban sector especially by 'knowledge sector' while Construction, Trading, Finance, Insurance, Real Estate also contribute significantly. Rural economy where significant percent of the population is living has marginal role in this process of development.

In Andhra Pradesh the service sector is emerging as an important sector and contributes around 48 percent to the Gross State Domestic Product. In recent years, the government also has switched over to development of infrastructure for speedy development of the state economy in general and industries and service sector in particular.

The development pattern in Andhra Pradesh is limited to few sectors and is centered heavily towards the state capital. Formation of HMDA (The Hyderabad Metropolitan Development Authority) with an area of 7100 sq km under its purview and VUDA (Visakhapatnam Urban Development Authority)'s plans to create 540 sq km. Greater Visakha Municipal Corporation extending the city limits covering Tuni, S. Kota and Srikakulam clearly indicates the current development pattern of major cities in Andhra Pradesh.

In this chapter we tried to showcase the current development pattern by using the parameters such as Industrial Growth, Per Capita Income Human Development Index and Migration which are mentioned below.

INDUSTRIAL GROWTH

The industrial growth in Andhra Pradesh is highly disproportionate and in few districts like Kadapa, Rangareddy and Visakhapatnam the industry contributes more than one-thirds of their district domestic product (DDP) and the other districts like West Godavari, Guntur the industry contributes less than one-fifth of their DDPs. In Hyderabad district also the industry contribution appears to be low because most of industry in Hyderabad Urban Agglomeration (UA) is spread over in Rangareddy and Medak district areas. Kadapa's share is high due to revenue generated from the mineral exports which has limited potential for large scale employment generation.

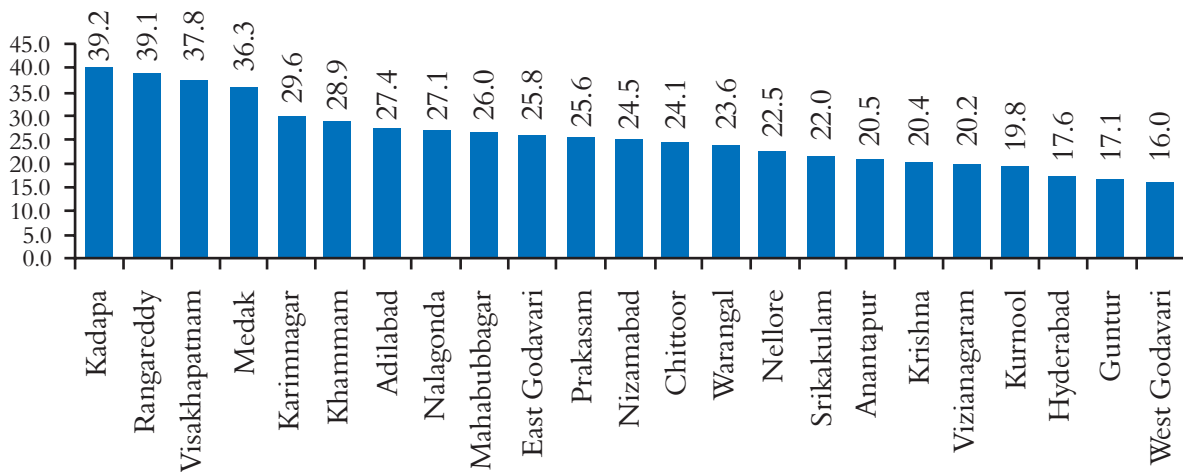
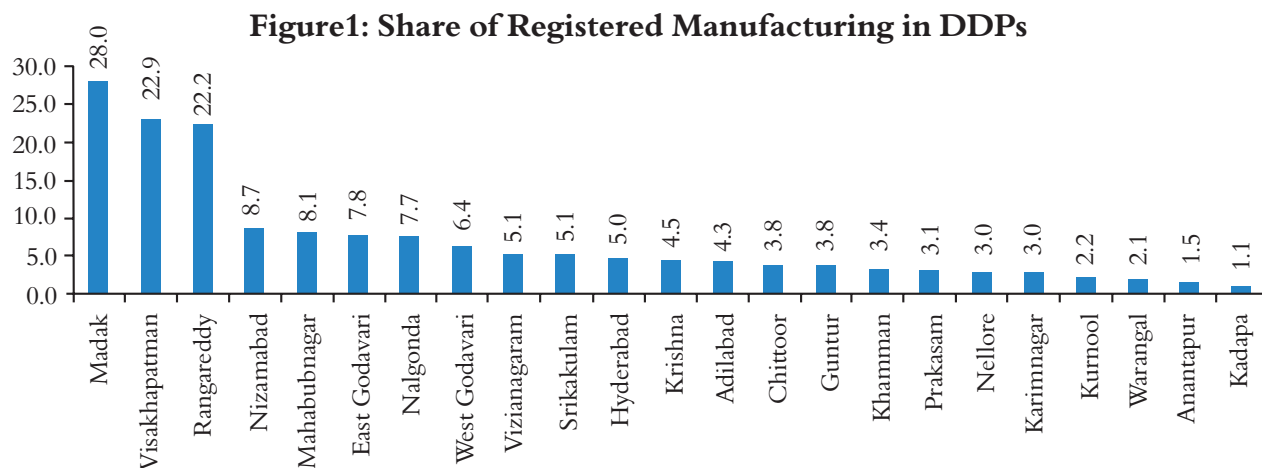


Figure 1: Share of Industry in Respective district's domestic Products (DDP's), 2007-08



Source: Directorate of Economics and Statistics

Registered manufacturing's contribution to District Domestic Product also shows wide disparity. Most of the registered manufacturing industry in the state is concentrated in three districts namely Medak, Visakhapatnam and Rangareddy.

The disproportionate share of urban areas in manufacturing activity (factory sector) and higher of shares manufacturing in a few district's DDPs indicates that the registered manufacturing is highly concentrated in these districts' urban areas. It confirms that most of the registered manufacturing activity in the state is concentrated in Hyderabad and Visakhapatnam metropolitan cities. Hyderabad city has spread over to four of its adjoining districts: Medak, Rangareddy, Nalgonda and Mahabubnagar. The other districts especially Kadapa, Anantapur, Warangal, Kurnool and some others have nominal contributions of registered manufacturing to their DDPs.

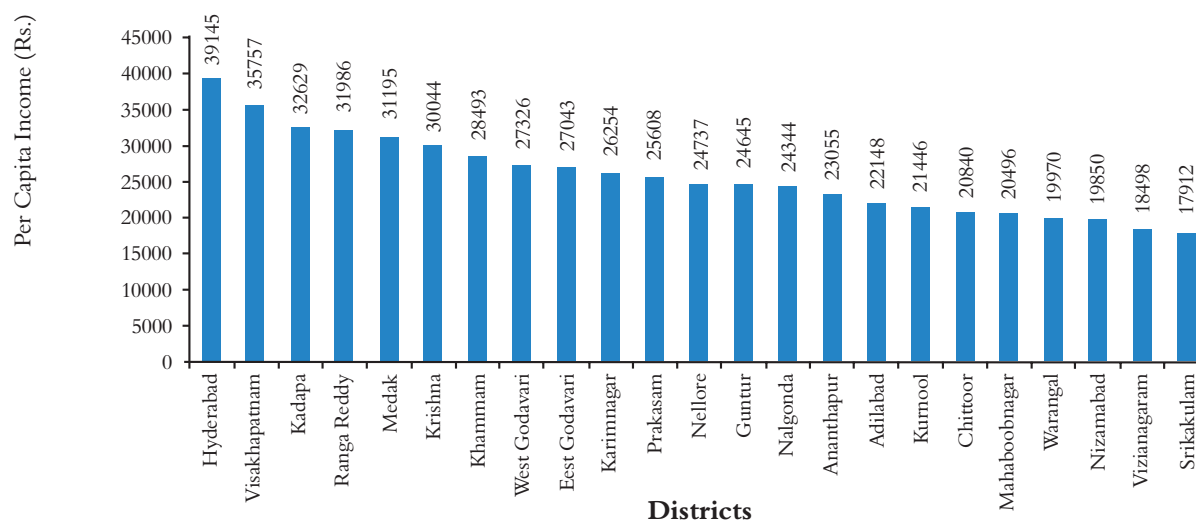
The high growth and concentration of industry in urban areas has its own repercussions in the state which is resulting in the rural districts continue to remain backward and hence increasing regional disparities across locations (rural-urban) as well as districts.

As result of concentration of industry in the urban growth centres especially the metropolitan cities, the rest of the towns and cities have remained backward when compared with these metropolitans. The growth of Manufacturing industry in the rural areas is very low except the presence of those industries whose raw material is available in the rural areas such as development Cement industry in Nalgonda and Krishna Districts and the presence of sugar industry in the rural areas. The rural areas are deprived of the industrial growth and development.

Per Capita Income:

Per Capita Income is income per person in a population and is often used to measure a country's standard of living. Below mentioned figure clearly depicts wide variations in Per Capita income across the districts. The lowest per capita observed for the Srikakulam district is less than half of the highest per capita observed for Hyderabad district.

Figure 2: Per Capita Income (Rs.) across Districts in Andhra Pradesh, 2007-08



It is observed that higher presence of industry is resulting in high per capita income and is leading to higher DDP share.

Human Development Index

The concept of development has been extended to be more comprehensive and go beyond the mere material dimension of increase in per capita income, complemented by the non-material dimension (like levels of education, status of health and access to basic amenities). Thus development, apart from income, relates to general well-being and economic capabilities of the people. Ultimately all that economic growth of an economy must be translated into the well-being of its people. In the human development perspective economic growth of country / state is considered to be a means to improve the well-being. Below mentioned table depicts human development index value and ranking of the districts in Andhra Pradesh.

**Table Human Development Index and Rank of Districts
(Period I: Early 1990s and Period II: Early years of this decade)**

Table 2.3a Human Development Index and Rank					
S. No.	Districts	Index Value		Rank	
		Period I	Period II	Period I	Period II
1	2	3	4	5	6
1	Srikakulam	0.269	0.453	21	21
2	Vizianagaram	0.236	0.402	23	22
3	Viazag	0.383	0.553	15	11
4	East Godavari	0.411	0.586	11	6
5	West Godavari	0.448	0.607	7	4
6	Krishna	0.510	0.623	2	2
7	Guntur	0.490	0.599	3	5
8	Prakasam	0.409	0.532	12	14
9	Nellore	0.452	0.565	4	8
10	Chittoor	0.451	0.558	6	10
11	Kadapa	0.447	0.536	9	13
12	Anantapur	0.343	0.458	19	13
13	Kurnool	0.327	0.473	20	19

Table 2.3a Human Development Index and Rank					
S. No.	Districts	Index Value		Rank	
		Period I	Period II	Period I	Period II
14	Mahabubnagar	0.249	0.397	22	23
15	Ranga Reddy	0.452	0.610	5	3
16	Hyderabad	0.591	0.717	1	1
17	Medak	0.385	0.550	13	12
18	Nizamabad	0.383	0.504	14	16
19	Adilabad	0.361	0.488	16	17
20	Karimnagar	0.448	0.573	8	7
21	Warangal	0.349	0.514	18	15
22	Khammam	0.420	0.559	10	9
23	Nalgonda	0.360	0.481	17	18
24	Andhara Pradesh	0.402	0.537		
	CV	20.98	13.89		

Table 2.3b Districts Arranged by Rank			
Period I		Period II	
Rank	District	Rank	District
1	2	3	4
1	Hyderabad	1	Hyderabad
2	Krishna	2	Krishna
3	Guntur	3	Ranga Reddy
4	Nellore	4	West Godavari
5	Ranga Reddy	5	Guntur
6	Chittoor	6	Easst Godavari
7	West Godavari	7	Karimanagar
8	Karimanagar	8	Nellore
9	Kadapa	9	Khammam
10	Khammam	10	Chittoor
11	East Godavari	11	Visakhapatnam

Table 2.3b Districts Arranged by Rank			
Period I		Period II	
Rank	District	Rank	District
12	Praksam	12	Medak
	Andhra Pradesh		Andhra Pradesh
13	Medak	13	Kadapa
14	Nizamabad	14	Prakasam
15	Visakhapatnam	15	Warangal
16	Adilabad	16	Nizamabad
17	Nalgonda	17	Adilabad
18	Warangal	18	Nalgonda
19	Anantapur	19	Kumool
20	Kumool	20	Anantapur
21	Srikakulam	21	Srikakulam
22	Mahabubnagar	22	Viziamagaram
23	Vizianagaram	23	Mahabubnagar

When compared the ranking of district in terms of human development index (HDI) with the ranking of districts in terms of per capita income, the same set of districts lie at the bottom line (showing poor performance) of both the parameters. At the higher end (top five districts) also similar pattern can be observed with a small variation. Visakhapatnam is having the second highest per capita income but in terms of HDI it is in the middle of districts in the state.

Economically poor performing districts are most probably the laggards in the human development indicators. The concentration of growth in few districts is leading to regional disparities in the state. Secondly the exceptions like Visakhapatnam indicates that all that economic growth observed in the districts is not translated into the means of improving well-being of its people because growth is concentrated in few pockets of the district especially in urban Visakhapatnam.

In this context, the policy interventions are necessary to generate such benefits of growth proportionately among the people living across regions/locations by spreading the growth centres to new semi urban / rural areas.

Migration:

Rural-urban migration is a response to diverse economic opportunities across space. Many urban problems like over-burdened infrastructure, urban poverty and crime, have been blamed on this 'rural spill over'. The main cause of rapid urban growth is traced to the increasing pressure of population on farmland in densely populated agrarian economy. This trend is clearly witnessed in Andhra Pradesh with 62% of the population depending upon agriculture and contributing 22% of the GSDP.

High-population density exacerbates the problem of rural unemployment and underemployment, which in turn fosters the rural-urban population movement.

Even though the latest statistics for the rural-urban migration in AP is unavailable, the state is witnessing high level seasonal and permanent migration in search of better economic opportunities. The consequences of the migration are disturbed Social Security nets, increasing pressure on urban amenities and services such as housing, infrastructure, education and healthcare etc. Below mentioned table shows the population of all districts in AP for the year 2011.

For instance, as per the 2011 Census, the growth of population in Rangareddy district was the highest in A P during 2001-11. This growth is not because of the high birth rate or natural growth of population in the district but due to migration. The total population of Rangareddy district in 2011 was 52.9 lakhs and district has witnessed highest Percentage decadal growth rate of population from past two decades by registering 40.09 % in 1991-01 and 48.15% growth in 2001-11. Of the total in-migrants in the districts, more than 80% were concentrated in the district's urban areas, mostly in and around Hyderabad city.

Distribution of Population, Decadal Growth Rate, Sex-Ratio and Population Density

Dist- rict Code	State/ District	Population 2011 Persons			Percentage decadal growth rate of population		Sex- Ratio (Number of Females per 1000 Males)		Population density per sq. km.	
		Persons	Males	Females	1991-01	2001-11	2001	2011	2001	2011
1	2	3	4	5	6	7	8	9	10	11
	Andhra Pradesh	84665533	42509881	42155652	14.59	11.10	978	992	277	308
01	Adilabad	2737738	1366964	1370774	19.47	10.04	989	1003	154	170
02	Nizamabad	2552073	1252191	1299882	15.12	8.80	1017	1038	295	321
03	Karimnagar	3811738	1897068	1914670	14.96	9.16	998	1009	295	322
04	Medak	3031877	1524187	1507690	17.64	13.55	974	989	275	313
05	Hyderabad	4010238	2064359	1945879	21.74	4.71	933	943	17649	18480
06	Rangareddy	5296396	2708694	2587702	40.09	48.15	944	955	477	707
07	Mahbubnagar	4042191	2046247	1995944	14.20	15.03	972	975	191	219
08	Nalgonda	3483648	1758061	1725587	13.88	7.26	966	982	228	245
09	Warangal	3522644	1766257	1756387	15.15	8.52	973	994	253	274
10	Khammam	2798214	1391936	1406278	16.39	8.50	975	1010	161	175
11	Srikakulam	2699471	1340430	1359041	9.33	6.38	1014	1014	435	462
12	Vizianagaram	2342868	1161913	1180955	6.55	4.16	1009	1016	344	358
13	Visakhapatnam	4288113	2140872	2147241	16.66	11.89	985	1003	343	384
14	East Godavari	5151549	2569419	2582130	7.93	5.10	993	1005	454	477
15	West Godavari	3934782	1963184	1971598	8.13	3.45	991	1004	491	508
16	Krishna	4529009	2268312	2260697	13.22	8.15	978	997	480	519
17	Guntur	4889230	2441128	2448102	8.72	9.50	984	1003	392	429
18	Prakasam	3392764	1712735	1680029	10.88	10.90	971	981	174	192
19	Nellore	2966082	1493254	1472828	11.55	11.15	984	986	204	227
20	Cuddapah	2884524	1454136	1430388	14.78	10.87	974	984	169	188
21	Kurnool	4046601	2040101	2006500	18.72	14.65	965	984	200	229
22	Anantapur	4083315	2064928	2018387	14.34	12.16	958	977	190	213
23	Chittoor	4170468	2083505	2086963	14.86	11.33	982	1002	247	275

Source: Directorate of Economics & Statics, GoAP

There is a large scale migration of people and capital to the particular cities is due to concentration of highly growing business/industry in these cities. As a result the rural areas are deprived of skilled labour and local capital for developing rural industry. Even small cities/towns are losing their relative advantage over the villages to the larger cities. Therefore the growth of larger cities is becoming a double-edge knife cutting growth of both the rural villages and small towns.

In the last budget (2010-11), the Government of Andhra Pradesh has allotted 3261 crores budget expenditure for the Municipal Administration and Urban Development (MA&UD), whereas for the Panchayat Raj and Rural Development (PR&RD) the budget expenditure was 4221crores. The ratio of urban to rural in terms of population is 100:27 (for every 100 rural persons there are 27 urban persons) in the state, whereas the ratio of urban budget expenditure to that rural is 100:77 (for every Rs.100 of budget expenditure for PR&RD there is Rs. 77 budget expenditure for MA&UD). The per capita PR&RD expenditure per rural person was Rs. 69 whereas the per capita MA&UD expenditure was Rs. 142. It indicates more than the double per capita expenditure on urban development when compared to rural development.

The Way Forward

- 1.1 This committee recommends categorization of the districts as high priority and priority zones as per the ranking in current industrial growth, per capita income, human development index and the extent of migration. The State Government incentives such as tax structure, land allotment, power subsidy, and creation of physical and social infrastructure etc. should be given preference for the high priority and priority zones.
- 1.2 To ease out the load on capital city there is a need to promote more growth centers across the state atleast one center in each district. The industrial zones in the commercial centres such as Kurnool, Tirupati, Vijayawada, Kakinada, Vijayawada, Nellore, Karimnagar, Hindupur, Srikakulam and Warangal need to be activated.

High Priority Zones	Priority Zones
Srikakulam & Vizianagaram	East Godavari & West Godavari
Kurnool & Mehboobnagar	Krishna & Guntur
Warangal & Nalgonda	Kurnool & Prakasam
Adilabad & Nizamabad	Chittoor & Nellore
Anantapur	
Karimnagar	

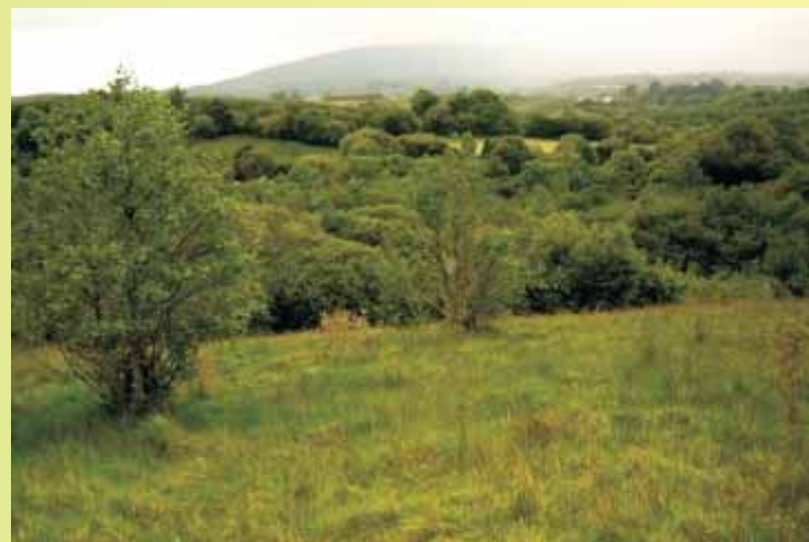
- 1.3 Tax incentives to the units which are set up in the High priority and priority zones in the form of exemption from registration charges and VAT on Construction Services.
- 1.4 Bold efforts are required to promote a geographically more dispersed and equitable development paradigm. One promising alternative approach is to link clusters of villages together by high speed circular highways, thereby bringing 100,000 or more people into a circular community that can be crossed within 30 minutes of travel time, and promoting a balanced and distributed development of urban services along the periphery of the ring road.

- 1.5 The urban centers connected with infrastructure facilities and located adjacent to National Highways could be promoted more.
- 1.6 In each district as a pilot State Government could promote one mandal as growth center and industrial clusters around the growth center. Special incentives package could be offered to the manufacturing units proposed to be set up in the rural areas located in High priority and priority zones due to high cost involved in development of supply chain management, infrastructure development and manpower development.

S.No	Suggested Criteria	Suggested Incentives	
		High Priority Zone	Priority Zone
1	<ul style="list-style-type: none"> No. of employees per lakh/ Crore of capital employed. No of employees per lakh/Crore of investment in plant and machinery No of employees per acre of land occupied. <p>Employment of persons from within a radius of 50 Kms to the location of the business</p>	<ul style="list-style-type: none"> Special power tariffs Sales tax holiday for first 10 years after going into production and deferment of sales tax next 5 years Tax exemption on fuel consumed for power generated and consumed internally. Exemption from Minimum Wages and other labour laws for first 5 years after going into production Exemption of tax on purchase of new equipment 	<ul style="list-style-type: none"> Special power tariffs Sales tax holiday for first 7 years after going into production and deferment of sales tax next 3 years Tax exemption on fuel consumed for power generated and consumed internally. Exemption from Minimum Wages and other labour laws for first 3 years after going into production Exemption of tax on purchase of new equipment
	Agri Business	<ul style="list-style-type: none"> Value of agricultural produce purchased Expenditure on agricultural development – backward integration Creation of agricultural jobs by increasing agricultural productivity 	<ul style="list-style-type: none"> Cash/ subsidies through direct transfer to farmers/non-political farmers associations Interest subvention to farmers/non-political farmers associations

Chapter-II

Optimum Utilization of Land



Introduction

Andhra Pradesh's wide range of agro-climatic regions, vast extent of land and forest, and rich variety of biodiversity rank it among the most naturally endowed states of the country. However In the recent years, Andhra Pradesh is witnessing unprecedented growth in land values and transactions. As the land & buildings play a key component in the Capital expenditure of any project, this unregulated price scenario hinders the entrepreneurial growth.

The pattern of Land Utilisation in the state is depicted in the following diagram.

In Andhra Pradesh, in total Geographical Area of 275.04 lakh hectares in the State, 7% of the land i.e 19.25 lakh hectares of the land is barren and uncultivable land.

With the land resources becoming scarce, the state government has to promote the industrial development in this uncultivable land zones. This calls for a change in a number of policies, especially those relating to land regulation, zoning, and development.



Classification of Land - District Wise (area in Hectares)

SL. No.	District	Total Geographical Area	Forests	Barren and Uncultivable Land	Land put to Non-Agricultural uses	Culturable Waste	Permanent pastures & other grazing Lands	Land under Miscellaneous Tree crops & Groves not included in Net Area Sown	Other Fallow Lands	Current Fallows	Net Area Sown (including Fish & Prawn Culture)	Area Sown More Than once
1	SRIKAKULAM	583700	68541	49687	99269	659	943	7437	17394	17774	321897	110711
2	VIZIANAGARAM	653900	119303	73858	77320	3826	4899	5607	30574	36570	301943	103685
3	VISAKHAPATNAM	1116100	441166	130405	102891	10863	2849	34605	28325	56881	308115	72055
4	EAST GODAVARI	1080700	323244	78490	139345	17770	20692	8452	32830	27492	432384	312506
5	WEST GODAVARI	774200	81166	41128	111407	18064	13762	8024	4710	20864	475075	284195
6	KRISHNA	872700	76186	37790	145600	27278	10668	9348	24660	22506	518664	270870
7	GUNTUR	1139100	161941	34395	150839	30256	18926	32231	45805	47807	616900	220895
8	PRAKASHAM	1762600	442499	158269	169701	69538	58206	10865	104401	114059	634962	31514
9	SPS NELLORE	1307600	262787	138159	248247	108758	72487	18734	56777	56241	345410	78978
10	CHITTOOR	1515100	452018	154389	148529	41691	33769	29496	120920	143797	390491	40899
11	KADAPA	1535900	500295	222538	181015	48481	9674	6858	68928	90922	407189	97126
12	ANANTHAPUR	1513000	196978	183452	120310	52829	8952	9416	88502	168876	1083685	70872
13	KURNOOL	1765800	340669	127315	138577	48292	3576	1741	75980	140528	889122	104564
14	MAHABUBANAGAR	1843200	255596	88530	81300	19261	17590	6396	131623	502240	740664	68977
15	RANGA REDDY	749300	73075	27578	102211	19962	32983	6362	93424	192978	200727	23955
16	HYDERABAD	21700	0	0	21700	0	0	0	0	0	0	0

SL. No.	District	Total Geographical Area	Forests	Barren and Uncultivable Land	Land put to Non-Agricultural uses	Culturable Waste	Permanent pastures & other grazing Lands	Land under Miscellaneous Tree crops & Groves not included in Net Area Sown	Other Fallow Lands	Current Fallows	Net Area Sown (including Fish & Prawn Culture)	Area Sown More Than once
17	MEDAK	970000	91390	59811	70517	19950	30168	3820	96684	164324	433336	111634
18	NIZAMABAD	795600	169345	46833	88328	15182	24101	2407	73294	85738	290374	185577
19	ADILABAD	1610500	689517	43920	60684	14737	14234	8504	66318	115611	596975	94097
20	KARIMNAGAR	1182300	250410	96305	89751	26595	41283	10795	37296	160079	469786	286821
21	WARANGAL	1284600	371014	52148	60250	11159	45004	50263	103848	113599	477315	161317
22	KHAMMAM	1602900	759438	88887	129229	15006	38098	19707	28995	53830	459710	55242
23	NALGONDA	1424000	83693	121681	114797	29391	65899	7678	156501	290812	553548	175258
	ANDHARA PRAESH	27504500	6210369	2055568	2651817	649645	568762	298747	1487789	2623528	10958272	2961748

The Way Forward

- 2.1 Establishment of High Power Expert Committee (HEPC) to study the optimum utilization of land and to regulate land prices.
- 2.2 CII also recommends establishment of Andhra Pradesh Land Bank Corporation which will be a dedicated Institution for acquiring fallow, barren and unproductive as well as other land, ex-ante, for industrial purposes, as a transparent and viable solution to the problem. The job of these State Land Bank Corporations would be to scientifically acquire large tracts of non-cultivable and other lands, develop them as land banks for the future and have a transparent mechanism to pass them on to the private sector. CII also recommends that cultivable land should not be taken over by the AP Land Bank Corporation. A systematic inventory of land assets must be made to be able to identify core and non-core land assets, and proposing the best use of public land assets must be part of comprehensive planning for the infrastructure development.
- 2.3 Usage of GIS System to improve the better utilization of barren lands
- 2.4 The state Government should ban the resale of land allocated in APIIC Parks for establishment of industrial units. After allocation of land a time line should be set up for initiation of the industry establishment process. Even after certain gestation period if the entrepreneur fails to start the unit then 'Vacant Land Tax' could be imposed for an additional 2 years and after that land to be taken back by APIIC. All land based incentives should be linked with employment generation targets.
- 2.5 The state government may consider feasibility of developing at least one industrial centre / estate / cluster for each Mandal or for a cluster of Mandals in all the districts and equip them with all the required infrastructure facilities (Roads, energy, drainage, sanitary, water, common waste treatment and disposal facilities). The objective should be to create 1000 jobs in each industrial center and provide conducive atmosphere around the cluster for industrial promotion.

Chapter-III



Promoting Agri
&
Mineral Based
Industries



Agri Based Industries: Andhra Pradesh Advantage

India processes less than 2 per cent of its fruit and vegetable products, as compared with 70 to 80 per cent in countries such as Brazil, Malaysia and Philippines. Productivity improvement and wastage control holds key in the development of agriculture sector in our state. The development of downstream processing, packaging and distribution activities can generate millions of additional off-farm jobs. Policies are needed to attract greater private sector participation in terms of land development, production and processing technologies, investment, management and marketing. A concerted effort to fully develop the potentials of agri-business could generate millions of additional jobs in rural areas.

According to CII Rabo Bank Agri Vision 2008 Report, Andhra Pradesh is primarily an agro-based has about 11.53 million operational land holdings out of which 9.44 million are marginal farmers and 2.52 million are small farmers. The district wise strengths in agricultural crops in the state are shown in the below table.

Districts	Crops
Krishna, East Godavari and Godavari	Mango, Coconut, Cashew, Oil Palm, Okra, Chillies, West Mushrooms etc.
Srikakulam, Vizianagaram and Vizag	Mango, Banana, Cashew, Coconut, Oil Palm, Tapioca, Sweet Potato etc.
Chittoor, Prakasam and Anantapur	Mango, Oranges, Acid Lime, Banana, Oil Palm, Coconut, Potato, Flowers, Coriander, Tamarind etc.
Nizamabad, Karimnagar and Adilabad	Mango, Oranges, Guava, Papaya, Flowers, Chillies, Turmeric, Coriander etc.
Medak, Rangareddy and Mahabubnagar	Grapes, Guava, Papaya, Oranges, Acid Lime, Tomato, Flowers, Chillies etc.
Kadapa, Kurnool and Anantapur	Mango, Oranges, Banana, Guava, Pomegranate, Okra, Tomato, Onion, Flowers, Chillies, Turmeric etc.
High Altitude Tribal Areas	Pineapple, Black Pepper, Hill Banana, Guava, Mango, Cole Crops, Tomato, Aromatic Plants etc.

Source: Government of Andhra Pradesh

The state is rich in production of various agricultural crops, dairy, poultry, spices and herbs, oilseeds etc. Andhra Pradesh ranks second (10 per cent share of total country production) in producing value added food products and beverages. As seen in appended Figure, Andhra Pradesh ranks first in the production of mango, chillies, turmeric, egg and broiler etc.

Production strengths	All India Rank
Mango, Chillies, Turmeric	1
Coarse cereals (Jowar, Maize and Bengal gram)	1
Egg and broiler	1
Sheep	1
Brackish water shrimp and fresh water prawn	1
Fresh water fish	2
Horticulture products	1
Cotton	3
Rice (Paddy)	2
* Pioneer in oil palm	

The annual production in this sector is about INR 92.6 billion contributing 20 per cent of the total industrial production in the state. Agriculture is expected to experience a quantum leap in growth, achieving an average annual growth rate of 6 per cent in real terms over the next 20 years. Moreover, the state is strategically located having an easy access to all parts of the country and is a gateway to South East Asia & Australia.

The Government of India and Government of Andhra Pradesh have jointly set up four Agri Export Zones in the state to boost exports and private investment in the state.

Fruits

Mango, Sweet Orange and Banana are the leading fruit crops in Andhra Pradesh and account for over 86 per cent of the area under fruit and over 77 per cent of the total fruit production

Zone	Crop
Chittoor	Mango pulp and vegetables
Vijayawada	Mango
Rangareddy, Medak and Mahboobnagar	Mango and grapes
Mahboobnagar, Rangareddy, Medak, Warangal, Ananthapur and Nalgonda	Gherkins

Vegetables

The major vegetables grown in the state are Tomato, Onion, Tapioca, Brinjal and Okra. There is an opportunity to increase productivity through replacement of local varieties with hybrids, cluster approach for

Fruits	Main production areas
Mango	Chittoor, Krishna, Vizianagaram, Khammam, Cuddapah, West Godavari Warangal, Karimnagar, Medak, Ranga Reddy, Mahabubnagar Adilabad
Sweet orange	Nalgonda, Prakasam, Ananthpur, Karimnagar, Mahabubnagar
Banana	East and West Godavari, Guntur, Vizianagaram, Cuddapah, Kurnool
Papaya	Cuddapah, Ananthpur, Prakasam
Lemon / Lime	Nellore, Cuddapah, West Godavari, Nalgonda
Sapota	Guntur, Prakasam, Ananthpur
Brinjal	Vizag, East Godavari, Nizamabad, Rangareddy, Ananthpur. Krishna
Beans	Vizag, Medak, Nizamabad, Rangareddy

seasonal vegetable cultivation, quality improvement through improved pre-harvest management practices such as integrated nutrient management, integrated pest management, and by setting up small scale poly houses etc. The major crops where hybrid varieties are cultivated include Tomato and Okra.

Processing

Vegetables	Main production areas
Tomato	Kurnool, Chittoor, Rangareddy, Prakasam, Medak
Onion	Kurnool, Medak, Cuddapah. Mahabubnagar, Rangareddy
Tapioca	East Godavari
Bhendi	Kurnool, Krishna, Warangal, Vizag, Nalgonda
Brinjal	Vizag, East Godavari, Nizamabad, Rangareddy, Ananthpur. Krishna
Beans	Vizag, Medak, Nizamabad, Rangareddy

Source: National Horticulture Mission, Andhra Pradesh (2005-06)

Estimated post harvest loss in fresh produce in post harvest is approximately 25-30 per cent of the production in the state. Andhra Pradesh accounts for 80 per cent mango pulp production in the country. The domestic mango pulp requirement is also creating a huge demand. The advantage with mango pulp processing is that the same facility can be used to process several fruits and vegetables like guava, papaya, tomato. The products currently manufactured are mainly fruit pulps of mango and tomato; juices, canned fruits, jams, pickles and squashes. Other processed products are frozen fruits, pulps, dehydrated and freeze dried vegetables, fruit powders, fruit juice concentrates and canned mushrooms. There is abundant scope for processing of fruit crops like papaya, guava, pomegranate, banana, grapes, etc and other vegetable crops like gherkins, tomato, peas, tapioca etc. Linkages between the small and marginal farmers in the state with private players in fruit juice business in supplying and export fruit concentrates, pulps would be highly beneficial to farmers. Given the favourable production systems in the state, there is scope to produce a variety of processed products from the fruits and vegetables grown in the state.

Spices

Guntur is the largest producer of chillies in the state with an annual production of about 0.30 million tonnes. More than two-thirds of the chillies are sold as dried red chillies and the rest is processed into chilly powder. A majority of the processing units are located in Guntur, Warangal and Hyderabad. The turmeric processing units are located mostly in Nizamabad and Medak districts.

Andhra Pradesh accounts for 2.6 million bags (each bag weighs 75 kg) of turmeric as against country's annual

Spices	Total Area	Total Production	Main production areas
Chillies	171450	537710	Guntur, Krishna, Warangal, Khammam, Prakasam
Turmeric	69990	518550	Nizamabad, Adilabad, Karimnagar, Warangal
Coriander	28110	12730	Kurnool, Cuddapah, Ananthpur, Prakasam
Tamarind	5673	18685	Ananthpur, Chittoor

production of 4.98 million bags. However, very low level of value addition is happening in the state. Products like curcumin, which has become a valuable food ingredients in the recent times can be extracted from turmeric and can fetch much better price than the raw turmeric.

II. Mineral Based Industry

Minerals form a major resource and contributor to the economic growth for the state of Andhra Pradesh. The State is renowned as the mineral store house of the south and has established itself as a prime mineral producer in the country. It is the second largest storehouse of mineral resource in the country with about 42 industrial mineral deposits and vast resources of building materials. The State has vast explored resources of coal, limestone, bauxite, barites, mica, beach sands, granite, limestone slabs etc., and good resources of oil and natural gas, manganese, asbestos, iron ore, ball clay, fireclay gold, diamond, graphite, dolomite, quartz, tungsten, steatite, feldspar, silica sand, Uranium, beach sands minerals. etc. It is also endowed with the internationally known black, pink, blue and multicolored varieties of granites.

Current Status

Almost all minerals are produced in the state and the principal minerals include coal, natural gas (utilized), iron ore, limestone, petroleum (crude) and barites which together account for about 47.19% of total value of mineral production, of which Coal alone contributed 32.73% to the total value of mineral production. The State is also a leading producer of minerals such as chrysotile asbestos, mica, feldspar, vermiculite, quartz, laterite, silica sand and dolomite. It currently accounts for 94% barytes, 63% ball clay, 61% corundum, 40% diamond, 39% calcite, 28% mica, 26% garnet, 23% ilmenite, 20% limestone and 15% dolomite resources of the country.

The total value of mineral production in the state for the year 2009-10 stood at Rs. 19258.15 crore, an increase of 1.62% from the previous year. The sector itself has contributed about Rs. 1970.79 crores as revenue to the State Government in year 2009-10. The State stands first in generating mineral revenue to the Government. Andhra Pradesh has immense mineral value and offers various opportunities to the mining sector.

Potential for Future Ventures

Andhra Pradesh has the potential of being India's cement and granite powerhouse and is already a dominant producer of coal in South India. It produces about 100 to 110 million tons of industrial minerals and 200 million cubic meters of dimensional stones and building material every year and stands first in Barytes and Limestone production in the country. The growth in mineral production in the state is being driven by an increased local consumption from various industries that are involved in mineral-based products.

The State Government has identified specific minerals to drive future growth of the sector and is offering opportunities for exploration projects in most lucrative fields like Diamonds, Gold, Beach Sands, Base Metals, Limestone, Granite etc. The State Government had already granted reconnaissance permits over an area 56400 sq.kms for exploration of various minerals.

Diamonds: Diamonds are found in many areas covering about 5.00 million hectares in nine districts with an average incidence of 3 to 4 carats per 100 tons of source material. The Government has already granted reconnaissance permits for aeromagnetic surveys over 3.00 million hectares in the State.

Gold: Gold bearing areas fall in 11 districts of the State with an average incidence of 3 to 5 grams/tonne of source material. The Government has granted reconnaissance permits for exploration.

Semi Precious Stones: Semi precious stones are found in Khammam, Srikakulam Districts

Beach Sands: Found all along the east coast right from Srikakulam in the north to Nellore district in the south constituting 20 percent of ilmenite, rutile and monazite and with a proven reserve of 32 million tonnes in some areas of Visakhapatnam districts.

Bauxite: Huge reserves of around 700 million tons of metal grade bauxite deposits are proven in Visakhapatnam and East Godavari districts.

Barytes: The single largest deposit in the world is located at Mangampet in Cuddapah district with a reserve of over 67 million tons.

Granite: The world-renowned black galaxy granite, Srikakulam blue, Warangal and Khammam black, Tan Brown of Karimnagar, Tiger Skin of Chittoor etc. occur in plentiful quantities. Granite worth about Rs.3000 million (US \$ 60 million) is being exported. There are significant opportunities for making novel products with polished granite, which have a good demand in the international market.

Iron Ore: Though of lower iron content, this grade can be used after beneficiation. Sponge Iron, Pig Iron, Pelletisation plants etc. can be viable.

Ceramics/Glass: Andhra Pradesh is the largest source of various clays, feldspar, quartz, and silica sand rich in rare earths like titanites, zirconites etc. The conventional ceramic industry in the State provides a strong base for development of advanced ceramics like electro and mechano ceramics with private sector investment.

Coal: Andhra Pradesh, being the only producer of coal in the entire South India, produces around 30 million tons annually. The estimated reserves are 13,021 million tons.

Limestone: The State contains 34 per cent of the country's limestone reserves with estimated reserves of 30,400 million tons. Exploitation of limestone for cement manufacturing can form a strong base for the establishment of cement plants to cater to the needs of the construction industry. The accelerated demand in the housing and infrastructure sectors in the country indicate a need for establishing modern cement plants in the State.

Oil and Natural Gas: Rich reserves of oil and Natural Gas occur over 4.5 million hectares in Krishna-Godavari basin. There is vast scope for increasing the production by intensive exploration and development of infrastructure to meet the growing demands in the domestic and industrial sector. The production Krishna-Godavari basin areas of the State have emerged as new promising areas for hydrocarbons-specially natural gas.

The Way Forward

AGRICULTURE

- 3.1 The key production strengths of Andhra Pradesh in Fruits & Vegetables and animal husbandry should be capitalized in the growing retail opportunities. Positioning Andhra Pradesh state as a fresh produce sourcing base for organised retail in the southern states and gradually targeting the export market is a feasible option. This could be achieved through the setting up of terminal markets for fruit and vegetable, with facilities for sorting, grading, packing and cooling facilities. These terminal markets could serve as a nodal centre for building an efficient fresh Fruits & Vegetables supply. Dairies and milk supply chains, sheep & fish farming should also be encouraged and given priority.
- 3.2 A system has to be developed to assure safety and quality of fresh fruits and vegetables and milk/ milk products, meat and fish for the increasingly quality conscious consumer market. The system also strengthens post-harvest management. Introducing the quality management systems at production and processing levels would address issues such as unscientific crop management and harvesting practices, varying yields, and high incidence of pests and diseases.
- 3.3 In the state, there is a good scope to process paddy and mango into different products by encouraging processing units in the production centres. Groundnut can be processed into different products like peanut butter etc. to sustain the small and marginal farmers cultivating the crop. The identified potential under oil palm can be achieved if the problems facing the industry are addressed. There is also a huge scope to export fish, meat, poultry and dairy products from the state.
- 3.4 Andhra Pradesh has huge advantages in seed sector. In order to encourage the sector further, a coordinated research and production process is recommended with government departments, universities, private companies etc to develop suitable varieties. Unnecessary harassment and interference in contracts with technology suppliers and the seed production companies should be avoided
- 3.5 Infrastructure facilities for research such as laboratories, quality control, monitoring and evaluation would further increase growth in the sector. Public private partnerships should be actively promoted in the sector as it would attract further investments.
- 3.6 Andhra Pradesh is one of the largest milk producing states with yields slightly higher than the Indian average. There is good potential to increase the supply of milk and for processing and value addition of milk, particularly in ethnic Indian products, which is largely unorganised at present.
- 3.7 A focused approach is required on improving the research in productivity of milk as well as infrastructure including an Identification & Registration (I & R) system for quality control and testing. Inefficiencies in the supply chain leads to high value loss in the fruit and vegetable sector. Development of cold chain network will help in reducing the post-harvest losses of fruits and vegetables. Nevertheless, lack of availability of reliable and continuous power supply, high power costs and low scale of operations have led to the incremental costs of cold chain being higher than the value in

reduction of wastages generated, thereby rendering many cold chain investments unviable. Moreover, in order to maintain food safety and quality in production and processing, support infrastructure in quality testing such as labs which are accredited to international standards and certification agencies for GMP and GHP practices in the food sector would be required. Adequate extension services to orientate the farmers in global best practices in production and processing should be provided. The state Government has to work closely with other central bodies like APEDA, MPEDA and Spices Board and bring in convergence in various schemes for the further promotion agri sector in the state. Similar close engagement is required with AMUL, NDDB etc.

- 3.8 Armour in Nizamabad district could be a potential area for establishment of an exclusive agri-processing export zone for turmeric where it is grown extensively
- 3.9 Research Centres with collaboration of Israel, Holland etc. and with leading MNC's should be encouraged.

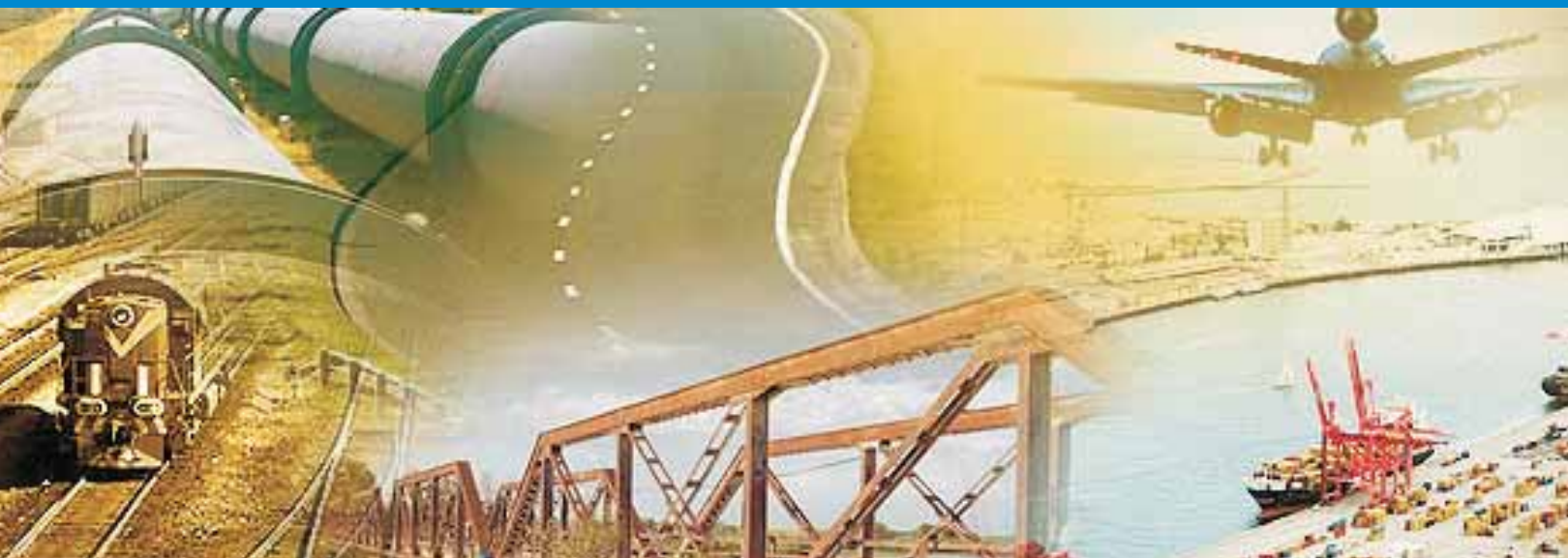
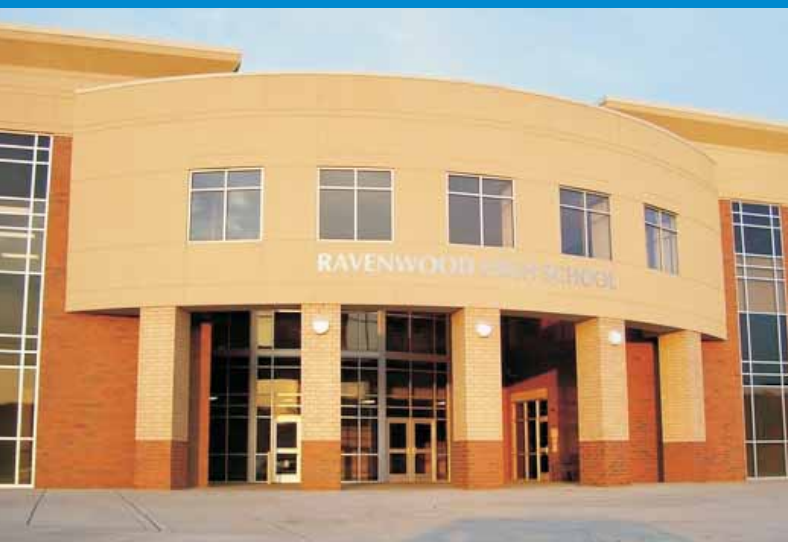
MINERAL INDUSTRY

- 3.10 CII Strongly believes the one of the key role of businesses or economic activity is employment generation. Even though Andhra Pradesh is endowed with rich minerals the conversion of this into local employment generation has been limited. CII suggests that the state Government should encourage industries which are into value addition of the mineral reserves locally as this would augment the employment generation in rural areas rather than promoting exports of minerals in raw form.
- 3.11 State Government's upcoming State Mineral Policy which would serve as a guiding force to translate the State's mineral potential into reality, by ensuring environmental and social sustainability should promote local employment generation also.

Chapter-IV



Development of Physical & Social Infrastructure



Introduction

The state's rapidly growing economy has been placing huge demands on the current Infrastructure such as power supply, roads, railways, ports, transportation systems water, effluent and sewerage treatment plant and telecom. The gaps in infrastructure development in rural areas is sighted as major hindrance in establishing labour intensive manufacturing industries. Overstretched infrastructure is apparent in congested highways, longer turnaround time at seaports and frequent power cuts.

Infrastructure bottlenecks impede growth of the economy, hamper business activity, raise energy and logistic costs, eroding the overall competitiveness. The state Government's concentrated efforts are needed to strengthen not only the rural physical infrastructure relating to transport, telecom, power and water but also Schools and hospitals.

Developing the Physical Infrastructure

State Government can allocate special fund with Rs. 500 crores to cater the infrastructure needs of the companies located in rural areas.

Power

CII suggests that Government should put dedicated power lines from the grid for the industrial consumption. AP Transco should assess the power demand on regular basis and procure additional power through various sources and supply to HT Industrial consumers with the approval from APERC. This would be applicable to the Dedicated Feeders and Express Feeders with the connected voltage of 33 KV and above. Dedicated 11 KV feeders could be considered in Industrial Parks etc.

Roads & Railways

The road connectivity between the rural roads and NHAI's should be improved on priority basis. PPP projects can be encouraged in this area.

If company comes forward to improve the connectivity between the company location and the major road, approvals should be granted on fast track basis. Single window system should be implemented.

Road connectivity with sea ports such as Visakhapatnam, Gangavaram, Krishnapatnam should be improved on priority basis.

Road connectivity of Hyderabad/Warangal/Vishakapatnam/Vijayawada and Tirupathi to surrounding district headquarters need to be upgraded to N.H. Standards in order to develop them into Tier – II / Tier – III industrial towns.

Railway & Road connectivity between Hyderabad and Warangal/Khammam/Karimnagar to be improved to allow for faster commuting. This is required to develop these towns into Tier-II growth centres.

Airports

State Government has recognized the need for upgrading Tirupati and Visakhapatnam airports as international airports. But the action should be devised for up gradation on time bound manner.

Public Transport:

- CII recommends that State Government to provide public transport to the all industrial units located in the rural areas which are employing more than 100 persons. Alternatively if the State Government is unable to offer the public transport facility then the cost of the transportation should be subsidized by the Government for 5 years.

Telecom

The State Government can address the issues through quick approval of towers construction, towers sharing and standardization, providing backhaul for broadband connectivity to all villages on priority basis.

Government of India to devise pragmatic approach for collection and usage of USO Fund. Universal Service Obligation (USO) fund is created by all telecom operators who contribute 5% of their adjusted gross revenue toward it. USO fund could also be utilised for subsidising the mobile broadband devices and infrastructure, supporting operating expenditure in rural areas.

Regular Water Supply for Industrial Use:

It is estimated that 22% of worldwide water use is industrial. Major industrial users include hydroelectric dams, thermoelectric power plants, which use water for cooling, ore and oil refineries, which use water in chemical processes, and manufacturing plants, which use water as a solvent. Water withdrawal can be very high for certain industries, but consumption is generally much lower than that of agriculture. Water is also used in many large scale industrial processes, such as thermoelectric power production, oil refining, fertilizer production and other chemical plant use, and natural gas extraction from shale rock.

Industry requires pure water for many applications and utilizes a variety of purification techniques both in water supply and discharge. Most of this pure water is generated on site, either from natural freshwater or from municipal grey water. Industrial consumption of water is generally much lower than withdrawal, due to laws requiring industrial grey water to be treated and returned to the environment.

Hence, it is important that the Industries should get dedicated supply of water. This report suggests for a roof top rainwater harvesting, which should be encouraged as well as companies bagging water projects should be asked to maintain water infrastructure as part of the contract. Some of the suggestions like - making construction of farm ponds mandatory and channeling adequate funding to local bodies, could be considered. We hope that the upcoming National Water Policy would address many of the issues related to supply of dedicated water supply to the industries.

Importance of Social Infrastructure:

Our Study indicates that the presence of quality education and healthcare facilities plays an important role in attracting industry in the local region, as this would help in reducing the attrition rates in the industry.

State Government to encourage social infrastructure projects in Public Private Partnership (PPP) mode where in land could be allocated by state government and infrastructure and operations could be supported by the local organization. Similar model could be adopted for industrial zones/ clusters promoted in rural areas.

Chapter-V

Manpower Training & Skill Development



Introduction

Employment and Employability are two critical aspects of sustainable inclusive economic growth. CII believe that the inclusive economic growth can better be achieved by creating employment opportunities for everyone in the society. The employment opportunities can be created with accelerated phase of industrial development as well as enhancing the skills of the people. Hence, CII Andhra Pradesh sets the vision to strengthen the workforce by envisioning 35 Million Employment by 2022, i.e., when India@75. CII strongly believes that creation of more employment opportunities in rural and semi urban areas will reduce the migration of people from rural areas to urban areas for search of employment. To promote conducive environment for manufacturing industries to come in the state, the government should develop industry responsive and readily employable manpower focusing on local resources.

The total population of Andhra Pradesh is projected to increase from 84.74 million in 2011 to 92.27 million by 2022. The working age population constitutes 55.83 million in 2011 which is projected to increase upto 61.2 million by 2022. Presently around 40 million people are employed in various sectors of the economy, both in the organized and un-organized sectors and also agricultural and non-agricultural sectors put together, in the age group of 15-59 years. Out of these, more than half are in the agricultural sector.

By 2022 it is projected that around 28 million would be employed in the non-agriculture sector and the agricultural workforce would accordingly reduce to around 17 million. Hence the total economically active working age population would be around 45 million in Andhra Pradesh. If better opportunities are created in non-agriculture activities there would be a remarkable shift from agriculture to non-agriculture sector. However, through our efforts of rural industrialization and supplementing agriculture workers with additional income through industrial employment, we could have a vision to see 35 million employed through industrial activities in the non-agriculture sector, which is 7 million higher than the projected increase of 28 million.

However, there has been a significant trend towards migration of people from rural areas to urban areas. Therefore, the demographic factor has considerable economic significance in generating employment and ensuring inclusive growth. Creation of industry based employment opportunities in rural and semi urban areas will help to accelerate the economic growth.

In order to achieve the long term vision to have 35 million employment in the non-farm sector, it is important to have a road map for year-wise and sector-wise targets. From the present levels of around 19 million employment (non-farm sector) we may target it to increase it upto 22 million by 2014, which will be a 15% increase. And by 2018, a 20% increase will take the figures to 26.5 million and from there we could accelerate further with a 32% increase, making it 35 million.

Establishment of sector specific anchor institute like National Academy of Construction in Hyderabad has played a key role in augmenting the growth of bubbling infrastructure industry in the state. Similar kind institutes should be promoted by the state government for all specific focus sectors in AP where is a natural advantage such as biotech, bulk drug & Pharma, Food & Agro based, Animal Husbandry (Dairy, Sheep, Poultry, Fish, Pigs, Quails/Emus) Information Technology, Mines & mineral based, textiles and tourism.

The Way Forward

- 5.1 CII recommends that State Government to establish 'Anchor Institute' for sectors such as biotech, bulk drug & Pharma, Food & Agro based, Animal Husbandry based Information Technology, Mines & mineral based, textiles and tourism. Industrial association/industry members should be involved in entire process of establishing and running of the anchor institutes so that they gain industry acceptance and market leadership easily. State Government has to support the capital expenditure and operational expenditure for initial five years for setting up of the Anchor institutes. Further research is required to formulate the procedures, modalities for setting up the institutes.
- 5.2 Establishment of Specialized Skills Schools in select districts wherein school drop outs would be trained in vocational skills for six months. State Government to provide financial assistance up to Rs. 2 crores for setting up of these schools in PPP mode. The assistance to be linked with target number of trainees and time schedule.
- 5.3 State Government should work closely with local industry associations in assessing the skill demand on timely basis.
- 5.4 The state Government to prepare the inventory of Skills set of the unemployed youth in & around industrial clusters and shortlisted growth centers. To achieve this there is a need to bring in more convergence among various departments such as Rural Development, Panchayat Raj, MEPMA, EGMM etc.

Chapter-VI



Access to Finance & Administrative Support



Introduction

Despite favorable industrialization strategy by the state government and the vast opportunities that galore the Indian consumer market, the industrial sector limited presence in the rural areas indicates that there are several challenges. While interacting with the local entrepreneurs across various tier-II & tier-III cities many of them mentioned that majority of the units are from MSME sector and are encountering several challenges with regard to access to finance. Finance - Mobilising the financial resources is a major problem for the rural entrepreneurs. For availing the institutional finances there are conditions, especially additional collateral, wherein many of the rural entrepreneurs may not be able meet the conditions of the financial institutions. From the non-institutional sources, the burden of heavy interest rate is a constraint.

The challenges Indian MSMEs face have been briefly discussed below:

High cost of credit:

Access to adequate and timely credit at a reasonable cost is the most critical problem faced. The major reason for this has been the high risk perception among the banks about and the high transaction costs for loan appraisal.

Demand for Collateral requirements:

Traditionally banks have been the largest source of finance for SMEs. Bankers in India who have been part of a conservative lending system based on prudent norms designed to minimize non-performing assets (NPAs) have been risk averse in their approach to lending. Many entrepreneurs mentioned that Banks are not accepting the rural assets as collateral and are demanding for 200% urban assets as additional collateral even when the unit is located in rural areas.

The Way Forward

- 6.1 CII suggests that Reserve Bank should encourage commercial banks to lend credit to the industrial units located in rural areas or backward districts. This could be placed under priority lending category making it mandatory for all banks to implement across the country. This would act as an impetus for the credit flow in the industrial sector in the rural areas. (Animal Husbandry Processing units-Dairies, Sheep, Poultry, Piggeries to be also included.)
- 6.2 As a special incentive 2% interest subsidy could be offered to the loans offered to the industrial units in rural areas. This interest subvention will help in building the competitiveness of the industry.
- 6.3 Norms for processing/rate of interest/terms of security/terms of repayment should be liberalized for industries located in rural areas
- 6.4 Confederation of Indian Industry recommends the establishment of Rural Industrial Promotion Cell at the state level and a nodal officer in each district with sufficient authority. There is a need to bring in convergence in among various departments and single window system should be implemented wherein the appointed officer would act as nodal.

List Of The Districts In Andhra Pradesh

S.No	District	Strengths	Potential Industries
1	Adilabad	<ul style="list-style-type: none"> • Second largest forest covered district • High presence of tribals 	<ul style="list-style-type: none"> • Cotton ginning, spinning etc. • Mineral based industries such as sanitary ware manufacturing • coal based power generation, cement manufacturing • extraction of solvents of soyabean
2	Anantapur	<ul style="list-style-type: none"> • Largest district in the state • Proximity to Bangalore 	<ul style="list-style-type: none"> • Agri processing units especially ground nuts related • Mineral based industries like cement, granite. • Readymade garments • ITeS
3	Chittoor	<ul style="list-style-type: none"> • Proximity to Chennai and Bangalore • Second largest producer of poultry and third largest producer of milk 	<ul style="list-style-type: none"> • Agri processing units especially mango, tomato, poultry. Dairy products and other vegetable & fruits processing etc.
4	East Godavari	<ul style="list-style-type: none"> • The district contributes 10% of total food production of the state • Good connectivity with Visakhapatnam port • 161 kms coastline for marine fishing and inland fishing and natural gas base • Largest producer of eggs and poultry • Second largest producer of milk 	<ul style="list-style-type: none"> • Rice mills, oil refining, sea food processing, bio-mass and gas based power plants • Seed processing • Petro chemicals • Export oriented units • Sanitary ware and stone ware industries as raw-material fire clay is locally available
5	Guntur	<ul style="list-style-type: none"> • Largest producer of Milk • Major producer of cotton and chillies 	<ul style="list-style-type: none"> • Daily processing and milk foods production • Cotton ginning, spinning and textile production units • Cement units due to availability of lime stone

S.No	District	Strengths	Potential Industries
6	Hyderabad	<ul style="list-style-type: none"> • Urban conglomerate and capital city • Availability of trained manpower • Availability of good physical and social infrastructure 	<ul style="list-style-type: none"> • IT and ITeS • Pharma & Biotech • Infrastructure companies
7	Kadapa	<ul style="list-style-type: none"> • Presence of rich mineral base. World's single largest and best deposits of barytes • Availability of superior variety of asbestos 	<ul style="list-style-type: none"> • Mineral based industries such as Cement, Glass and steel industry • Basic metals, fibre glass, particle boards manufacturing etc.
8	Karimnagar	<ul style="list-style-type: none"> • Coal mining base • One of the largest rice producer • Cotton 	<ul style="list-style-type: none"> • Coal mine based engineering, and other ancillaries, granites • Rice mills • Warehousing and cold storages • Ginning / Spinning • Edible Oil • Dairy / Poultry
9	Khammam	<ul style="list-style-type: none"> • Land (forest) and water resources. • Mineral resource base. • Well connected to three major cities (Vijayawada, Hyd and Vizag) 	<ul style="list-style-type: none"> • Granite • Paper based industries • Coal based • Agri related warehousing, cold storages, processing industries chillies, cotton etc. • Dairy based
10	Krishna	<ul style="list-style-type: none"> • Rice bowl of South India • Large automobile industry base 	<ul style="list-style-type: none"> • automobile spares manufacturing • agri processing covering paddy, mango, vegetables etc. • Dairy
11	Kurnool	<ul style="list-style-type: none"> • Strong agriculture and horticulture base • one of the mineral rich districts endowed with extensive deposits of 	<ul style="list-style-type: none"> • Mineral resource units such as sponge iron, cement • Agro based units-paddy and cotton based • Horticulture based units such

S.No	District	Strengths	Potential Industries
12	Mahabubnagar	<ul style="list-style-type: none"> Cement grade Limestone, Building stones Proximity to Hyderabad and international airport 	<ul style="list-style-type: none"> as fruit pulp and canning Edible Oil Dairy Poultry Cotton based Seed industries Large scale engineering industries due to proximity to Hyderabad Horticulture Dairy Poultry Castor Based
13	Medak	<ul style="list-style-type: none"> Proximity to Hyderabad 	<ul style="list-style-type: none"> Large engineering manufacturing units Dairy Sugar Horticulture
14	Nalgonda	<ul style="list-style-type: none"> Availability of Skilled manpower Availability of lime stone in large quantity 	<ul style="list-style-type: none"> Cement production, Clinker grinding Chemical, drug and drug intermediaries Horticulture Dairy/Poultry Casto
15	Nellore	<ul style="list-style-type: none"> Mica is available in abundance Proximity to Tamilnadu Presence of port 	<ul style="list-style-type: none"> Food and aqua processing units Export oriented units Heavy engineering Dairy Sheep
16	Nizamabad	<ul style="list-style-type: none"> Minerals resources Proximity to Hyderabad and Nagpur Agriculture 	<ul style="list-style-type: none"> Cotton based Hatcheries, poultry etc. Dairy Sugar Rice Mills Turmeric
17	Prakasam	<ul style="list-style-type: none"> Mineral resources 	<ul style="list-style-type: none"> Aqua culture Tobacco based Granite
18	Ranga Reddy	<ul style="list-style-type: none"> Proximity to Hyderabad Availability of trained manpower Availability of good physical and social infrastructure 	<ul style="list-style-type: none"> IT /ITeS Knowledge based industries Horticulture Poultry Dairy

S.No	District	Strengths	Potential Industries
19	Srikakulam	<ul style="list-style-type: none"> Minerals resources Proximity to Visakhapatnam Large forest area Long Coast line 	<ul style="list-style-type: none"> Chemicals & Pharmaceuticals Engineering Granites processing Cashew processing Forest based Aqua processing Dairy
20	Visakhapatnam	<ul style="list-style-type: none"> Second largest metro Large scale steel industry Skilled manpower 	<ul style="list-style-type: none"> Ancillaries to steel industry Port based industries Export oriented units Dairy
21	Vizianagaram	<ul style="list-style-type: none"> Mineral reserves Proximity to VISKP 	<ul style="list-style-type: none"> Tiles manufacturing Agri based
22	Warangal	<ul style="list-style-type: none"> Minerals resources Proximity to Hyderabad Agriculture 	<ul style="list-style-type: none"> Granite Coal based Warehousing and coldstorages Agro-based – cotton ginning/spinning Horticulture Dairy Sheep Poultry
23	West Godavari	<ul style="list-style-type: none"> Agriculture 	<ul style="list-style-type: none"> Agro processing especially rice related Marine processing Oil Palm Sugar

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AMARA RAJA BATTERIES LIMITED

Amara Raja Batteries Ltd, (ARBL) is the largest manufacturer of Standby Valve Regulated Lead Acid (VRLA) batteries in the Indian Ocean Rim comprising the area ranging from Africa and the Middle East to South East Asia. Based in Hyderabad, with a fully integrated manufacturing unit at Tirupati, Amara Raja Batteries has reached a position of leadership in a very short span.

ARBL is the largest supplier of stand-by batteries to core Indian utilities such as Indian Railways, BSNL, Power Generating stations, MTNL, VSNL, ITI and HTL. Major MNCs like ABB, Alcatel, Ericsson, Fujitsu, Lucent, Motorola, Nokia, APC and Siemens are among ARBL's clientele.

Amara Raja is part of a global supply alliance that includes Johnson Controls Inc., USA, and JC Batterien in Germany. This alliance supplies batteries to every major auto manufacturer in the world including General Motors, Ford, Daimler Chrysler, Toyota, Volvo, Hyundai, Maruti, Nissan, Honda, Volkswagen and Fiat among others.

Industrial Batteries

Amara Raja pioneered the application of VRLA battery technology in India with the launch of **Power Stack™** a high integrity, long life battery designed to take care of critical standby applications for sectors such as telecommunications, railways, power generation and distribution, defence, and the oil and gas offshore. The success of this technology led to its application in new areas such as motive power, UPS and solar energy. The only maintenance-free valve regulated lead acid (MF-VRLA) batteries available in India in their respective segments; these batteries have several unique features that give them an edge over conventional batteries. The recent success is the launch of **Power Sleek™** Front Terminal Access (FTA) batteries for telecom applications.

Automotive Batteries

ARBL has prestigious OE clients like Ford, Daimler Chrysler, General Motors, Ashok Leyland, Hindustan Motors, Tata Motors, Mahindra & Mahindra, Fiat, Honda, Maruti and Hyundai. The company entered the replacement battery segment with the launch of **AMARON Hi-life^R** auto batteries in January 2000 and the recent success was the launch of **AMARON PRO BIKE RIDER™**, the only 60 month warranty batteries for Two-Wheelers alongside the prestigious PRO, GO, FLO range for automotive applications with the highest Cold Cranking Amperage and Reserve Capacity. These are the first zero-maintenance, high performance and long life batteries in its category and have become the benchmark for quality and reliability in their respective fields.

Manufacturing Facility

Amara Raja's plant is located in Karakambadi, a village 12 km from the temple town of Tirupati. The existing facility is ISO9001, QS9000 and TS 16949 certified by RWTUV Germany. The plant is part of the most completely integrated battery manufacturing facility in India with all critical components, including

plastics sourced in-house from existing facilities on-site. This gives Amara Raja complete control over inventory and product quality.

Battery Excellence Centre

To cater to ever changing customer needs, Amara Raja has also built a Battery Excellence Centre – the first of its kind in Asia. This research and engineering centre has been conceived as a completely self-sufficient facility with a full range of testing equipment. The centre incorporates all the latest gadgetry for battery performance evaluation, design and life testing and also has capabilities for application engineering, vehicle systems study, simulations and computer-aided design including a full calibration laboratory on site.

As a result, Amara Raja is uniquely placed to offer substantial benefits on sizing of batteries and electrical systems to its industrial and OEM customers and will be able to effect valuable improvements in product performance and manufacturing techniques. Furthermore, this centre will not only serve the needs of the domestic market, but also be a resource for alliance research and development projects.

AMARA RAJA GROUP OF COMPANIES

Amara Raja Electronics Ltd manufactures battery chargers, digital inverters and trickle chargers and is a dominant player in the Home Inverter segment with the brand **XENON** and the recently launched brand **TRIBAL**. Amara Raja Electronics is rapidly growing in the field of Electronics Manufacturing Services (EMS), Engineering Design Services (EDS) Custom Magnetic Solutions (CMS) and Consumer Electronics with its workforce mostly comprising of women, who are constantly trained to newer & upcoming technologies to be in sync with global threshold levels.

Amara Raja Power Systems Ltd., the first company to be established in the group offers

- * Design and development of Power Electronic products
- * Power electronics Systems Integration and testing
- * Magnetics Manufacturing

Mangal Precision Products Ltd., situated in Chittoor district of Andhra Pradesh, India is established in fabrication and manufacturing of advanced Sheet metal products and Fasteners, Plastic Component and Compounds with technological support from, Nedschroef, Belgium.

Galla Foods Ltd: With a view to serving the farming community at large, Galla Foods was set up as a 100% EOU in the year 2005, for export of finest Tropical Fresh Fruits, Vegetables, Puree and Concentrates to global markets comprising Europe, USA, UK and Middle East, currently being the largest exporter of mangoes to Japan. With the success as an EOU, Galla Foods Pvt Ltd has forayed into the beverage segment in 2008 under the brand name **Galla Thick Mango**.

Amara Raja Infra Pvt. Ltd., With extensive experience in project execution and management for all the world class manufacturing facilities and office infrastructure of the Amara Raja Group, Amara Raja Infra Pvt Ltd was formed in 2008-09 with an aim to promote the internal expertise with a focus on Industrial, Commercial, Residential, MEP, Power, Roads and Bridge sectors.

Amara Raja Industrial Services Pvt. Ltd., established in 2009, is the integrated Facility & Industrial Services provider with highly experienced work force. This company will be focusing on common services and functionalities which support the core production. Our service expertise is grouped to offer uniform services, better operational control and quality which will offer “one stop” services ranging from Soft Services to Technical Services. It will bring in Systems and processes to ensure quality services, higher operational efficiency while also striving to enhance staff competency and quality of life.



LEPAKSHI KNOWLEDGE HUB

Lepakshi Knowledge Hub (www.lepakshi.co.in) is focused on creating an integrated Knowledge hub with an objective to bring industry, institutions and inhabitation under one roof with a vibrant community supporting it making it a self sustaining ecosystem.

The project is coming up near Bangalore in India in 10,000 acres of land on National Highway 7 (Bangalore-Hyderabad Expressway), 69km from Bangalore International Airport (less than 1 hr driving distance). This hub will have university clusters, research centers, aerospace, defence, agro, logistics and industrial parks with other support infrastructure. The hub also has obtained FORMAL APPROVAL for Free Trade Warehousing Zone, Biotechnology SEZ and Aerospace & Precision Engineering SEZ. The possible three modes (Road, Rail, Air) of connectivity, proximity to Bangalore and the new Bangalore International Airport we believe are some of the location advantages of our project.

The prominent clusters in Lepakshi are:

Lepakshi Education and Innovation Hub: Destination for international and domestic educational institutions, training center, Center of Excellencies, Boarding schools, offshore training centers.

Lepakshi Aerospace and Defence Cluster: 1500 acres dedicated to Aerospace and Defence companies to establish their manufacturing, design and R&D center. Aerospace & Precision Engineering SEZ is a part of this cluster.

Integrated Multi-Modal Logistics Hub: Integrated logistics hub with a Free Trade Warehousing Zone and Global Trade Mall. Government of India has recently approved a 100 ac as FTWZ in this zone

Lepakshi Health Universe & Bio Pharma Cluster: Including health & wellness, Industrial estate for medical equipment manufacturing, health related theme developments and healthcare education. A 25 acre Biotechnology SEZ with formal approval is a part of this cluster.

Lepakshi Economic Zone (Industrial Park): 2500 acres multi product SEZ, hub of industrial activity.

Agro Food Park with Renewable Energy Park: one stop destination for production, processing and trade facilities for agri business. AFP will house state of the art agriinfrastructure facilities. The agro food park will house a small renewable energy plant in it.

Lepakshi Heritage Wellness Village: Hitech agro city combined with heritage living, a premium lifestyle project to be developed in 1000acres.

Lepakshi Media & Entertainment Cluster: The cluster mainly focuses on creation of infrastructure for film, entertainment, animation industry and also trains adequate manpower.

- The cluster houses Academy for Film, Entertainment Training, animation infra zone, film studios, digital zone. Discussions are at advanced stages with International Film studios for co branding and development.

Lepakshi Fashion city: Lepakshi fashion city is envisioned to capture opportunities in the emerging fashion industry in India. It provides critical infrastructure for both fashion design, training and garment manufacturing.



Pennar Industries Limited is one of the leading engineering organizations in India renowned for providing global innovative engineering solutions. An epitome of quality, precision, and perfection. Pennar is a professionally managed company of more than 1200 strong team members, driven by an unrelenting desire to excel with experience and expertise spanning over three decades.

Our quest for engineering excellence began in 1988, with a strategic decision to establish our first manufacturing plant at Isnapur, near Hyderabad with an installed capacity of 30,000 MTPA to manufacture Cold Rolled Steel Strips (CRSS). Our decision catapulted us from a start-up to a profitable organization in the very first year of our operations.

The advent of liberalization gave us the much needed impetus to expand our business horizon. We embarked on a series of strategic acquisitions and expansion plans, most notably among them are:

- Acquisition of Nagarjuna Steel Ltd.
- Acquisition of Press Metal, a unit of Tube Investment (TI) near Mumbai
- Establishing a new Manufacturing facility at Chennai

Today, with an annual production capacity of 2,00,000 MTPA, we are a multi-location, multi-product company manufacturing precision engineering products such as: Cold Rolled Steel Strips, Precision Tubes, Railway wagons / Coaches, Pre-Engineered Building Systems, Sheet Metal Components, Road Safety Systems, etc.

Driven by our guiding philosophy of maximizing customer satisfaction with products and services par excellence, today, we have successfully established our identity as a Powerhouse of Engineering Excellence

Company Snapshot

- Over 30 years of experience
- Over 300 happy customers
- Over 1,000 precisely engineered products
- Over 1,200 dedicated employees
- Over 2,500 tools and dies



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 116 years ago, it is India's premier business association, with a direct membership of over 8100 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

CII has taken up the agenda of Business for Livelihood for the year 2011-12. This converges the fundamental themes of spreading growth to disadvantaged sections of society, building skills for meeting emerging economic compulsions, and fostering a climate of good governance. In line with this, CII is placing increased focus on Affirmative Action, Skills Development and Governance during the year.

With 64 offices and 7 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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