



TS-iPASS and Industrial Growth of Telangana State





Jayesh Ranjan IAS
Principal Secretary to Government,
Commissioner for Industrial Promotion & Mines



Industries &
Commerce Department
Government of Telangana.

MESSAGE

The scheme of TS-iPASS introduced by the Government of Telangana has indeed set a new benchmark in our country. Telangana State had ranked 13th in the year 2015-16 in ease of doing business and now has moved up to 1st rank in the year 2016-17; TS-iPASS is one of the major contributors for this achievement. The online single window system has a provision for filing applications, payment, status tracking, online scrutiny and approval of applications. The state government takes a maximum of fifteen days, as per law, to revert with an approval. If not, on the sixteenth day, it is deemed approved. In a system known for its red-tape, TS-iPASS has rolled out a red carpet.

I congratulate the Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) for having taken up the initiative to assess the industrial growth of Telangana State and the impact of TS-iPASS. It is the most appropriate time to analyze the after-effects of a comprehensive policy such as TS-iPASS which not only has impact on the industrial growth but, also on the overall economy of the State.

I wish that the organization takes up more such projects which would serve the needs of industry, commerce & trade and will also supplement Government in the process of policy making.


[Jayesh Ranjan]



Foreword



Telangana, the youngest state in the Union of India is on the forefront of economic development of India contributing 4.1% of the total GDP.

Prior to 2014, i.e., bifurcation of erstwhile Andhra Pradesh into Telangana and Andhra Pradesh; the industrial growth was marginal. Government of Telangana, recognizing the key to economic progress lies in recording higher growth rate in industrial sector took various initiatives to attract investments into the State.

The government unveiled a new industrial policy framework with an objective to stabilize and make existing industries more competitive, and also to attract and realize investments from domestic as well as international players. TS-iPASS is one of the major schemes to accomplish the mandate of Minimum Inspection and Maximum Facilitation and is acclaimed as the best policy in the country.

The State has been successful in attracting investments into every major sector and is now a house for large number of multi-national companies.

FTAPCCI's Research Team came up with the knowledge paper on "TS-iPASS and Industrial Growth of Telangana State" with an objective to assess the impact of new industrial policy with special focus on "Regional Development". It is heartening to note that the government has succeeded in taking the first step towards achieving the objective of "Progress with Distributive Justice" through TS-iPASS.

The study points out certain areas that need to be addressed for inclusive growth and suggested certain measures to achieve it.

I congratulate the Research Team for coming up with the knowledge paper and urge them to take up similar subjects for study that benefit the policy makers and stakeholders in future.

Ravindra Modi
President - FTAPCCI



Contents

Chapter - I	08
<i>Introduction</i>	
Chapter - II :	10
<i>An overview of Growth and performance of Industrial Sector in Telangana</i>	
Chapter - III :	14
<i>Components of New Industrial Policy of Telangana State</i>	
Chapter - IV :	16
<i>Progress of TS-iPASS</i>	
Ease of doing Business in Telangana	28
Chapter - V :	
Concluding Remarks & Policy Suggestions	29
Annexures	32
Success of TS-iPASS	36



Executive Summary

Telangana is the youngest (29th) state in the Union of India formed on 2nd June, 2014. The Government of Telangana State has initiated various policies and measures to achieve the overall development of Telangana State in a sustainable and balanced manner. TS-iPASS is one of the key policies of the Government to achieve a faster and decentralized industrial growth. It is a pre-establishment industrial scheme with time bound clearances & sanctions, self certification and transparency as its key features for speedy processing of applications at a single point.

This paper has analyzed the impact of TS-iPASS on industrialization and decentralization of industrial growth. The study adopted the erstwhile districts in view of the segregation of available data on these districts basis. The results show that-

- ▶ Though Ranga Reddy and Medak Districts have continued to attract more number of Industries and more Investment compared to other districts, there is a clear movement in the dispersal of industries across the remaining districts of Telangana in the post TS-iPASS period.
- ▶ The districts of Warangal, Karimnagar and Mahbubnagar are on the growth path in terms of number of industries and investment. But, there is a considerable improvement in the creation of employment opportunities only in Mahbubnagar district. Ranga Reddy district though has a relatively lesser share in terms of number of units and investment in the post TS-iPASS period, it has actually witnessed an increase in relative share of employment opportunities generated, whereas the share of Medak has remained the same in pre and post TS-iPASS period.
- ▶ All the districts except Nizamabad have recorded improvement in all the three parameters viz., Number of units, Investment and Employment. A comparative analysis of the periods 2010-12 and 2015-17 shows that Nizamabad, Khammam and Nalgonda have witnessed a reduction in the share of investment in comparison to other districts. In terms of employment creation districts like Nalgonda have witnessed a fall in employment opportunities.

This is only a preliminary analysis to assess the impact of TS-iPASS in achieving a balanced, sustainable and decentralized industrial growth across all the districts of Telangana and the analysis is based mainly on secondary data collected from various sources. An in depth analysis of each and every district of Telangana State will provide more insights and helps in understanding the requirement of each district to achieve a higher growth rate in industrial sector, based on their local resources, quality of man-power and skill sets, traditional occupations of various communities in respective districts.

Purpose of the study and objective of the report :

The objective of this report is to assess the impact of various initiatives for industrial promotion taken by the government of Telangana state with special focus on "Regional Development".

Methodology :

The approach adopted for the study was based on the use of secondary data collected from the Commissionerate of Industries, Government of Telangana State and other reports like, Industrial Policy Framework for State of Telangana (2014), Socio Economic Outlook 2016, Government of Telangana, Planning Department, TS-iPASS rules 2015 & Operational Guidelines, Government of Telangana etc.

The study comprised of the following steps :

- Collection and review of reports, documents, government policies, plans and programs
- Interaction with policy makers, planners, bureaucrats etc.
- Analysis of primary & secondary data using relevant statistics tools, charts, diagrams.
- A few case studies from representative districts

Introduction :

Telangana, the youngest state in the Union of India formed on June 2, 2014, comprises of 10 districts- Khammam, Nalgonda, Warangal, Karimnagar, Medak, Nizamabad, Aadilabad, Mahbubnagar and Hyderabad. The 10 districts have been reorganized into 31 districts from 11th October, 2016.

Telangana with geographical area of 112077 square kilometers, and a population of 35,286,757 (2011 census- 35.28 million.), is the 12th largest State in terms of both area and population in India. With the exception of Hyderabad - capital of composite AP, which witnessed rapid development during the last two decades, most of the hinterland of Telangana remained less developed.

The Government of Telangana State has embarked on industrial growth by bringing

policies catering to the needs of entrepreneurs.

In tune with the new objective of reinventing Telangana by adopting a vision of "progress with distributive justice" and taking into account the aspirations of the people, the government has formulated a new industrial policy driven by the slogan of "Innovate, Incubate, and Incorporate" and a number of industrial friendly schemes have been announced, especially targeting the SC, ST, backward classes and the minorities. The policy framework intends to transform the regulatory environment for ease of doing business and encourage Innovation & Technology to drive the industrialization of the State.

Growth Trajectory:

Within two years of forming the State, Telangana's economy

has turned around mainly due to initiatives taken by the Government. Telangana is among the fastest growing States in India by registering a growth of 11.7 percent, at current prices, as against national average of 8.6 percent in 2015-16 (Advanced Estimates). The State economy is expected to grow at 9.2 percent at constant (2011-12) prices, as against national average of 7.2 percent in 2016-17.

The share of Telangana's economy in India is about 4.1 percent in 2015-16. A comparison of Telangana's GSDP growth with that of All-India growth reveals that in 2012-13, Telangana grew at 2.41 percent which is much lower than All-India growth rate of 5.62 percent. However, since 2013-14, the growth rate of Telangana has picked up and registered higher

growth than All India. This is a clear indication of the proactive measures of the Government to spur economic growth, after the formation of new State.

An industrial growth of 4.1% has made a considerable contribution to the overall increase in the GSDP growth of Telangana in 2014-15.

Key Industry sectors as drivers:

- * Information Technology (IT Investment Region – ITIR)
- * Life Sciences Hub (Drugs, API's, Vaccines & Devices)
- * Defense and Aerospace Manufacturing
- * Financial Services (Advance to Middle-Office categories)
- * Automotive manufacturing
- * Food Processing and Seeds
- * Basic Materials industries (Coal, Granite, Cement)
- * Logistics and Distribution

Income of Telangana State:

Telangana state's GSDP at Rs.5.83 lakh crore (AE) in 2015-16 at current prices registered a growth of 11.7 percent over the previous year. GSDP at constant (2011-12) prices is Rs. 4.69 lakh crore, with a growth rate of 9.2 percent over previous year.

District wise Per Capita Income (PCI) analysis has been done using data related to 2014-15 at current prices. The per capita income of the State, for year 2014-15, is Rs. 1.29 lakh.

Fig. 1.1 : Comparison of Growth rates of Telangana vis-a-vis All-India (at constant prices)

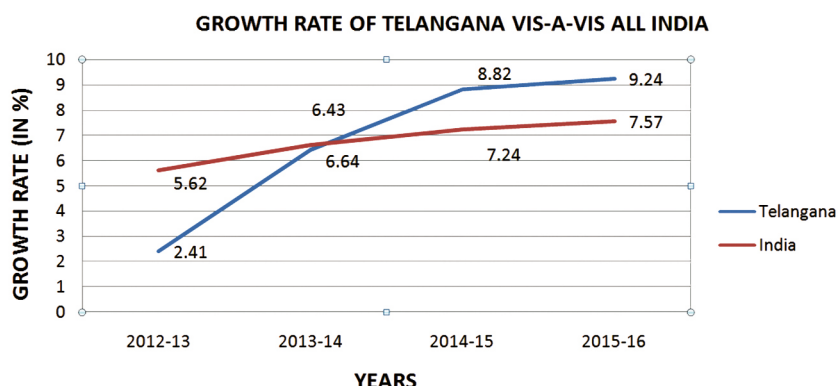
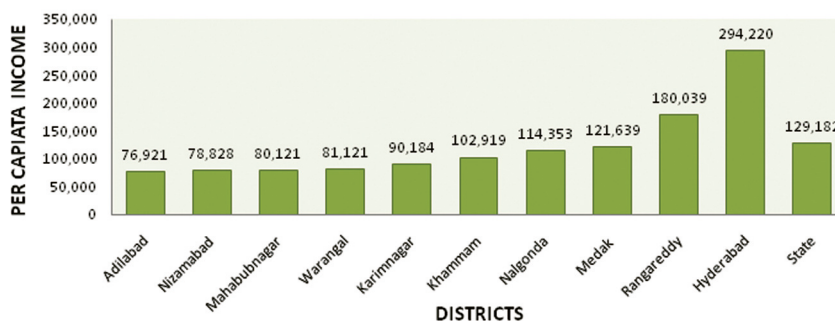


Figure 1.2 shows that Hyderabad district has highest per capita income with Rs 2.94 lakh followed by Rangareddy and Medak districts. Adilabad district has the lowest per capita income of Rs 76,921 preceded by Nizamabad, Mahabubnagar and Warangal.

Most of the industries like pharmaceuticals, textiles, automobiles, minerals and agro-based activities like horticulture and poultry are all based in and around Hyderabad. It is foremost in the growth of IT and IT-enabled services contributing more than 50% of services revenue for the Telangana State.

Hyderabad boasts of Hitec City, one of the largest hubs for software and IT enabled industries in Asia that employs millions of skilled professionals drawn from all parts of the world and working in top MNCs of the world.

Figure 1.2: District-wise Per Capita Income in 2014-15



Source: Socioeconomic outlook 2016

An overview of Growth and performance of Industrial Sector in Telangana

The State of Telangana is home to large manufacturing industries in bulk drugs, pharmaceuticals, agro-processing, cement & mineral-based industries, high precision engineering, textiles, leather, iron & steel, gems & jewelry, biotechnology, defense, etc. Telangana is one among the major industrial states in the Country ranked 6th in terms of industries and ranked 8th in terms of Gross Value Added industries in the country .

A quick look at the Gross Value Added (GVA) of Telangana shows that the economy is depending on Services Sector as the growth engine and 60.5% of GVA was contributed by Services Sector in 2015-16. The shares of Agriculture and Industrial sectors were 17% and 22.5% respectively in the same period. It is ironical that number of people depending on agriculture sector is not reduced at the same proportion as fall in its share. Thus, 74% of rural population is still depending on agriculture sector in Telangana State. The Industrial sector share at 22.5% of GVA of Telangana is lower than the national level (29.7%) and the share of manufacturing sector is only 15% of GVA.

Table 2.1: Gross District Domestic Product (GDDP) at Current Prices (2014-15):

DISTRICTS	GDDP (2014-15) (Rs in lakhs)	PERCENTAGE Share
Adilabad	2,387,784	4.57
Nizamabad	2,258,483	4.33
Karimnagar	3,858,149	7.39
Medak	4,352,754	8.34
Hyderabad	12,588,243	24.11
Rangareddy	12,081,744	23.15
Mahbubnagar	3,720,290	7.13
Nalgonda	4,507,189	8.63
Warangal	3,203,348	6.14
Khammam	3,242,124	6.21
TOTAL Gross State Domestic Product	52,200,107	100

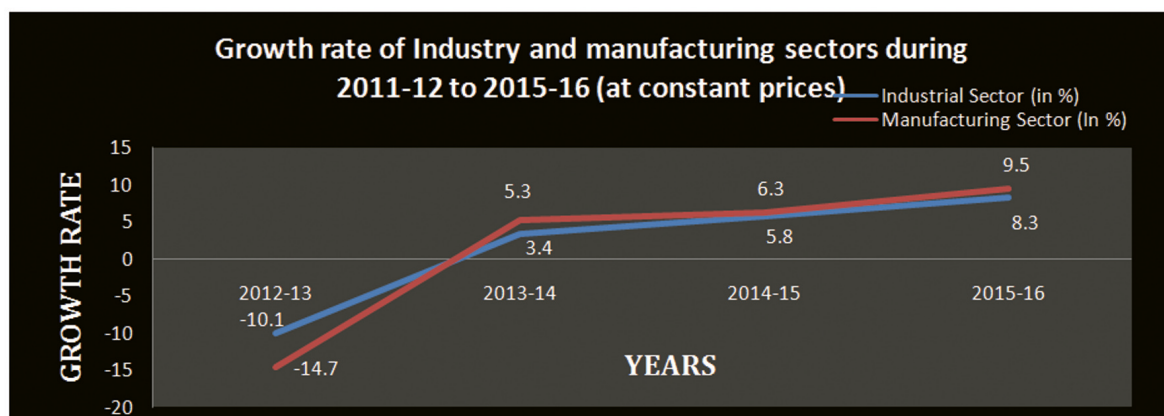
From the above table, it is seen that Hyderabad and Ranga Reddy districts are the major contributors to GSDP of Telangana, with 47.3% share. The percentage contribution of remaining eight districts (before the reorganization into 31 districts) is only 43% with less than 10% by each district.

The reason can be mainly attributed to lack of industrial and services sectors growth in the rest of the districts except Hyderabad and Rangareddy. The dismal performance of industrial sector and particularly manufacturing sector is the main reason for high dependence on agriculture sector for employment (74%) in the State.

The government of Telangana has rightly recognized that economic growth should be accompanied by the shift in employment from agriculture to industry and services sectors.

Services sector can absorb only skilled workers while unskilled and semi-skilled workers can be absorbed by industrial sector, that too in manufacturing sector. Hence, there is every need to focus on growth and development of manufacturing sector in Telangana State.

Fig.2.1



There is a high fluctuation in growth performance of industrial sector in Telangana in recent years. Manufacturing sector contributes about 55.0% in total industrial sector GVA in the State. As a result, growth in manufacturing sector has high impact on industrial sector growth. This is evident from the figure where, when the growth rate of manufacturing sector was negative, the growth rate of industrial sector was also negative; when the manufacturing sector's growth rate picked up, the growth rate of industrial sector as a whole also moved up. Thus, both are moving in the same direction indicating a positive relationship between them. As per the advanced estimates, Industrial sector in the State is expected to register a growth rate of 8.3% at constant (2011-12) prices during 2015-16, and manufacturing sector at 9.5%. The industrial sector growth has picked up from 2013-14 putting in a high growth trajectory. Evidently, it is desirable to achieve a double digit growth rate in the manufacturing sector that leads to higher growth rate in the overall industrial sector. In this regard, TS-iPASS policy is playing a critical role in encouraging the people to come forward in setting up industrial units, particularly the manufacturing units in the state.

Major Manufacturing Industries in Telangana: Manufacture of pharmaceuticals, medicinal, clinical and botanical products constitute about 29% of the GVA within the manufacturing sector, followed by manufacture of electrical equipment (11%), manufacture of other non-metallic mineral products (9 %) and manufacturing of food products (9 %). In terms of investment, manufacture of pharmaceuticals, other non-metallic mineral products, rubber and plastic products, electrical equipment and food products account for about 54 percent of total investment (fixed capital) within total manufacturing sector in the State. (Source: Socio Economic Outlook 2016, Planning Department, Government of Telangana)

Definition of MSME as per Micro, Small and Medium Enterprises Development Act, 2006

ENTERPRISES	MANUFACTURING SECTOR (Investment in Plant & Machinery)	SERVICES SECTOR (Investment in equipments)
Micro	Less than Rs. 25 Lakh	Less than Rs. 10 Lakh
Small	More than Rs. 25 Lakh but less than Rs. 5 crore	More than Rs. 10 Lakh but less than Rs. 2 crore
Medium	More than Rs. 5 crore but less than Rs. 10 crore	More than Rs. 2 crore but less than Rs. 5 crore

Source: Socio Economic Outlook 2016, Planning Department, Government of Telangana

As per the Micro, Small and Medium Enterprises Development Act, 2006, manufacturing and service enterprises are categorized into micro, small and medium enterprises based on investment criteria as shown in the table.

Table 2.2: Industrial Zones of Telangana State

Industrial Zones	Existing industrial sectors	Proposed Industrial sectors
Jeedimetla	Automotive based Industries, General Engineering, Steel Re rolling, R & D of Biotech, Pharmaceuticals, Vaccines, Chemicals, Paints, Pesticides, Bulk Drugs	Pharma, Food processing, Chemicals, Engineering
Karimnagar	General engineering, Rice mills, Oil mills, and other agro based industries, Pipes, Paints, Granite etc.	Fertilizer, Power, Cement, Tex tiles, Paper, Minerals and Food processing
Patancheru	Pharmaceutical, Chemical, Textile, Logistics and warehousing, Edible Oils, General Engineering, Steel rolling, Paints, Rubber and Tyre	Chemicals, Engineering, Automobiles and Pharmaceuticals
Shamshabad	Pharmaceutical, Auto ancillary, chemicals, Warehousing, Food processing and Beverage industry, Aerospace, Solar Equipment, Electronic Hardware, Bulk Drugs	IT, Pharma, Food processing, Defense and Aerospace, Textiles, Consumer products
Warangal	General Engineering, Agro based industries, Plastic, granite based, Warehousing	Mineral, Food processing, Textile and Leather, Cement, Pharma, Granite, Power, Metallurgy and Paper
Cyberabad	IT & ITeS (Information Technology & Information technology enabled services)	IT and ITeS

Source: <http://tsiic.telangana.gov.in/wp-content/uploads/2016/05/5.-PRELIMINARY-SCREENING-REPORT.pdf>

Industrial Policy of Telangana: Its main objective

The Telangana state government has unveiled a new industrial policy framework which is to strive not only to stabilize and make existing industries more competitive, but also attract and realize investments from domestic as well as international players. The focus is on core manufacturing sectors, with the creation of employment for urban and rural youth and adding value to existing skills emphasized at all stages. It is expected that the most significant outcome of this approach will be the production of high quality goods at the most competitive price, which establishes “Made in Telangana-Made in India”

as a brand with high global recognition.

Some of the major schemes under the new industrial policy include Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014, T-IDEA, T-PRIDE, Life Sciences Policy, and few other incentives for setting up of new Industrial Enterprises. The Industrial Policy Framework has a mandate of Minimum Inspection and Maximum Facilitation for departments that have any responsibility in the industrialization of the State. Hence, these schemes aim to bring a culture of zero tolerance for corruption and complete transparency.

Thrust Areas & Core Sectors:

Given its geographical location, available resources and skill-base, raw material availability, existing manufacturing practices, and expertise opening up new opportunities, the Telangana State Government recognizes the following 14 key sectors as thrust areas :

- ▶ Life sciences - including bulk drugs, formulations, vaccines, nutraceuticals, biologicals, incubation centers, R&D facilities, and medical equipment
- ▶ IT hardware - including biomedical, devices, electronics, cellular communications, and FAB
- ▶ Precision Engineering –including Aviation, Aerospace, and Defence
- ▶ Food processing and nutrition products including dairy, poultry, meat, and fisheries
- ▶ Automobiles, transport vehicles, auto components, tractors, and farm equipment
- ▶ Textiles and apparel, leather & leather value-added products like shoes, purses, bags, artificial material-infused and coated textiles, paper, and paper products
- ▶ Plastics and Polymers, Chemicals and Petrochemicals, Glass and Ceramics
- ▶ FMCG & Domestic Appliances
- ▶ Engineering and Capital Goods, including castings, foundry and Ferro-alloys and other metallurgical industries
- ▶ Gems & Jewelry
- ▶ Waste Management & Green Technology
- ▶ Renewable Energy & Solar Parks
- ▶ Mineral & Wood-based industries
- ▶ Transportation – Logistics Hub, Inland Port, Container Depot

The Industrial Policy statement says that:

- ▶ Investments in thrust areas will be accorded a higher priority over others.
- ▶ Each of these thrust areas will have its own sectoral policy and a structure of incentives. High level advisory panels with private sector and academia experts will be constituted for each of the sectors.
- ▶ An inter-departmental task force for each sector chaired by Special Chief Secretary/ Principal Secretary of the Industries and Commerce Department will also be in place to achieve the required coordination.
- ▶ Frequent thrust area sector centric investor meets will be organized to showcase the advantages that the State of Telangana offers for that sector.
- ▶ Thrust area sector-centric industrial parks with well developed infrastructure required for that particular sector will be developed at appropriate locations in the State.

Components of New Industrial Policy of Telangana State:

1) Telangana State Industrial Project Approval and Self Certification System (TS-iPASS)

The Telangana State Industrial Project Approval and Self Certification System came into effect from 12th June, 2015 for speedy processing of applications for issue of various clearances required for setting up of industries at a single point based on the self-certificate provided by the entrepreneur and also to create investor friendly environment in the State of Telangana.

The Salient features of the TS-iPASS

1. A single Common Application Form (CAF) for all departmental approvals
2. All departments connected for establishing and operation of an Enterprise brought under purview of TS-iPASS
3. Time limit set for each approval varying from 1 day to a maximum of 30 days depending upon the complexity of the approval.
4. Pre-scrutiny of the applications at state level and district level to assist the entrepreneurs in proper submission of applications and to avoid delay in processing the files by the departments.
5. Making mandatory for the competent authorities to seek shortfall/additional information required, if any, only once within three days from receipt of the application.
6. Providing deemed approvals, in case of failure of according approvals by departments, within the set time limits.
7. Empowering the entrepreneurs with right to clearances under TS-iPASS, to know the reasons for delay, if any, in getting the clearance within time limits and penalising the officers responsible for the delay.
8. Provision for automatic approval system on submission of a self-certification.
9. Providing all approvals within 15 days to mega projects by "Telangana State-Wide Investment Facilitation (T-SWIFT)" Board under the chairmanship of the Chief Secretary to Government, to enable implementation of the project swiftly.

2) Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA):

The T-IDEA scheme provides various incentives to the micro, small and medium enterprises (MSME), large enterprises, Mega Projects and to the women entrepreneurs. Mega Projects with an investment of over Rs.200 crores in plant and machinery or employment above 1000 persons will receive tailor made incentives in addition to standard large category industry incentives. Broadly, The Telangana State Government has considered providing incentives to the entrepreneurs in the following areas under its T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) incentive scheme:

Stamp duty reimbursement:

100% reimbursement of stamp duty and transfer duty by the industry on the purchase/lease of land/shed/buildings for micro, small, medium and large enterprises

Land cost rebate:

25% rebate in land cost limited to Rs. 10 Lakhs in industrial estates/industrial parks for micro, small, medium and large enterprises

Land conversion cost:

25% land conversion charges for industrial use limited to Rs. 10 lakhs for micro, small and medium enterprises

Power cost reimbursement:

Fixed power cost reimbursement at Rs. 1 per unit for 5 years from the date of commencement of commercial production for micro, small, medium and large enterprises

Investment subsidy:

15% investment subsidy on fixed capital investment subject to a maximum of Rs. 20 lakhs for micro and small enterprises

VAT reimbursement:

Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production for Micro & Small Enterprises;

Reimbursement of 75% for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier for Medium Enterprises Reimbursement of 50% for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier for Large Enterprises

Interest subsidy:

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

Seed capital for 1st generation entrepreneur:

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

Training and skill development cost reimbursement:

50% Reimbursement of cost involved in skill up-gradation and training the local manpower limited to Rs.2000 per person for micro, small, medium & large enterprises

Quality/patent support:

50% subsidy on the expenses incurred for quality certification/patent registration limited to Rs. 2 Lakhs only for micro, small and medium enterprises.

Clean production measures:

25% subsidy on specific cleaner production measures limited to Rs. 5 Lakhs for micro, small, medium & large enterprises.

Reimbursement of infrastructure development costs (for medium & large enterprises):

Infrastructure like roads, power and water will be provided at door step of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 crore, subject to (a) The location should be beyond 10 kms from the existing Industrial Estates/IDA's having vacant land/shed for allotment and

(b) Cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

3) Telangana State Programme for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE):

The Telangana State Programme for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE) scheme is aimed at developing entrepreneurship among Scheduled Castes and Scheduled Tribes by extending following incentives:

- 100 percent reimbursement of Stamp duty and transfer duty paid on purchase of land meant for industrial use.
- 100 percent reimbursement of Stamp duty for Lease of Land/ Shed/ Buildings
- 33.3 percent rebate in land cost (limited to Rs.10 lakhs) in industrial estates / industrial parks
- 25 percent land conversion charges for the industrial use (limited to Rs.10 lakh).
- Fixed power cost @ Rs. 1.50 per Energy unit for a period of 5 years.
- Seed capital assistance to first generation entrepreneurs to set-up micro enterprises @ 20 percent of the machinery cost.
- 35 percent investment subsidy on fixed capital investment (limited to Rs. 75 lakh per unit). Additional 5 percent investment subsidy for units set up in Scheduled Areas by ST entrepreneurs (limited to Rs.75 lakh per unit).

Progress of TS-iPASS

Success Achieved:

Domestic and Foreign investors are attracted to invest in Telangana State due to features of TS-iPASS such as deemed approvals, time bound sanctions of permits etc. The impact of TS-iPASS on industrial growth is analysed in terms of number of industries, investment and employment as compared to the pre TS-iPASS.

The following table indicates setting up of industries district wise after the TS-iPASS Scheme (The scheme was introduced before the re-organization of districts from 10 to 31).

Part I

TABLE 4.1:
Effect of TS-iPASS on setting up of New Industries
DISTRICT-WISE REPORT
(01-January-2015 to 02-March-2017)

S.NO	Districts	No. of Industries	Investment (Rs. in Crores)	Total Employment
1.	RANGA REDDY	1230	14377.1	125898
2.	MEDAK	498	8459.24	35313
3.	KARIMNAGAR	425	11434.87	7209
4.	WARANGAL	297	3566.15	5377
5.	NIZAMABAD	168	477.19	9362
6.	KHAMMAM	179	7483.11	7665
7.	NALAGONDA	294	1753.19	7936
8.	MAHBUBNAGAR	144	3906.93	18299
9.	ADILABAD	206	6761.67	3399
10.	HYDERABAD	10	121.68	300
Total		3451	58341.13	220758

It is evident that Ranga Reddy and Medak are the leading districts under TS-iPASS, with a share of 50% of total industrial units, 39% of investment and 73% of employment.

Comparative Analysis: The years 2010-11 and 2011-12 recorded highest growth rates in industrial sector where in the manufacturing sector has contributed

14.2% & 14% and industry sector has contributed 29.4% & 29.3% respectively to Gross State Domestic Product. Hence, these years have been considered as benchmark to analyze the improvement in the industrial growth of various districts of Telangana State in pre TS-iPASS period.

TABLE 4.2: Progress of Districts of Telangana State (2010-2012)

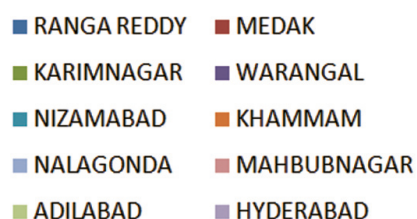
S.NO	Districts	No. of Units	Investment (Rs. in Crores)	Employment
1.	RANGA REDDY	7232	4413	72599
2.	MEDAK	1034	3107.35	24504
3.	KARIMNAGAR	733	324.84	6040
4.	WARANGAL	669	204.98	4453
5.	NIZAMABAD	690	178.81	3502
6.	KHAMMAM	591	2832.62	5251
7.	NALAGONDA	696	931.22	8852
8.	MAHBUBNAGAR	637	612.57	6704
9.	ADILABAD	275	736.4	3010
10.	HYDERABAD	1434	802.69	21607
Total		13991	14144.48	156522

It is found that, in the pre TS-iPASS period also Ranga Reddy and Medak were the leading districts in terms of number of industries, investment and employment generation with a share of 60% in number of industries, 53% of investment and 62% of employment opportunities generated. The changes in the relative shares of various districts are shown by using pie charts:

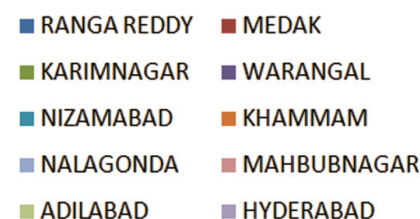
NUMBER OF UNITS:

Fig. 4.1:

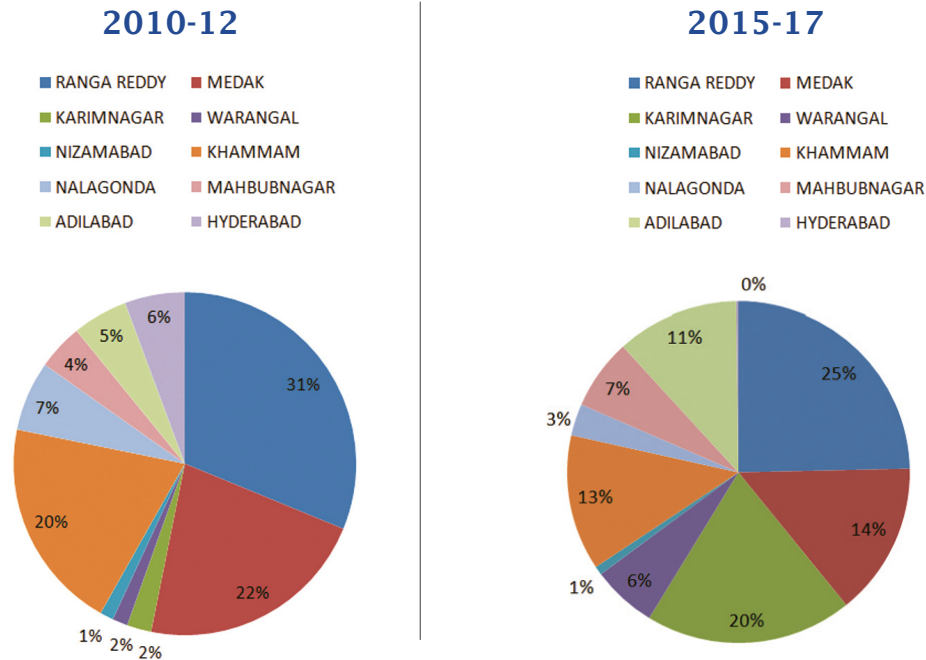
2010-12



2015-17 (up to March)

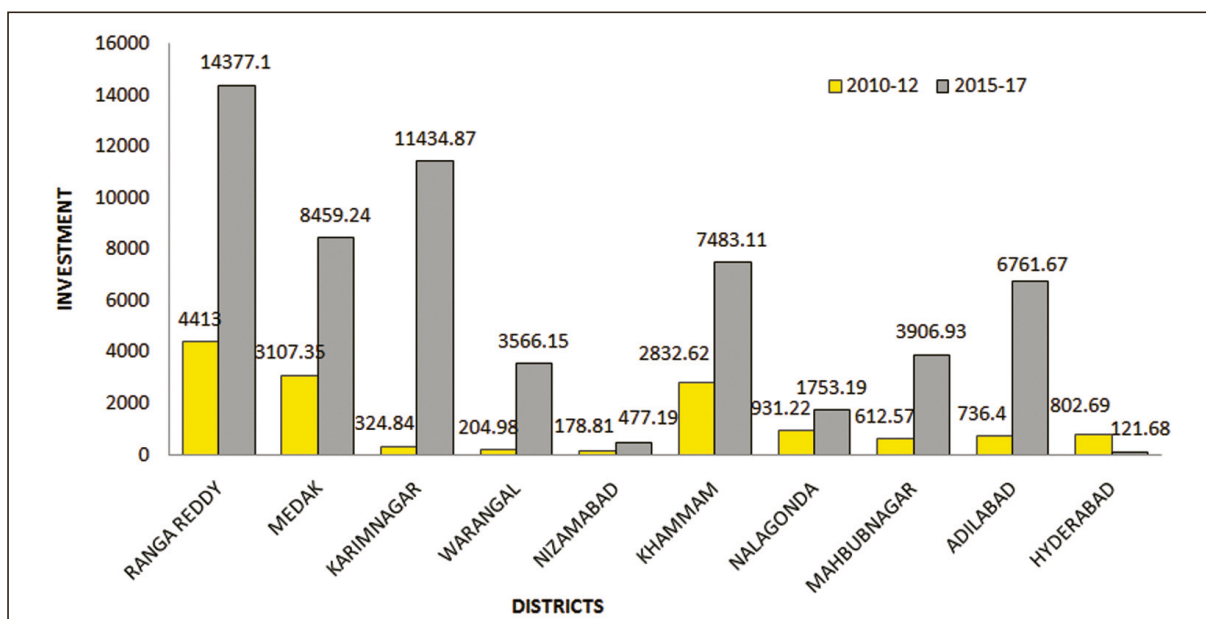


The pie charts indicate the relative shares of the districts in terms of number of units from 2010-12 and 2015-17 (Up to March). There is considerable fall in the relative share of Ranga Reddy district in the total number of units from 52% to 36% while the shares of Medak, Karimnagar, Nalagonda, Adilabad and Warangal have doubled. But there was no change in the shares of Nizamabad, Khammam, and Mahbubnagar. Over all, there is a clear indication of disbursement of industries among the districts under TS-iPASS system.

INVESTMENT:**Fig. 4.2:**

The relative shares of Ranga Reddy and Medak Districts in total investment together have come down from 55% in 2010 -12 to 39% in 2015-17. The relative shares of Karimnagar, Adilabad, Mahbubnagar and Warangal have increased during the same period. This clearly indicates that the TS-iPASS system has succeeded in attracting investments into rest of the districts other than Ranga Reddy and Medak.

But, shares of Nizamabad, Khammam and Nalgonda districts have come down in the total investment.

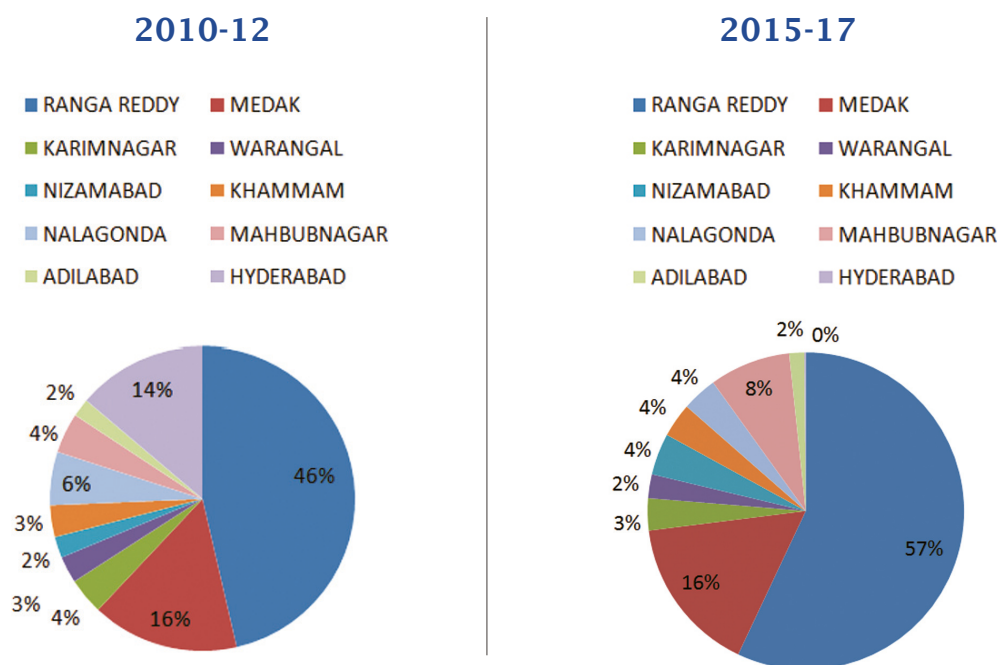
Fig. 4.3:

Ranga Reddy which had the highest investment during 2010-12 still continues to dominate other districts in attracting largest amount of investment in 2015-17 in absolute terms.

On the other hand, districts such as Nizamabad and Nalgonda failed to attract more investment under TS-iPASS system and remained as the least performing districts.

EMPLOYMENT:

Fig. 4.4:



The above figure shows the transition in the relative share of the districts in terms of employment from 2010-12 to 2015-17 (Upto March). The figures indicate that Ranga Reddy and Medak districts together has generated 62% of the employment opportunities in industrial sector during 2010-12 where as the share of these two districts increased to 73% during 2015-17.

Fig. 4.5:

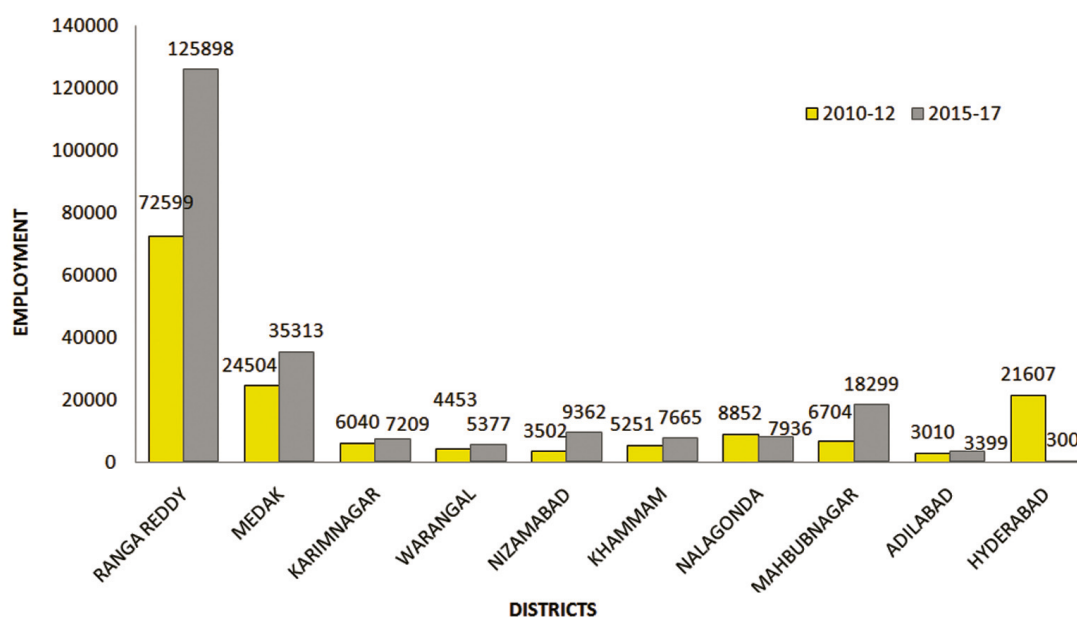


Figure 4.5 shows the transition in the absolute share of the districts in terms of employment from 2010-12 to 2015-17 (Upto March). We see that Ranga Reddy which had the highest employment during 2010-12 still continues to dominate other districts in providing highest employment in 2015-17.

The analysis shows that Ranga Reddy and Medak still continue to dominate in attracting investments in Telangana State. But, there is an observable (considerable/visible) improvement in the performance of erstwhile districts of Karimnagar, Warangal, Khammam, Mahbubnagar and Adilabad.

Though the districts have shown a better performance in attracting investments and in number of industries under TS-iPASS system, they failed to generate adequate number of employment opportunities as can be seen from figure 4.5. Since the other districts failed to generate more employment, a large number of people are depending on agriculture for their livelihood.

PERFORMANCE OF DISTRICTS UNDER TS-iPASS:

The Gross District Domestic Product (GDDP) and its share in the Gross State Domestic Product (GSDP) has been taken as the indicator for the level of development of the respective districts of Telangana State. Erstwhile 10 districts have been taken for analysis. Based on the districts' share in the GSDP of Telangana State during 2010-12, it is found that Nizamabad, Adilabad, Warangal, Khammam and Mahbubnagar districts are the bottom 5 contributors.

An assessment of performance of these districts is made based on the number of units set up, investment received and employment generated under TS-iPASS:

Table 4.3: PERFORMANCE OF DISTRICTS UNDER TS-IPASS:

S. No.	DISTRICT	NO. OF UNITS	INVESTMENT	EMPLOYMENT
1.	Nizamabad	X	X	✓
2.	Adilabad	✓	✓	X
3.	Warangal	✓	✓	X
4.	Khammam	✓	X	✓
5.	Mahbubnagar	X	✓	✓

✓ Indicates 'improvement' after TS-iPASS
X Indicates 'no improvement' after TS-iPASS

Table 4.4: Profile of TS-iPASS Progress

S. No.	Type	Investment Range (Rs. in Cr.)	No. of Industries	Investment (In Cr.)	Total Employment
1.	MSEs (Micro & Small Enterprises)	0-5	2898 (84)	2686.31 (4.60)	46803 (21)
2.	Medium Enterprises	5-10	205 (6)	1399.65 (2.4)	12774 (6)
3.	Large Enterprises	10-200	308 (9)	13561.92(23.24)	78970 (36)
4.	Mega Enterprises	More Than 200	40 (1)	40693.27(69.75)	82211 (37)
TOTAL			3451	58341.15	220758

Figures in parenthesis indicates % share

It is observed from the above table that, the maximum number of industries belong to MSEs (84%) followed by large & mega enterprises (10%) and medium enterprises (6%).

4.6% of investment is in MSE Sector, 92.99% of the investment is in large and mega enterprises sector and only 2.4% of the investment is in medium scale sector.

Of the total employment of 2,20,758 to be generated, 73% are in large and mega industries, 21% in MSEs and 6% in medium sector.

This indicates that there is a need to focus on medium enterprises which are labour intensive as they would create greater employment opportunities. On the other hand, it is also paradoxical to note that, the share of MSEs is highest in terms of number of units, but, the share of employment is relatively less than large and mega enterprises.

TABLE 4.5: Effect of TS-iPASS on setting up of New Industries – SECTOR WISE REPORT (01-Jan-2015 to 02-March-2017)

S.NO	Sector-Major	No. of Industries	Investment (Rs. in Crores)	Total Employment
1.	Aerospace and Defence	6	207.83	760
2.	Agro Based (Incl. Poultry & Cold Storage)	275	498.43	6410
3.	Automobile	18	1333.44	2303
4.	Breweries	10	1062.10	2812
5.	Cement	156	178.72	1700
6.	Defence	1	268.22	400
7.	Electrical and Electronics	68	1132.38	8022
8.	Engineering	503	993.58	8665
9.	Fertilizers	1	3160	1660
10.	Food Processing	535	2645.18	31889
11.	Granite and Stone Crushing	222	404.81	3906
12.	IT and IT (Services)	8	3338.87	45900
13.	Others (incl Leather, Paints and Wood)	761	9643.85	31888
14.	Paper and Printing	116	625.50	2458
15.	Pharma and Chemicals	324	4981.62	26993

Case Study 1

K. Jagadeshwar

Sumangali Rice Mill

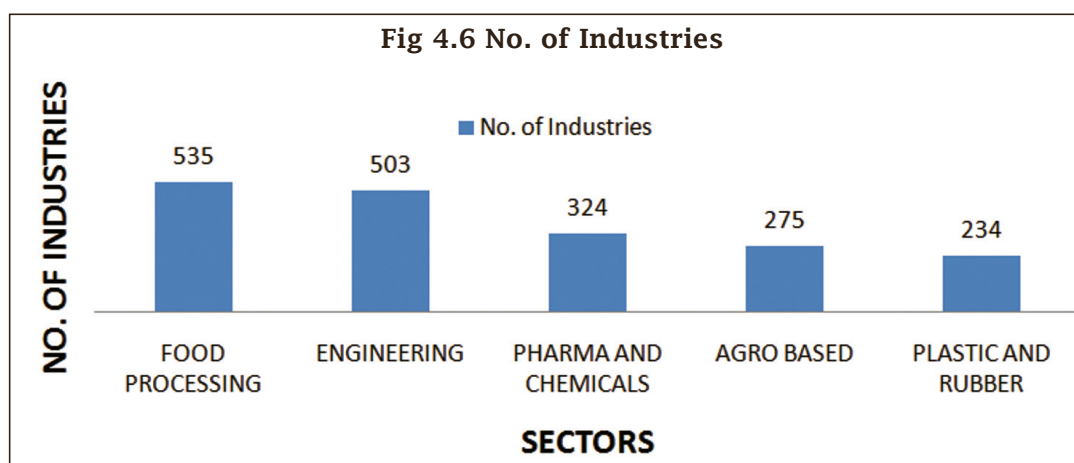
Talakondapalem, Ranga Reddy Dist

TS-iPASS is the most effective policy as it granted the clearances, sanctions and approvals within 10-15 days. There was no difficulty in getting the sanctions and approvals, and did not have to visit any departments. I have chosen Talakondapalle for setting up the Rice Mill as raw material is available, proximity to market and infrastructure facilities. I congratulate the Telangana Government for coming out with TS-IPASS and thank the department officials for their support and assistance in getting the required permits within a short time.

S.NO	Sector-Major	No. of Industries	Investment (Rs. in Crores)	Total Employment
16.	Plastic and Rubber	234	940.85	7585
17.	R and D	1	1000	252
18.	Real Estate for Industry	7	2948.32	25909
19.	Solar Power	86	4148.42	1946
20.	Textile	99	263.03	2178
21.	Thermal Power	11	18539	7122
Total		3451	58341.15	220758

TOP 5 PERFORMING SECTORS IN TELANGANA IN TERMS OF-

1) Number of Industries



The figure indicates that top 5 sectors in terms of number of units are Food Processing, followed by Engineering, Pharma & Chemical industries, Agro based and Plastic & Rubber industries. Traditional industries are still dominating the investors' choice and there seems to be a hesitation to venture into the new hi-tech areas, such as electronics industry, bio-technology/nano-technology etc.

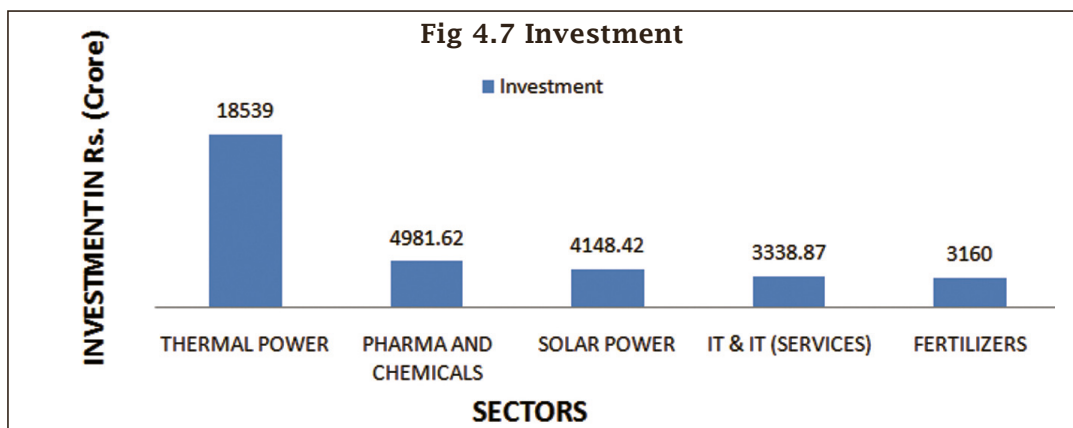
Case Study 2

Irukulla Srinivas

*Neuheit Pharma Private Ltd., Kothur
Ranga Reddy Dist*

TS-iPASS is a very comprehensive policy under which all clearances, sanctions and approvals of various departments required to set up an industrial unit were given within 20-30 days. The confusions/queries or difficulties faced during the processing of application, were well taken and addressed at the earliest by the customer care service of TS-iPASS. The entire process under TS-iPASS was hassle-free (all permits/sanctions covered under the single scheme). My choice of location was on the basis of approval from Food and Drug Administration, proximity to market (nearness to airport) and infrastructure facilities. I am satisfied with the excellent support and assistance extended by the Industries Department. Initially there were certain difficulties in adjusting to continuous changes in the appearance of the website (probably due to migration process). I appreciate the Telangana State government for introducing such a comprehensive policy as it was highly helpful in obtaining fast approvals from various departments.

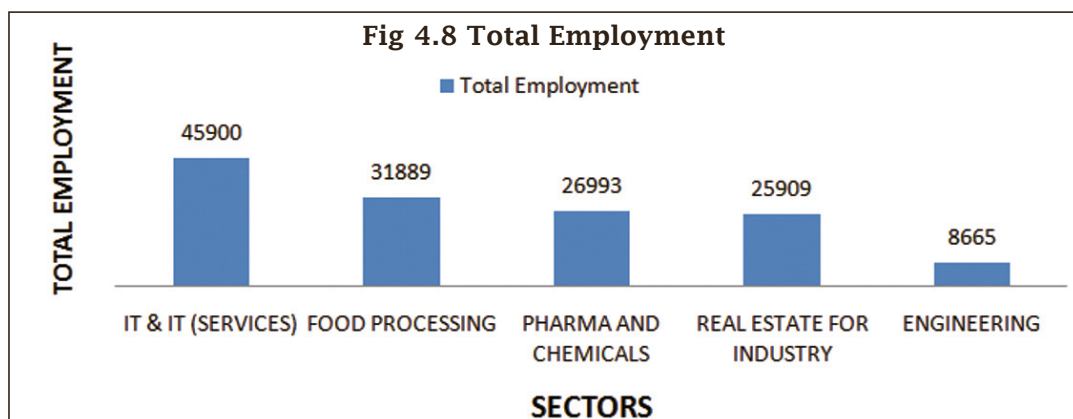
2) Investment



The highest investment has come into Thermal Power sector.

To make the State self-sufficient in Power Sector by 2018, it has been proposed to add 6000 MWs by TSGENCO and 4000 MWs through NTPC exclusively dedicated to the State as mandated by AP Reorganization Act and necessary steps have already been initiated by such Capacity Addition. The Transmission & Distribution (T&D) Network strengthening is also being planned and executed. Out of the total installed capacity, a major portion of power is generated by the state sector which explains the highest investment (44%) in the power sector. Hyderabad being called as Pharma capital was able to attract 4981.62 crore followed by, solar power, IT and ITES, and fertilizers sectors.

3) Total Employment



The major employment generating sector in the State is IT & IT (services) followed by Food Processing sector, Pharma & Chemicals, Real Estate for industry and Engineering sectors. The data reveals that other labour intensive industries such as textiles, paper and printing have not made much progress.

Case Study 3

G.Rakesh

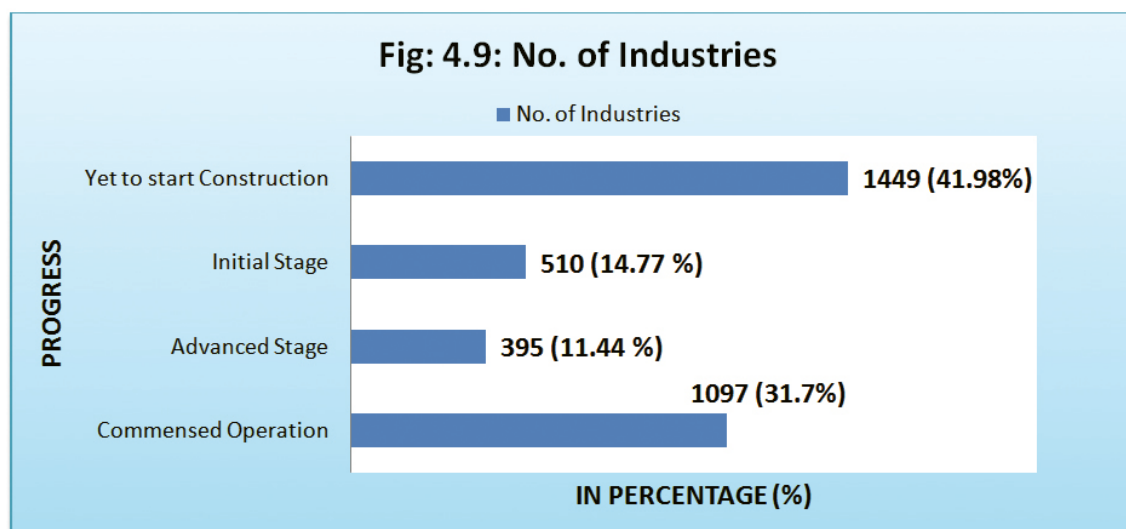
*Sri Laxmi Ginning & Pressing Factory
Adilabad*

The Telangana State has come up with a very good policy which granted the clearances, sanctions and approvals within 15 days. The entire process was very smooth and hurdle-free and I didn't have to take any permits other than those under TS-iPASS nor did I have to pay multiple visits to any department. I chose to set up my unit in Adilabad as it is firstly my domicile and there is also availability of raw materials, proximity to market, availability of infrastructure and finance. The unit has also begun operations. I am very satisfied with the support extended by Industries Department.

**TABLE 4.6: Effect of TS-iPASS on setting up of New Industries -
PROGRESS OF IMPLEMENTATION REPORT
(01-Jan-2015 to 02-Mar-2017)**

S No.	Progress	No. of Industries	In Percent %	Investment Rs. in Crores	In Percent %	Total Employment	In Percent %
1	Commenced Operation	1097	31.79	11791.42	20.11	43075	19.51
2	Advanced Stage	395	11.44	6677.24	11.47	38198	17.31
3	Initial Stage	510	14.78	27852.70	47.77	83102	37.64
4	Yet to start Construction	1449	41.99	12019.79	20.65	56383	25.54
TOTAL		3451	100.0	58341.15	100.0	220758	100.0

Progress of the Industries established after the commencement of TS-iPASS



Since 1st January 2015 till date 3451 industries have been approved by the government out of which 31.79% have commenced the operations, 11.44% are in advanced stage, 14.77% are in initial stage and 41.99% are yet to start the construction.

Case Study 4

Aziz Rajani

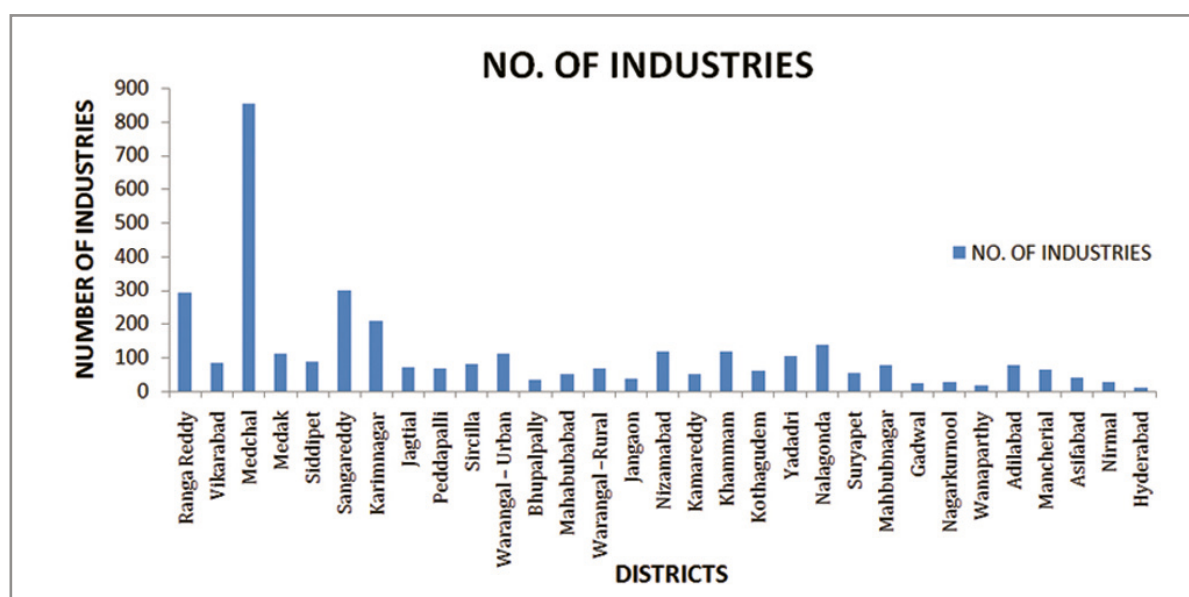
R.R.COTTONS (Ginning & Processing Factory)
Adilabad

TS-iPASS is a full-fledged policy through which I got all the clearances, sanctions and permits within 15 days. I did not approach any department multiple times for obtaining clearances. I opted to set up the unit in my domicile, Adilabad considering the availability of raw materials, proximity to market, infrastructure and finance availability. It was not required to take any other permits other than TS-iPASS as all the necessary permits are covered under the policy. However, with regards to few other aspects of the industrial policy, government may undertake proper zoning of industries on the basis of raw materials available in the regions.

Part II

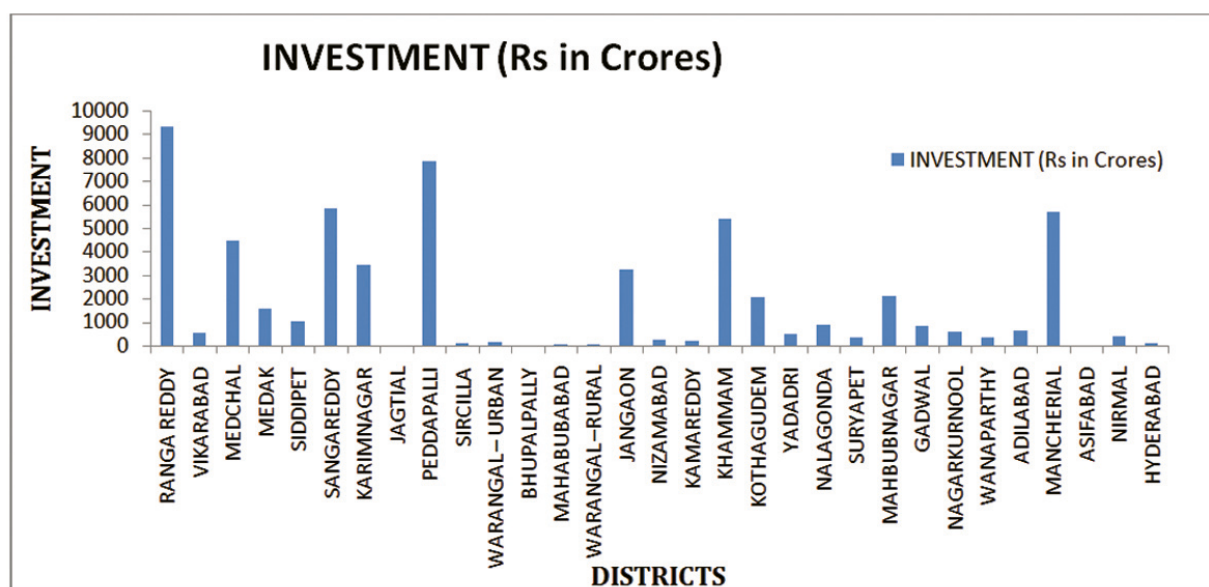
Government of Telangana has recently reorganized its districts from 10 to 31, for better administration and development of the areas comprised therein and for matters connected therewith as per the Telangana Districts Formation Act, 1974 and Telangana District Formation Rules, 2016. This re-organization has given the scope to look into further micro analysis of TS-iPASS. The detailed statistics in terms of number of units set up, total investment and employment of all the 31 districts has been enclosed as table Annexure II.

Fig. 4.10: Effect of TS-iPASS on number of industries set up in 31 districts of Telangana State



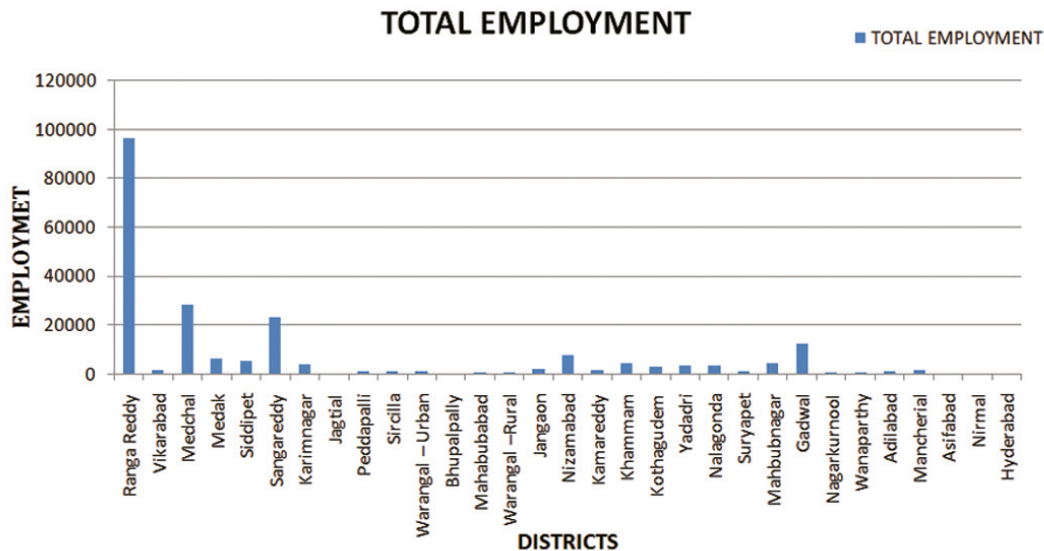
Top five districts in number of units under TS-iPASS - Medhcal (24.71%), Sanga Reddy (8.69%), Ranga Reddy (8.49%), Karimnagar (5.99%) and Nalgonda (3.99%).

Fig. 4.11: Effect of TS-iPASS on Investment attracted into 31 districts of Telangana State



The top 5 districts in attracting investment under TS-iPASS - Ranga Reddy (15.99%), Peddapalli (13.48%), Sanga Reddy (10.04%), Mancherial (9.72%) and Khammam (9.28%).

Fig. 4.12: Effect of TS-iPASS on Employment in 31 districts of Telangana State



The top 5 districts in general of employment under TS-iPASS - Ranga Reddy (43.56%), Medchal (12.78%), Sanga Reddy (10.59%), Gadwal (5.62%) and Nizamabad (3.47%).

Case Study 5

Prateesh

M/S K.S. Seed Processing Plant, Munpally
Nizamabad Dist

I got all the clearances, sanctions and permits under TS-iPASS in 15 days after submitting all the documents necessary for permits and did not approach any department for obtaining clearances. Munpally is my domicile and there are various other advantageous factors like availability of raw materials, proximity to market, infrastructure, finance availability due to which I chose this place to set up the unit. There were no hurdles while processing the application at any department. I am very much satisfied with the TS-iPASS policy and other incentives offered by the Industrial Policy.

Analysis Using Trend Line:

Trend line is fitted by taking the growth rate of industrial sector of Telangana State from 2010-11 and projected it forward till 2021-22.

Table 4.7: Growth rate of Industrial Sector

Year	2011-12	2013-14	2014-15	2015-16	2016-17
Growth rate	3.4	11	6.9	8.3	10.3

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Growth rate	11.3	12.4	13.5	14.5	15.6

(The year 2012-13 is not considered for projecting the trend in growth rate of industrial sector as the year is an exceptional year of acute shortage of power due to which the industrial growth recorded negative value).

Fig. 4.13: Growth Rate (Trend line) of industrial sector since 2010-11



The growth rate is showing increasing trend and is expected to grow by 15% by 2022 with the favorable impact of TS-iPASS.

The positive impact of TS-iPASS calls for strengthening of DICs on priority basis to achieve the desired results.

Case Study 6

Dhanpal Srinivas

Vishnu Priya Foods Pvt Ltd
Nizamabad Dist

TS-iPASS policy is very effective in issuing all the clearances, sanctions and approvals. I am happy to say that I got them in 07 days. The entire process was hurdle-free at all stages and I did not approach any department for obtaining clearances. Nizamabad is my domicile and also has various advantages such as availability of necessary raw materials, infrastructure and finance; hence I chose to set up my unit here. I am satisfied with the services being provided by the government through TS-iPASS policy as the entire process of application is systematic and time bound.

Ease of doing Business in Telangana

HOW THE STATES FARED

TOP FIVE

State	Score(%)	2016 Rank	2015 Rank
Telangana	98.78	1	13
AP	98.78	1	2
Gujarat	98.21	3	1
Chhattisgarh	97.32	4	4
Madhya Pradesh	97.1	5	5

BOTTOM FIVE

State	Score(%)	2016 Rank	2015 Rank
J&K	0.30	31	29
Chandigarh	0.30	31	24
Meghalaya	0.30	31	30
Andaman & Nicobar Island	0.30	31	25
Lakshadweep	0.30	31	-

Within only two years of TS-iPASS, State has moved up in the ranking of ease of doing business from 13 to 1 with a score of 98.78 per cent.

The assessment was based on degree of implementation of the DIPP's 340-point Business Reform Action Plan (BRAP) which includes 58 regulatory processes, policies, practices, or procedures spread across 10 reform areas spanning the lifecycle of a typical business, covering the period July 1, 2015 to June 30, 2016. In this regard, the scheme of TS-iPASS introduced by the government of Telangana takes all the credit which gives clearance to industrial projects within a fortnight. The online single window system has a provision for filing applications, payment, status tracking, online scrutiny and approval of applications as mentioned in detail in the previous section. The state government takes a maximum of fifteen days, as per law, to revert with an approval. If not, on the sixteenth day, it is deemed approved.

The results of assessment showed that States including Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana, Uttarakhand have created a dedicated body/ bureau as a one-stop system for state level regulatory and fiscal incentive approvals. The Telangana State has made an excellent kick-start for rapid industrialization of the state with due importance to manufacturing sector.

CHAPTER - 5

Concluding Remarks & Policy Suggestions

The Preamble of Industrial Policy of Telangana State pronounces that “Industrialization is the key strategy followed for economic growth and development for Telangana, the 29th state of the country”. The aims of the policy are 1) the creation of jobs for the youth, 2) promoting development of backward areas, 3) maximizing growth opportunities by optimum utilization of the available resources, 4) harnessing the talents and skills of the people and 5) ushering prosperity in every household.

The Government of Telangana succeeded in acting as a facilitator and a catalyst in acquiring large scale private sector participation and attracting investments from domestic as well as international players. The Government of Telangana also succeeded in creating a peaceful, secure and progressive business regulatory environment. The fact that Telangana State ranked ‘number one’ in Ease of Doing Business reflects the commitment and dedication of the officials in making Telangana an attractive investment destination.

The initial steps towards reaching the core values which are envisaged in the Industrial Policy, viz., Industrialization shall be inclusive and will facilitate social equality; Benefits of industrialization should reach marginal and socially disadvantaged sections of the State; are yet to be taken.

Analysis of Industrial growth of Telangana and TS-iPASS policy shows that the government is able to take first step towards achieving the objective of “progress with distributive justice” by attracting investments into every district of Telangana State. But the progress in this direction is slow and the government may focus on decentralization of industries to achieve a sustainable and inclusive growth.

SUGGESTIONS:

Following measures are suggested to achieve the objective of “Inclusive Industrialization with social equality” through the Industrial Policy of Telangana State:

✦ 14 key sectors recognized as the thrust areas should be accorded a high priority over others (as was proposed). It was envisaged to provide each of the thrust areas its own sectoral policy and structure of incentives but this has not been taken up by the policymakers as yet. The government needs to take initiative in formulating policies for the 14 key sectors in consultation with sector’s industrialists and industry associations. First level of consultation should be before making the draft policy, second level of consultation on draft policy and final level of consultation before finalizing the policy will help the government to know what exactly the requirements of the respective sectors are.

✦ To inculcate the spirit of entrepreneurship amongst people of backward districts, awareness programmes regarding the TS-iPASS benefits should be conducted to incentivize the local residents to avail the benefits offered by the scheme. In addition, government may also promote entrepreneurship in these areas through conducting Entrepreneurship Development Programmes (EDPs) in colleges regarding self-employment opportunities and motivate them to become job providers rather than job seekers. Moreover, public sector banks should also step in to provide financial assistance and handholding support until the units get established.

✦ The government of Telangana is giving investment subsidy on the service sector projects limited to 50% of the Budget provision during each financial year for SC/ST entrepreneurs under T-PRIDE. They are meant for additional support measures to increase entrepreneurship among the SCs/STs. Government may provide

similar kind of incentives to General Category entrepreneurs in backward regions to encourage them to take up the activities for self-employment/employment generation.

✦ Special consideration for backward areas development will generate employment opportunities for local people and contribute to prevention of migration of people in search of livelihood. Some of the service sector projects which may be extended to general category entrepreneurs are Hotel industry, providing medical, health or other allied services, Floriculture, Nursery and any other activities suitable to the local conditions and resources.

✦ Adilabad, the largest cotton growing area of Telangana state, is to be declared as cotton zone and special incentives are to be extended to set up spinning mills in the four districts of erstwhile Adilabad district namely: Asifabad, Adilabad, Mancherial and Nirmal.

Most of the mandals of these districts are coming under GO 1/70 of the Government of Telangana (AP). As per the GO only the people belonging to ST category can set up industrial units. The major hurdle for ST entrepreneur is lack of finance. Banks are not willing to provide finance to set up the units for lack of collateral securities. Hence, government need to come forward and provide the necessary infrastructure along with finance to set up manufacturing activities such as ginning mills, spinning mills as the area is predominantly under the cotton crop.

✦ It is informed by the local entrepreneur that because of GO 1/70 most of the entrepreneurs prefer to invest in the neighboring Maharashtra state. Also the incentives offered under Maharashtra Policy are a major attraction to investors. Government of Telangana may take a cue from Maharashtra policy where the state government has divided the Taluks into seven groups and more thrust has been given to less developed areas. The seven groups are:

1. Group A - Developed area
2. Group B is less developed than A
3. Group C is less developed than B
4. Group D is less developed than C
5. Group D+ less developed than D
6. No industries exists
7. Areas affected by Naxalism

The new units in C, D, D+ and also where the industry doesn't exist are exempted from payment of electricity duty apart from providing a subsidy of Rs 1-/- per unit consumed.

✦ Nizamabad district, though is famous for rice mills, in recent years many mills are getting closed due to removal of levy system. The district is suitable for setting up food parks (major crops are rice, oil seeds, maize, pulses and turmeric) and also spice parks.

✦ The state government may promote setting up of product wise parks either under PPP scheme or in private sector by extending special incentives to the units in the parks inline of Gujarat and Maharashtra.

✦ Government of Telangana is giving lot of thrust to the Tourism sector and one of the service sector projects included in the T-PRIDE is setting up or development of tourism related facilities including amusement parks, convention centers, restaurants, travel and transport (including those at airports), tourist service agencies and



guidance and counseling services to the tourists. This sector offers ample opportunities for self employment if the incentives are extended to general category entrepreneurs. This also helps promoting tourist places that are hitherto not very popular among the people.

✦ Government of Telangana should come forward to set up mother industries in backward districts taking into consideration the comparative advantage of the region so that ancillary units will automatically come into place, eventually leading to industrial development of the area.

✦ It has been brought to our notice that courses offered in ITI's and Polytechnic Colleges are not as per the requirement of the local industries of respective districts of Telangana State. Hence, it is suggested that the government may take necessary steps to introduce new and relevant courses in these institutes in accordance with the requirement of the local industries.

For instance, inclusion of courses on textile technologies in the ITI's and polytechnic colleges located in and around Adilabad district would create workforce suitable for for ginning and spinning mills. Similarly, courses related to food processing technology may be introduced in the institutes at Nizamabad and other districts where various food parks are being set up.

Thus, introduction of relevant courses as per the demand/requirement of the local industries of respective districts in the ITI and polytechnic colleges would result in creation of greater employment opportunities to the increasing local workforce in all the districts of Telangana, that will have multiple effects of prevention of migration of people from rural to urban areas, increased incomes, better standards of living, leading to an overall development of the state.

✦ All the district industry centers are facing the difficulty due to lack of infrastructure facilities and shortage of man-power. The District Industries Centres (DICs) are unable to fulfill their main responsibility of surveying and supervising the industrial areas and their activities due to the insufficient man- power. For instance, after the re-organization of 10 districts into 31 districts, no additional staff is recruited or systems are given as per the requirement. Number of IPOs with each DIC is only one or two whereas the actual requirement is around five to eight.

The DICs are not equipped with vehicles for transportation to visit the various mandals under the districts. Each DIC is to be provided with a minimum of two cars for effective implementation of various schemes of the government.

Thus strengthening of the DICs is to be taken up by the government with utmost priority.



Annexure - I

Table : 1

TS-iPASS:

Notification of the Investment limits for the TS-iPASS approvals:

Purview of the Committee	Investment Limits
District TS-iPASS	Upto Rs. 5.00 Crores in Plant and Machinery and all other such components constituting capital expenditure.
State TS-iPASS	Rs. 5.00 Crores to Rs. 200 Crores in Plant & Machinery and all other such components constituting capital expenditure
T-SWIFT Board	All Mega Projects with investments in Plant & machinery, machinery and all other such components constituting capital expenditure above Rs. 200 Crores (or with an employment potential of more than 1000).

Procedure :

CAF:

- The Combined Application Form (CAF) is prescribed for the applicants which needs to be submitted along with relevant enclosures to the nodal agency.

Pre-scrutiny of CAF:

- Nodal agencies then will conduct pre-scrutiny by inviting competent authorities twice a week for the benefit of the applicants.
- The nodal agency issues and acknowledgement to the applicants, which are found to be in complete shape.

Processing and Monitoring:

- After the online acceptance, applications will be sent to Head of the Departments.
- The district and state nodal agencies under T-SWIFT Board, will review cases regularly.
- Competent authority follows the timelines for approval and has an end-to-end online system includes all features pertaining to capturing of information, tracking, online payment etc.

Table : 2

Time limits for processing and disposal of applications:

Project with Investment	Time Limits
Investment in Capital Expenditure less than Rs.200 Crores	Maximum 30days from the date of issue of Acknowledgement.
Investment in Capital Expenditure more than Rs.200 Crores	Provisional approval within 15days (which do not require clearances from agencies other the state Government)

Deemed Approvals:

The provisions of deemed approval under Section 13(1) of the Act shall be applicable to all pending approval applications provided these applications are complete in all respects.

[The Section 13(1) of the TS-iPASS Act states that while prescribing the time limits, the State Government may notify the clearances in respect of which failure of the competent authority to pass final orders on the application within the stipulated time shall result in deemed approval.]

**Land to be vested with TSIIIC:**

Government land shall vest with TSIIIC (Telangana State Industrial Infrastructure Corporation Ltd.) for the purpose of setting up of industry/manufacturing as considered by TSIIIC. TSIIIC will be the notified authority for all such land and it shall take all necessary actions.

Clearances pertaining to Gram-Panchayats (GP):

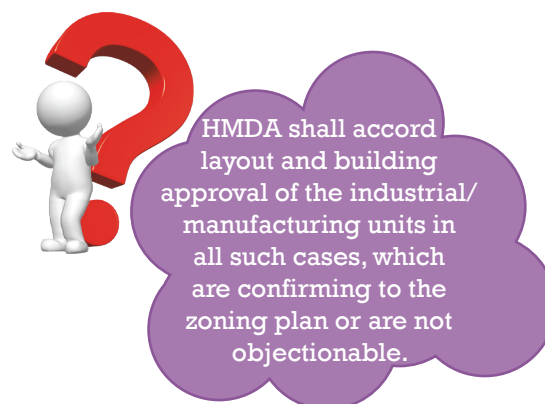
- For the Government lands handed over to the TSIIIC, all required approvals will be issued by TSIIIC. However, the revenue will be shared with the Gram- Panchayats.
- For other category of lands where an application has been for setting up an industry the application will be examined in accordance with the relevant local body rules and regulations.

Clearances from HMDA (Hyderabad Metropolitan Development Authority):**Water Requirement:**

Ten percent (10%) of water from all irrigation projects has been earmarked for industrial use and bulk charges will be paid by TSIIIC to the concerned authorities.

Review and Revision:

- * In case of rejection of applications seeking clearances with modification under the State laws, the District TS-iPASS shall examine such cases and will forward appropriate cases in the form of reference to State TS-iPASS Committee
- * In case of rejection of applications seeking clearances with modification under the State laws, the State Nodal Agency shall examine and forward appropriate cases in the form of reference to the Government. The decision of T-SWIFT will be final.



Right to Clearances and Grievance and Redressal:

The applicant has the right to ask for the approval or seek explanation for the delay in approvals. The concerned department /officer will answer for such delays and Head of Department shall be accountable for timely processing.

Implementation:

- The unit holder seeking information shall make a request in writing/online to the Nodal Agency.
- The Nodal Agency shall seek a report from the concerned department within 2 working days.
- If the concerned department fails to give decision within 5 days, the concerned officer of the department shall be levied a penalty.
- In all such cases, a penalty of Rs. 1000/- for each date till approval is accorded. However, once the total amount exceeds Rs. 25,000/- such cases shall be reported to T-SWIFT.

The penalty is subject to revision by Government from time to time.

Penalty:

As per the provisions of Section (19) of the Act 3 of 2014, the applicant shall be penalized with fine as prescribed by the government from time to time as well as rectification of the defect if he/she or the organization as a case may be fails to comply with the conditions or undertaking in self-certification given to the nodal agency.

Time lines for setting up of the industry:

In case the land is allotted by the Government TSIIIC or any other Government agency either on market value or otherwise, the company or allottee has to complete the financial closure within 1 (one) years and start operation within 2 (two) years from the date of permission failing which the land will be resumed back.



Annexure - II

**Effect of TS-iPASS on setting up of New Industries –
DISTRICT-WISE REPORT
(01-Jan-2015 to 02-Mar-2017)**

S.NO	Districts	No. of Industries	Investment (Rs. in Crores)	Total Employment
1.	RANGA REDDY	293	9329.55	96164
2.	VIKARABAD	84	566.42	1520
3.	MEDCHAL	853	4481.13	28214
4.	MEDAK	110	1563.53	6306
5.	SIDDIPET	88	1037.08	5623
6.	SANGAREDDY	300	5858.63	23384
7.	KARIMNAGAR	207	3460.99	4250
8.	JAGTIAL	72	14.99	438
9.	PEDDAPALLI	66	7865.21	1407
10.	SIRCILLA	80	93.68	1114
11.	WARANGAL – URBAN	110	143.68	1402
12.	BHUPALPALLY	32	34.89	459
13.	MAHABUBABAD	50	57.57	610
14.	WARANGAL –RURAL	68	68.82	829
15.	JANGAON	37	3261.19	2077
16.	NIZAMABAD	118	257.99	7663
17.	KAMAREDDY	50	219.20	1699
18.	KHAMMAM	118	5415.51	4695
19.	KOTHAGUDEM	61	2067.60	2970
20.	YADADRI	103	489.42	3601
21.	NALAGONDA	138	892.21	3339
22.	SURYAPET	53	371.56	996
23.	MAHBUBNAGAR	78	2141.35	4661
24.	GADWAL	22	827.50	12423
25.	NAGARKURNOOL	28	592.95	667
26.	WANAPARTHY	16	345.13	548
27.	ADILABAD	76	631.11	1251
28.	MANCHERIAL	63	5676.31	1644
29.	ASIFABAD	40	36.81	277
30.	NIRMAL	27	417.44	227
31.	HYDERABAD	10	121.68	300
Total		3451	58341.13	220758

Success of TS-iPASS:

MRF among 16 approvals cleared under TS-iPASS

SPECIAL CORRESPONDENT

HYDERABAD: NOVEMBER 22, 2015 00:00 IST
UPDATED: NOVEMBER 22, 2015 05:33 IST

SHARE ARTICLE | f 1 | | 000K | | | PRINT | A | A | A

Start Download - View PDF - Convert From Doc to PDF, PDF to Doc Simply With The Free On-line App! www.fromdocstopdf.com

Ads by Google

Expansion plans of MRF in Medak district with an investment of Rs. 900 crore was among the 16 approvals for investments of about Rs.1,571 crore cleared by the State Government on Saturday under the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS).

An employment potential of over 1,800 would be created with the proposed investments in Medak, Ranga Reddy and Mahabubnagar districts.

Minister for Industries Jupally Krishna Rao stated that he had handed over some of the approval letters to the persons concerned on Saturday as part of the fourth phase of clearances under TS-iPASS.

BusinessLine

Home News BUDGET 2017 Markets Companies Money & Banking Economy Info-t
National Science Sports World Variety Education Real Estate Cities4Climate

Telangana clears 16 industrial proposals worth ₹1,046 cr

OUR BUREAU

· PRINT · T+

Tweet

G+1 0

in Share

1	Life Insurance for Seniors	2	Small Business Ideas	3	Best Investments for Retirement
---	----------------------------	---	----------------------	---	---------------------------------


HYDERABAD, SEPTEMBER 7:

The Telangana Government has approved 16 industrial proposals with a total outlay of ₹1,046 crore under the TS-iPass facility.

The projects include pharma sector companies, bottling and beverages firms, automotive tubes and tyres and other industries.

Those in the pharmaceutical sector include that of Biological Evans with investment of ₹30 crore, Glukem Biocare (₹11 crore), Aurobindo Pharma two units of ₹89 crore and ₹128 crore respectively in Mahabubnagar district, Hetero Labs Limited (₹164 crore) in Rangareddy district and Genesys Biological (₹11 crore).

Those in the automotive sector include Mahindra CIE Automotive Limited for sheet metal stamping with an outlay of ₹69 crore and Rane Madras Limited for brakeliner with ₹42 crore also in Medak district and ACE Tyres Limited for automotive tubes and tyres (₹15 crore) and Total Oil India Limited for bottling (₹14.3 crore), Hindustan Coca Cola Beverages will set up a ₹100 crore fruit juice, carbonated soft drinks project with an outlay of ₹100 crore.

WHAT DOES TS-IPASS ACT SAY				THRUST AREAS	
BEYOND SINGLE WINDOW		POLLUTION CONCERNS		Life sciences including biotechnology and pharma	IT hardware including medical devices, communications
For the first time, it provides applicants the right to timely clearances	Another first is acceptance of self-certification	Industries to be categorised as green, orange, red 1 and red 2	Only red 2 category to go to Government of India	Aviation, aero-space and defence	Food processing and nutrition products
Time limits for clearances - 15 days for mega projects		90 % of applications cleared by State government		Textiles, leather and apparel, related products	
Provision of penalty if departments delay clearances	Applicants need not go to different departments	POLICY FRAMEWORK		Automobiles, farm equipment, transport vehicles	
Common application form prescribed	Nodal Officer on the lines of Singapore Economic Development Board (EDB)	Secure, progressive business regulatory environment	Rs. 100 crore to TSITC for infrastructure development	PLASTICS AND POLYMERS	
Applicants liable for action, if self-certification is false		Inclusive industrialisation with social equality		Fast Moving Consumer Goods (FMCG), domestic appliances	Plug and play infrastructure in industrial parks
Minimum inspection and maximum facilitation	Zero tolerance for corruption			10 % water earmarked for industry	
Initiatives for 2014-15		New pharma city, chemical city with developed infrastructure, waste management	Development of Hyderabad-Warangal industrial corridor	Development of Warangal as textile hub of Telangana	Food processing, seed production initiatives
					Creation of venture capital/angel fund

RESEARCH TEAM

TEAM HEAD	Smt T.Sujatha, Deputy Director
RESEARCH ASSISTANTS	Ms. B S Mekhala Ms. Pawani Chaudhary Ms. S. Sai Ankitha Ms. Radha Kumari Mr. K. Srikanth
GRAPHIC DESIGN	Mr. A. Srinivas

References:

- http://eodb.dipp.gov.in/Reformstate.aspx?st_id=0&r_id=4&class=Dark-blue
- <https://ipass.telangana.gov.in/>
- <https://www.telanganastateinfo.com/tsipass/>
- G.O.Ms.No. 62, List of Ineligible industries / activities for implementing the Policy, T-IDEA, Industrial Policy, Industries & Commerce Department, Government of Telangana State.
- G.O.MS.No. 77, Operational Guidelines, T-IDEA, Industrial Policy, Industries & Commerce Department, Government of Telangana State.
- G.O.MS.No. 78, Operational Guidelines, T-PRIDE, for Scheduled Caste / Scheduled Tribe Entrepreneurs, Industrial Policy, Industries & Commerce Department, Government of Telangana State.
- TS-iPASS BILL, Telangana State Industrial Project Approval and Self Certification System (TS-IPASS) ACT, 2014, Industries & Commerce Department, Government of Telangana State.
- G.O.Ms.No.28, Incentives for setting up of New Industrial Enterprises in Telangana State– T-IDEA Incentive Scheme 2014
- G.O.Ms.No.29, Incentives for setting up of New Industrial Enterprises in Telangana State– T-PRIDE – SC/ST Entrepreneurs
- TS-iPASS Rules 2015 & Operational Guidelines, Government of Telangana
- Life Sciences Policy for the State of Telangana (2015-20)

DATA SOURCE:

- Commissionerate of Industries Government of Telangana: industries.telangana.gov.in/
- Telangana Budget Analysis 2016-17, PRS Legislative Research
- Industrial policy framework for State of Telangana (2014)
- Industries Policy Book 2015, Government of Telangana
- Socio Economic Outlook 2016, Government of Telangana, Planning Department
- Socio Economic Outlook 2015, Government of Telangana, Planning Department





**The Federation of Telangana and Andhra Pradesh
Chambers of Commerce and Industry**

Head Office : Federation House, FAPCCI Marg, Red Hills, Hyderabad - 500 004
Ph : 23395515 (8 line) Fax : 040 23395525 e-mail : info@ftapcci.com www.ftapcci.com