

Industrialization and Decentralisation of Industries in Telangana State – Post TS-iPASS Policy

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ABSTRACT

Telangana is the 29th new state of Indian union which has come into existence from 2nd June, 2014. The youngest Telangana state Government has formulated various policies and measures to realize sustainable and balanced development. With the enactment of “Telangana State Industrial Project Approval and Self Certificate System” (TS-iPASS) the Telangana state stood 1st in Rank in “Ease of doing Business” for the year 2016-17. The main aim of TS-iPASS act is to attain rapid progress and decentralized industrial growth by faster processing and giving approval of application for establishment of new industries with time bound clearances in two weeks (15 days) from date of filling online applications. The hope is that TS-iPASS will attract and make red carpet for domestic and (Multi-National Companies) MNCs in all over the state towards making Golden Telangana. This research paper aimed to examine the impact of TS-iPASS on performance of industrial sector growth and dispersal of industries. The analysis is purely based on secondary data collected from various sources. The paucity of data restrained the author in depth analysis on industrial growth in newly formed districts in the Telangana (2016). Hence the study confined to erstwhile 10 districts of the study area. The study focuses in primarily on performance of industrial sector in Telangana, pre and post TS-iPASS, in terms of growth of new industries, employment opportunities, increasing investment crossways in each and every district by providing suggestions to industrialization and decentralization of industrial growth to remove regional imbalance with avenues based on local resources.

Keywords

Balanced development, TS-iPASS Act, Golden Telangana, MNCs, Decentralization

1. INTRODUCTION

Telangana state is rich in mineral resources. To generate large scale profits for the people the state has to develop an apparent and rational mechanism to facilitate the private sector to bring the most modern technology and mammoth investments required for their utilization. The united Andhra Pradesh with Hyderabad capital witnessed progressive development for the last two decades. But, the vicinity of Telangana state in more parts experienced less development and sometimes it was obtuse, with a growth rate of 3.4 per cent in 2011-12 FY, 11 per cent in 2013-14 FY and 2012-13 FY is an immunity year with a negative industrial growth rate owing to lack of transparent procedures, serious irregularities and severe power crisis. This lead to unfavourable for establishment of new industries and many Small & Medium scale Enterprises have closed down and shifted to other states. Even after formation of Telangana state, before the initiation of TS-iPASS, industrial progress was very meagre, which was consisting of 6.9 per cent in 2014-15 FY. In these circumstances the Telangana state Government has formulated new industrial policies and measures to embark industrial growth and to cater the needs of new entrepreneurs of domestic and foreign MNCs. In tune with the aim of “Reinventing Telangana” by giving boost to industrial sector, the Government formulated new policy framework on following four fronts: making Telangana a business-friendly state, creating dedicated cells for facilitating investment projects, providing incentives in different manners to encourage the first generation entrepreneurs in the state and provide further incentives targeting SCs, STs, BCs and Women-owned enterprises. Further, the policy has been set to renovate the rigid environment for ease of doing business and encourage innovation and Technology to come forward with integrated industrial development plan to steer the

industrialization and decentralization of industries across the state.

2. STUDY AREA

Telangana state is the 29th new state of Indian union which has come into existence on 2nd June, 2014. Telangana has been carved out of united Andhra Pradesh with a geographical extent of 112077 km² and it has a population

of 35 millions (as of 2011 census) occupies 12th Rank in terms of both area and population in Indian union. It lies between 15° 55' and 19° 55' North latitudes and 77° 15' and 81° 19' east Longitudes. The state comprises of 10 districts namely – Adilabad, Nizamabad, Karimnagar, Medak, Rangan Reddy, Hyderabad, Mahaboobnagar, Nalgonda, Warangal and Khammam. The erstwhile 10 districts have been re-organised into 31 districts for better administration from 11th October, 2016.

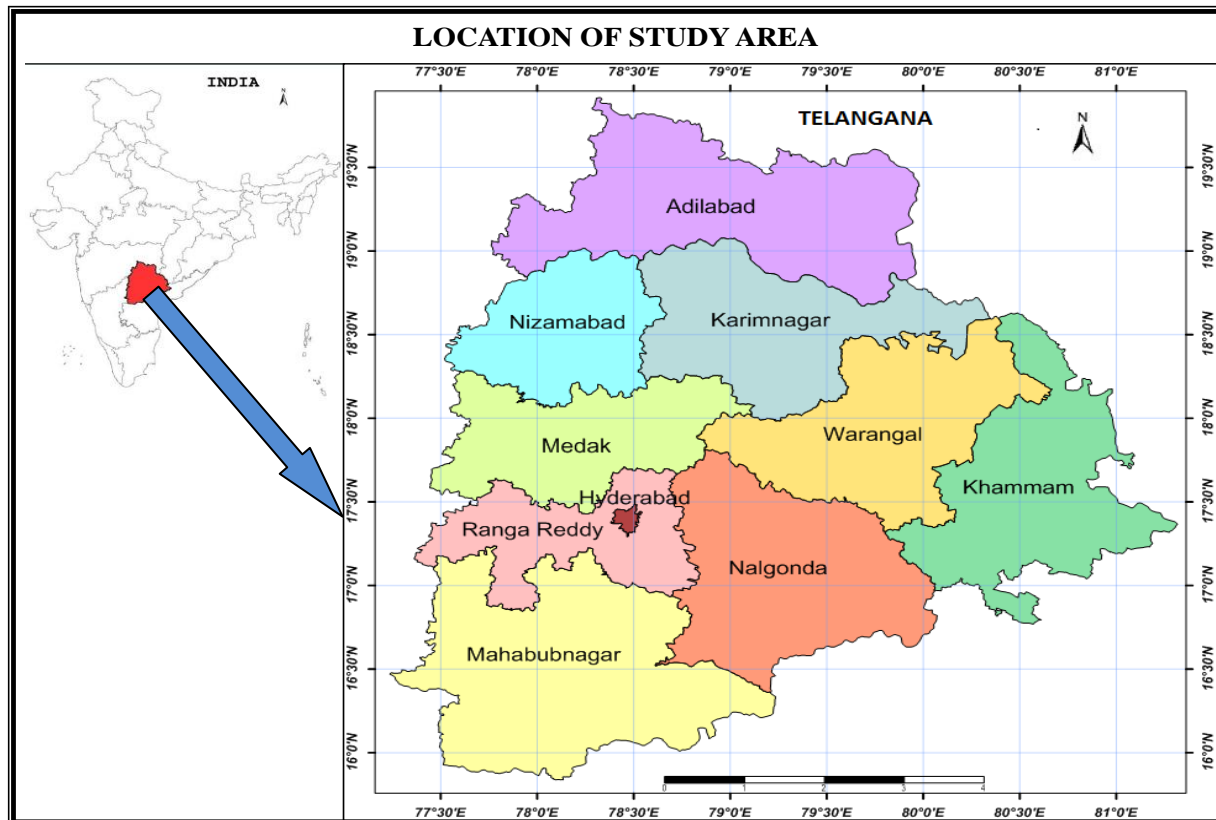


Figure 1: Location map of the Study area

3. REVIEW OF LITERATURE

Industrial sector plays a key role in generating employment, provides better standard of living and with a balanced development of economy. Telangana state is rich mineral resources, skilled manpower, technology and know-how. But, the industrial sector in telangana is developed that is expected of it. The present paper made an attempt to through little light on the existing studies on industrial growth of Indian states.

Prasad L, (1983) has found that the small scale industrial sector is a vital part of not only the industrial sector, but also the whole economic structure of a nation. The proper development of industries provide a scope for generation

of employment, raise of income and increased standard living of people among the lower income group bringing more prosperity and sustainable development of economy.

Pethiya (1991) studied that how one can use modern technology in rural industries. His study focused on the use of modern technology for rural industrialization for benefit of rural life and how that technological up gradation vital for not disturbing of existing socio-economic development in rural areas.

Minocha. A. C. (1997) had analysed and found the problems of less industrial development. Further he recommended the strategies and techniques and need of flexible environment industrial policies to make inroads

for establishment of employment oriented industrialization by removing regional imbalances in rural areas.

Mecrory (1999) studied and found the factors responsible for the industrial growth at micro level and suggested the need of new industrial policies and measure for increasing resource utilization at block level and micro level in increasing small scale industrial sector.

Brahmananda, Narayanan and Kallappa (2002) in their study identified the defects of rural industrial sector as traditional skills, inaccessibility to institutions and markets, inadequate information on marketing channels, resistance to change, credit inadequacies, lack of technological innovations and lack of proper training of entrepreneurship.

The newly formed and young Telangana Government has formulated a new industrial policy to achieve a rapid, balanced and decentralized industrial growth in districts of Telangana on a par with Ranga reddy and Medak districts.

Constituents of New Industrial Policy in Telangana state

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

TS-iPASS system came into upshot from June 12, 2015 for faster processing of applications filled in online for issue of different clearances needed for scheduling of industries at a solitary point based on the self-certification by entrepreneur.

Outstanding features of TS-iPASS

- i. A single Common Application Form(CAF) for approvals of all departments
- ii. All departments connected for establishing and operation of an enterprise brought under purview of TS-iPASS
- iii. Time limit set for each approval varying from 1 day to a maximum of 30 days depending upon the complexity of the approval
- iv. 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

- v. Making mandatory for the competent authorities to seek shortfall/additional information required, if any, only once within three days from receipt of the application
- vi. Providing deemed approvals, in case of failure of according approvals by departments, within the set time limits.
- vii. 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
- viii. Provision for automatic approval system on submission of a self-certification.
- ix. 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.

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

The T-IDEA scheme provides a wide variety of 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 are as follows:

- 100 per cent Stamp duty & transfer duty reimbursement on the purchase of land/shed/buildings for micro, small and medium enterprises (MSME), large enterprises, Mega Projects and to the women entrepreneurs.
- 100 per cent SGST (State Goods and Service Tax) reimbursement for a period of 5 years from date of commencement of commercial production for Micro & Small Enterprises.
- 50 per cent reimbursement of cost involved in skill up gradation and training the local manpower limited to Rs 2000 per person for MSMEs and large enterprises. 50 per cent subsidy on the expenses

incurred for quality certification/patent registration limited to Rs 2 Lakhs only for MSMEs.

- 50 per cent Contribution to the cost of infrastructure from IIDF subject to the terms and conditions.
- 25 per cent rebate in land cost limited to Rs. 10 Lakhs in industrial estates/industrial parks for MSMEs and large enterprises
- 25 per cent land conversion charges for industrial use limited to Rs 10 Lakhs for MSME enterprises
- 25 per cent subsidy on specific cleaner production measures limited to Rs 5 Lakhs for MSME & large enterprises
- Reimbursement of Fixed power cost @ 1/- per unit for 5 years from the period of production commenced.
- 15 per cent investment subsidy on fixed capital investment subject to a maximum of Rs. 20 lakhs for micro and small enterprises

3.3 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:

- a. 100 per cent reimbursement of Stamp duty and transfer duty paid on purchase of land meant for industrial use.
- b. 100 per cent reimbursement of Stamp duty for Lease of Land/ Shed/ Buildings
- c. 35 per cent investment subsidy on fixed capital investment (limited to Rs 75 lakhs per unit) and additional 5 per cent investment subsidy for units of ST entrepreneurs.
- d. 33.3 per cent rebate in land cost (limited to Rs.10 lakhs) in industrial estates / industrial parks
- e. 25 per cent land conversion charges for the industrial use (limited to Rs.10 lakh).
- f. Fixed power cost @ Rs. 1.50 per Energy unit for a period of 5 years.

g. Seed capital assistance to first generation entrepreneurs to set-up micro enterprises @ 20 percent of the machinery cost

h. 35 per cent investment subsidy on fixed capital investment (limited to Rs. 75 lakh per unit). Additional 5 percent investment subsidy units set up in Scheduled Areas by ST entrepreneurs (limited to Rs.75 lakh per unit).

4. NEED OF THE STUDY

The above review of literature reveals that the earlier studies on industrial growth were outdated and mainly pertained to aspects of problems of small scale industries, finance issues, role of entrepreneurship for the establishment of small scale industries at block/micro level. But, no one study focused on the friendly environment industrial policies and measures for overall development and in balanced manner at micro level. Telangana state is on front position of economic development of India. Prior to bifurcation of the state, the growth of industrial sector was marginal. Now the state has been successful in attracting huge investment by formulated TS iPASS policy of the Government for faster and decentralized industrial development. The pre-establishment industrial scheme offers time bound clearances and sanctions, self certifications and transparency for rapid processing of online filled applications at a single point. The present research paper portrays at what extent the changes took place in industrial sector of Telangana state after the initiation of new industrial policy. Hence, there is need of comprehensive study by analysing the geographical segment wise and aspect wise growth of industries in the state.

5. OBJECTIVES OF STUDY

The preliminary objectives of the present study are:

- i. To study the impact of TS-iPASS on growth of industrial sector in Telangana
- ii. To analyze the industrialization and decentralization of industries across Telangana
- iii. To give suggestions and recommendations for sustainable industrial development in Telangana

6. RESOURCE BASE & METHODOLOGY

The present research paper is purely based upon sources of secondary data. The main sources are Telangana state abstracts, reports of district industrial centres, various reports on industrial policies, magazines and from related website sources. The statistical analysis methods used in the study are averages and percentages. In addition, cartographic techniques of graphs and diagrams are used for better presentation of data. The data are obtained from the entire universe and each and every unit of MSMEs and large enterprises across erstwhile 10 districts of Telangana state.

7. GROWTH AND PERFORMANCE OF INDUSTRIAL SECTOR IN TELANGANA STATE

The Telangana state is rich in mineral resources and home for large manufacturing industries in bulk drugs, pharmaceuticals, agro-processing, cement & mineral based industries, high meticulousness-engineering, textiles, leather, iron & steel, gems & jewellery, biotechnology, defence etc. Telangana state occupied 6th rank in terms of industries and ranked 8th in terms of Gross Value Added (GVA) industries among the Indian industries.

There is a high instability in growth performance of the industrial sector in Telangana state in recent years. Manufacturing sector contributes about 57 per cent in total industrial sector GVA in the state. Accordingly, growth in manufacturing sector has high impact on growth of industrial sector. It is apparent from the figure (2), when the manufacturing sector growth was negative, the industrial sector growth rate also negative; when the manufacturing sector's growth rate picked up, and the growth rate of industrial sector as a whole also raised up. Thus, the both manufacturing and industrial sectors are indicative of a directly proportional relationship between them. As per the advanced estimates, Telangana industrial sector growth rate is likely to register 8.3 percent at constant prices (2011-12) during the year 2015-16 and the manufacturing sector growth rate is likely to rise to 9.5 per cent. The growth rate of industrial sector has rising up from 2013-14 onwards setting in a high growth pathway. The below table (1) discloses the other composition of industrial sector, electricity, gas, water supply and other utility grew at 8.4 per cent, mining grew at 6.9 per cent, and 6.2 per cent growth in construction in the year 2015-16.

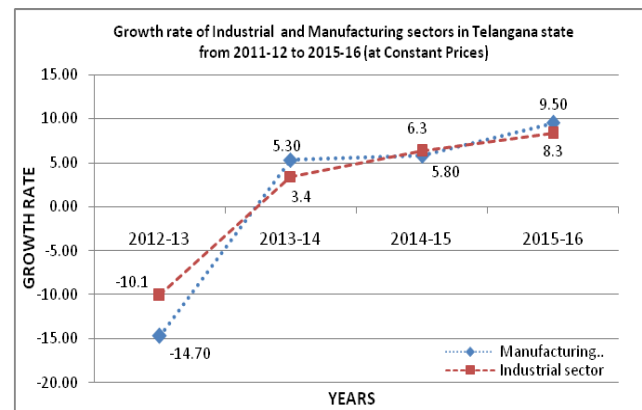


Figure 2: Growth of Industrial and Manufacturing Sectors in Telangana state

Table 1: Growth rate of Industrial sector and Sub-sector in Telangana state (2012-13 to 2015-16)

Sector	2012-13	2013-14	2014-15	2015-16
Mining and quarrying	4.1 %	- 4.3%	21.7%	6.9%
Manufacturing	-14.7%	5.3%	5.8%	9.5%
Electricity, gas, water supply & other utility services	-31.9%	35.9%	-14.7%	8.4%
Construction	1.8%	-3.5%	4.9%	6.2%
Total Industrial Sector	-10.1%	3.4%	6.3%	8.3%

Source: Socio-economic outlook of Telangana, 2016

8. STRUCTURE OF INDUSTRIAL SECTOR IN TELANGANA STATE

The structure of industrial sector in Telangana could be analysed using Annual Survey of Industries (ASI) data of the state from 2008-09 to 2013-14. The ASI covers all industrial units registered under the Factories Act, 1948 i.e., those employing 10 or more workers with power and 20 or more workers without use of power respectively. The table below reveals that the number of factories increased from 7,357 in the year 2008-09 to 11,068 in the year 2013-14. About 57 per cent of total factories in Telangana have < 50 size of employment and 5.96 per cent of factories have > 500 size of employment. It is also experiential that with the increase in investment levels, the output value is also increasing, which is indicative of that large factories have a lion's share of total output in the state

Table 2: Important Economic Indicators of Industrial Sector in Telangana

S.No	Year	No. of Factories	Fixed Capital (Rs. in Crores)	Employees (in Nos)	Emoluments (Rs. in Crores)	Total Input (Rs. in Crores)	Gross Value Added (Rs. in Crores)	Net Value Added (Rs. in Crores)
1	2008-09	7357	37,710.00	7,07,487	5042.00	70,246.01	24,117.04	21,584.03
2	2009-10	7729	39,193.34	6,56,438	5,641.64	71,023.38	24,372.97	21,428.22
3	2010-11	8980	52,672.04	7,09,863	7,171.71	1,12,300.21	31,034.43	27,394.23
4	2011-12	9005	54,093.80	7,00,357	8,267.43	1,18,286.92	36,475.65	31,986.3
5	2012-13	10279	59,520.98	7,07,738	9,756.84	1,20,647.05	33,974.63	28,728.01
6	2013-14	11068	57,596.13	7,45,005	9,919.74	1,33,418.45	35,985.10	31,113.18

Source: Statistical Abstract, Directorate of Economics and Statistics, Telangana State, 2017

9. DECENTRALIZED INDUSTRIAL GROWTH PRE AND POST TS-iPASS

The new industrial policy in Telangana is playing a critical role in attracting and encouraging the entrepreneurs to come forward in setting up of industrial units, particularly the manufacturing units across the state. The outstanding features of TS-iPASS such as deemed approvals, time bound sanctions of permits etc., have largely attracted the domestic and foreign entrepreneurs to invest in Telangana state. Here a humble attempt is made to analyse the impact

of new industrial policy especially TS-iPASS on industrialization and decentralization of industries across the state in terms of number of industrial units, investment and employments as compared to the pre TS-iPASS. The industrial sector in Telangana recorded highest growth rates for the years 2010-11 and 2011-12 where in the share of manufacturing sector 14.2 percent and 14 per cent and industrial sector contributed 29.4 per cent and 29.3 per cent respectively to Gross State Domestic Product. Therefore, the two years considered as base years for the growth analysis of industries across 10 districts of the state in pre TS-iPASS period.

Table 3: Progress of Industries District wise in Telangana state pre TS-iPASS (Upto 2012)

S. No	Districts	No. of Industries	share of industries to Total	Investment (Rs in Crores)	share of investment to Total	Employment (in Nos)	share of employment to Total
1	Ranga Reddy	7232	51.69	4413	31.20	72599	46.38
2	Medak	1034	7.39	3107.35	21.97	24504	15.66
3	Hyderabad	1434	10.25	802.69	5.67	21607	13.80
4	Karimnagar	733	5.24	324.84	2.30	6040	3.86
5	Warangal	669	4.78	204.98	1.45	4453	2.84
6	Nizamabad	690	4.93	178.81	1.26	3502	2.24
7	Khammam	591	4.22	2832.62	20.03	5251	3.35
8	Mahaboobnagar	637	4.55	612.57	4.33	6704	4.28
9	Adilabad	275	1.97	736.40	5.21	3010	1.92
10	Nalgonda	696	4.97	931.22	6.58	8852	5.66
Total		13991	100	14144.48	100	156522	100

Source: Statistical Abstract of Telangana state, 2015

The table 3 discloses that, pre TS-iPASS period, the Ranga Reddy and Medak were the three leading districts in terms of number of industries, investment and generation of employment with contributions of 59.08 per cent, 53.17 per cent and 62.04 per cent respectively. The districts which were experienced fewer shares in terms of industries; investment and employment were Adilabad, Nizamabad and Warangal in the state. It reveals that the

industrialization was potholed before the new industrial policy in the state.

It is clearly found from the table 4 that, in the post TS-iPASS period also the Ranga Reddy and Medak districts are leading districts in terms of number of industries, investment and generation of employment, with a contribution of 50.07 per cent, 39.14 per cent and 73.03 per cent respectively.

Table 4: Progress of Industries District wise in Telangana state post TS-iPASS (2015-17)

S. No	Districts	No. of Industries	share of industries to Total	Investment (Rs in Crores)	share of investment to Total	Employment (in Nos)	share of employment to Total
1	Ranga Reddy	1230	35.64	14377.1	24.64	125898	57.03
2	Medak	498	14.43	8459.24	14.50	35313	16.00
3	Hyderabad	10	0.29	121.68	0.21	300	0.14
4	Karimnagar	425	12.32	11434.87	19.60	7209	3.27
5	Warangal	297	8.61	3566.15	6.11	5377	2.44
6	Nizamabad	168	4.87	477.19	0.82	9362	4.24
7	Khammam	179	5.19	7483.11	12.83	7665	3.47
8	Mahaboobnagar	144	4.17	3906.93	6.70	18299	8.29
9	Adilabad	206	5.97	6761.67	11.59	3399	1.54
10	Nalgonda	294	8.52	1753.19	3.01	7936	3.59
Total		3451	100	58341.13	100	220758	100

Source: FTAPCCI report, 2017

9.1 Growth of number of industrial units

The above (table 4) also reveals that a significant drop is found in the share of Ranga Reddy district in the total number of industrial units from 51.96 per cent in 2010-12 to 35.64 per cent in 2015-17 and the relative shares of Medak, Karimnagar, Nalgonda, Warangal and Adilabad district have doubled during the same period from 7.39 per

cent, 5.24 per cent 4.97 per cent, 4.78 per cent and 1.97 per cent to 14.43 per cent, 12.32 per cent, 8.52 per cent, 8.61 per cent and 5.97 per cent respectively. But, the relative shares industrial units of Nizamabad, Khammam and Mahabubnagar districts were almost constant (see figure 3). However, it is clearly indicative of decentralization of industries among the districts under TS-iPASS system.

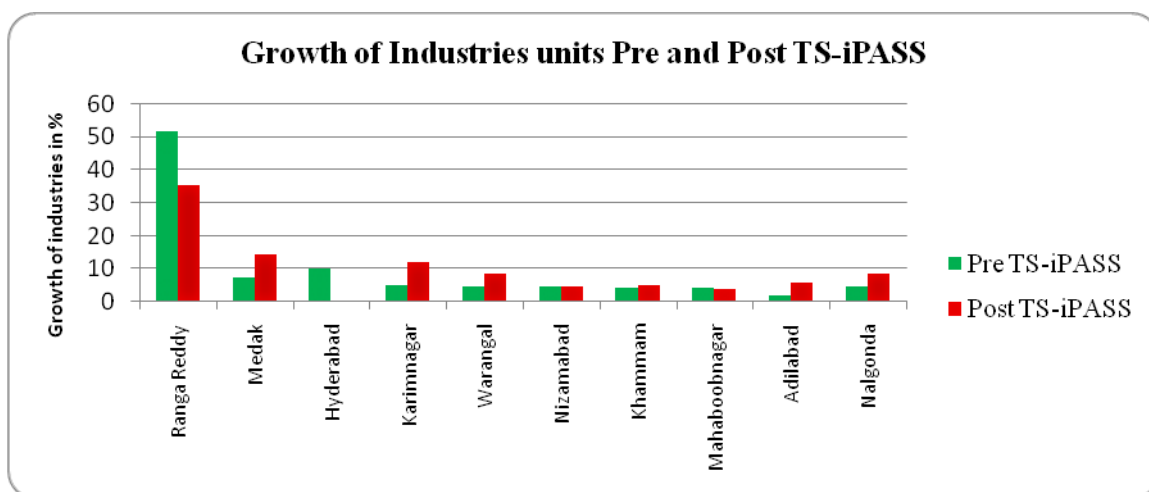


Figure 3: Growth of Industrial units across the Districts in Telangana state

9.2 Growth of Investment

The investment share of Ranga Reddy and Medak Districts together has fall down from 53.17 per cent in pre TS-iPASS to 39.14 per cent post TS-iPASS (2015-17) while the shares of Karimnagar, Adilabad, Mahabubnagar and Warangal districts have been raised up during the same period (see figure 4). This is indicating that the new industrial policy is proved in attracting investments into

remaining districts other than Ranga Reddy and Medak under TS-iPASS system. But, the investment shares of Nizamabad, Khammam and Nalgonda districts have come down in the total investment in the state. However, Ranga Reddy district still continues to dominate other districts in attracting huge investment in both periods. In contrast, Nizamabad and Nalgonda districts were abortive to attract further investment under TS-iPASS system and stay behind as the least performing districts (see figure 5).

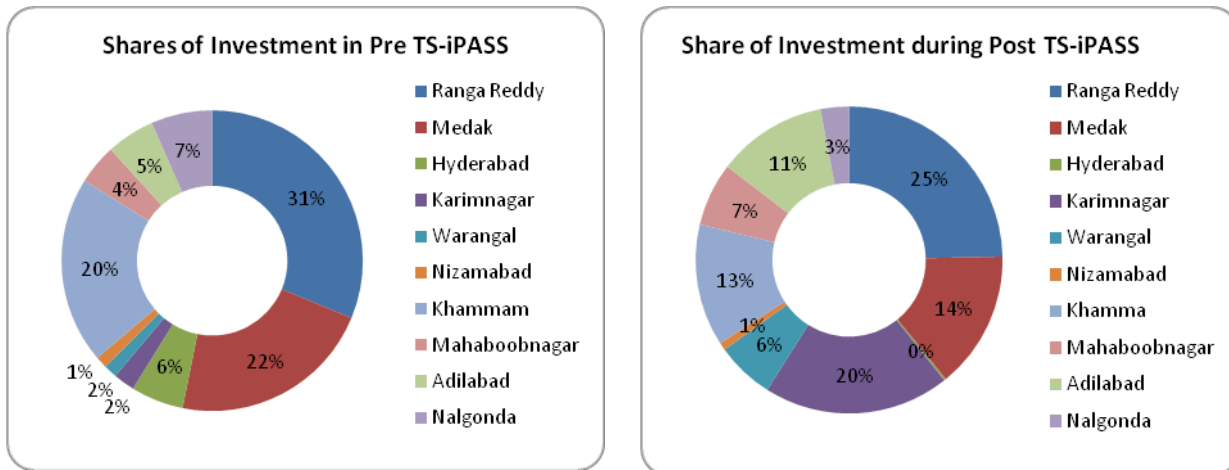


Figure 4: Shares of Investment across districts in Telangana during Pre and Post TS-iPASS

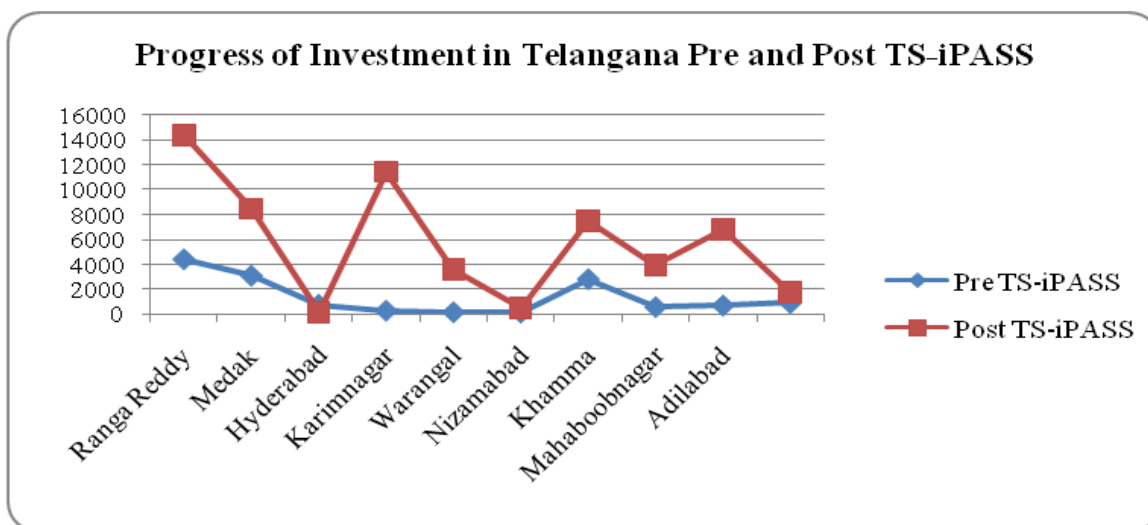


Figure 5: Growth of investment in Telangana

9.3 Growth of Employment

The table 4 discloses the changeover in the employment contribution of the districts in Telangana state from pre TS-iPASS (up to 2012) to post TS-iPASS (2015-17 up to March). The figures indicating that Ranga Reddy and Medak districts collectively has generated 62.04 percent of employment opportunities in industrial sector during pre TS-iPASS where as the contribution of these two districts increased to 73.03 per cent during post TS-iPASS.

The figure 6 reveals the change in the absolute employment contribution of the districts during the period from pre TS-iPASS (up to 2012) to post TS-iPASS (2015-17). It is found that Ranga Reddy district which had the foremost employment during pre TS-iPASS still continues to dominate other districts in providing utmost employment during post TS-iPASS.

It is found from the investigation that Ranga Reddy and Medak districts still ahead in attracting investments in Telangana State. Nevertheless, there is a considerable enhancement in the performance of erstwhile districts of Karimnagar, Warangal, Khammam, Mahabubnagar and Adilabad districts. However, the districts have revealed a good performance in attracting investments and number of industrial units under TS-iPASS system, they failed to produce ample number of employment opportunities (see figure 7). While the other districts not succeeded to produce more employment, a great number of people are depending on agriculture for their source of revenue or migration to other districts especially Hyderabad and Rangan Reddy and Medak districts which are near to Greater Hyderabad Municipal Corporation.

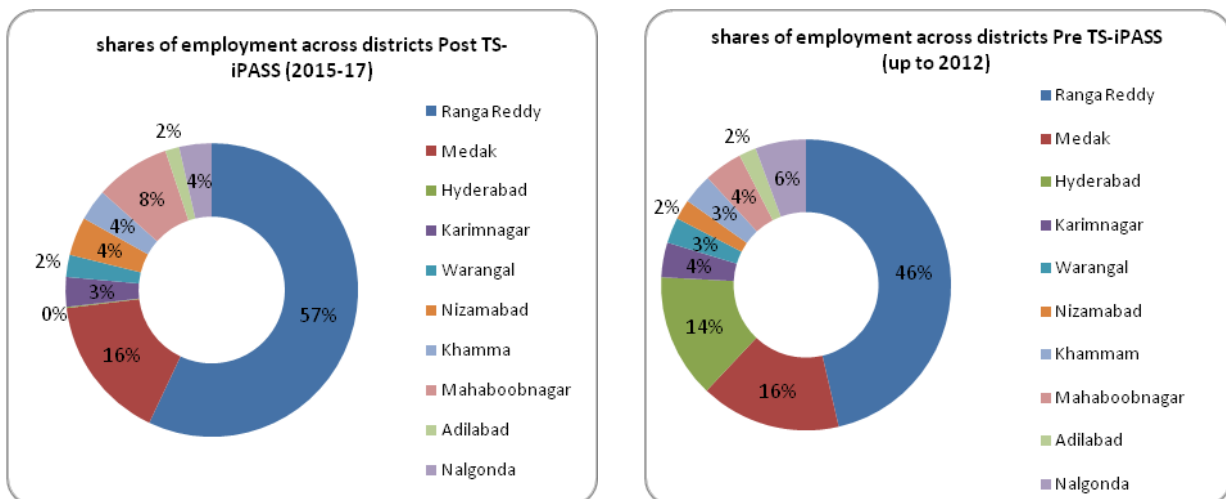


Figure 6: Growth of employment in Telangana State

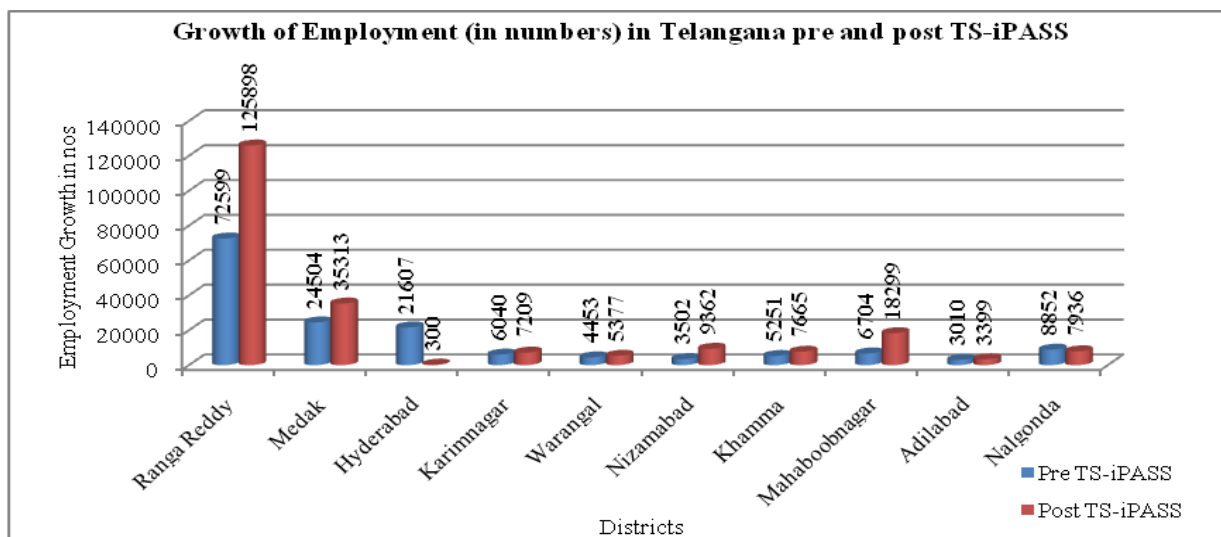


Figure 7: Investment across the districts of Telangana state Pre and Post TS-iPASS (2015-17)

9.4 Performance of Districts under TS-iPASS

The Gross Domestic Product of Districts in Telangana and its contribution in the Gross State Domestic Product (GSDP) have been taken as the indicator for the development level of the respective districts in Telangana State. Erstwhile 10 districts have been taken for the analysis. The district contribution in Telangana GDP during 2010-12 reveals that Nizamabad, Adilabad, Warangal, Khammam and Mahabubnagar districts were the bottom 5 contributors. The performance assessment of the districts is made in terms of units set up, in terms of number of industrial units established, investment obtained and generation of employment under TS-iPASS. It is found from the observations that the performance of Adilabad, Warangal and Khammam districts is improved

in terms of number of industrial units after TS-iPASS and Nizamabad and Mahabubnagar districts showed poor performance. And Adilabad, Warangal and Mahabubnagar districts improved performance in terms of investment received while Nizamabad and Khammam districts performance is scanty. But in terms of employment the performance of Adilabad and Warangal districts is poor where as the Nizamabad, Khammam and Mahabubnagar districts shown better performance under TS-iPASS.

9.5 Profile of TS-iPASS Progress

The table 5 reveals that the more number of industrial units belong to MSEs followed by Large and Mega enterprises and medium enterprises with a contribution of

84 per cent, 10 per cent and 6 per cent respectively. Of the total investment to be received Rs. 58341.15 crores, 4.6 per cent investment is in M&S enterprises sector, 93 per

cent of investment is in large and mega enterprises sector and only 2.4 per cent of investment belongs to medium scale sector.

Table 5: Category wise profile of TS-iPASS progress in Telangana state

S. No	Category	Investment range (Rs. In Crores)	Number of Industries	Investment received (in crores)	Total Employment generated (in nos)
1	MSEs (Micro & Small Enterprises)	0-5	2898	2686.31	46803
2	Medium Enterprises	5-100	205	1399.65	12774
3	Large Enterprises	100-200	308	13561.92	78970
4	Mega Enterprises	200 Above	40	40693.27	82211
Total			3451	58341.15	220758

Source: FTAPCCI Report, 2017.

The employment generation of Large and Mega enterprises accounts of 73 per cent, MSEs is of 21 per cent and only 6 per cent of medium enterprises. The above observation is indicative of that some sort of focus should be on medium scale industries which produce greater opportunities of employment. In contrast, it is also inconsistent to note that the contribution of MSEs is more in terms of number of industrial units which provide employment opportunities especially in rural areas,

although, employment contribution is comparatively less than the large and mega industries.

9.6 Sector wise impact of TS-iPASS

It is found from the observation that the top most industrial sectors established under TS-iPASS are Food processing units, followed by Engineering, Pharmacy & Chemical industries, Agro based and Plastic & Rubber industries (see table 6).

Table 6: Sector wise setting up of New Industries in Telangana Post TS-iPASS (2015 to 2017)

S. No	Sectors	Number of Industries	Investment (Rs in Crores)	Total Employment (in nos)
1.	Aerospace & Defence	6	207.83	760
2.	Agro-Based(Include 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 & 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 & Stone Crushing	222	404.81	3906
12.	IT & IT Services	8	3338.87	45900
13.	Paper and Printing	116	625.50	2458
14.	Pharma & Chemicals	324	4981.62	26993
15.	Others(Leather, Paints& Wood)	761	9643.85	31888
16.	Plastic & Rubber	234	940.85	7585
17.	R & D	1	1000	252
18.	Real Estate	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

Source: FTAPCCI Report, 2017.

Still, conventional enterprises are dominating the choice of investors and it appears to be an uncertainty to venture into the modern hi-tech areas like electronic, bio-technology/nano-technology industries etc. The huge investment received sector is thermal power sector. In order to make the self-sufficient state of Telangana in power sector in near future, TSGENCO proposed to add 6000 MWs and 4000 MWs by NTPC dedicated to Telangana state as mandated by Andhra Pradesh Re-organization Act 2013. The highest portion of power is produced by the state sector which elucidates the major investment about 44 per cent in power sector. And Hyderabad is called as Pharma capital which was capable to attract 4981.62 crores investment followed by, solar power, IT and ITES and fertilizers industries. The industrial sectors stood top in employment generation is IT & IT services followed by Food processing, Pharma & Chemicals, Real Estate for industry and Engineering industries. It is observed from the analysis that other labour intensive industries such as textiles, paper and printing industries which shown less performance. It is indicative of that the government has to focus more on establishing labour intensive industries to increase the income levels of people from rural and urban areas which ultimately leads to growth of GDP in backward districts of Telangana state. The Golden Telangana is possible with improved living standards of people.

10. FINDINGS

It is observed from the analysis that around 2.46 lakhs of jobs and 73000 crores of investment is attracted under TS-iPASS. According to Annual Performance Report 2016-17 of the Department of Industries and Commerce, Telangana about 3828 proposal were cleared for establishing new enterprises. As a result of growth of industries in Telangana under TS-iPASS the GSDP eye witnessed about 10.10 per cent growth rate against the national average of 7.1 per cent. It is found from the analysis that Telangana Government has productively initiated steps by entering MOU with many MNCs and National companies headed for industrialization and decentralization of industries in Telangana. Some of the findings are mentioned below:

- i. An Incubation and laboratory centre at the Genome Valley with 20 lakh sq.ft. in alliance with the IKP Knowledge Park.
- ii. Medha Servo Drives entered MOU with Telangana State Industrial Infrastructure Corporation on October 27th 2017 and 100 acres of land is

allotment for setting up of proposed new Greenfield and Brounfiled project at Kodangal.

- iii. Kakatiya Mega Textile Park with a vision to have a “fibre to fabric” is the biggest textile Park in India, foundation stone laid on 22 October 2017 at Shyamapet in Gesugonda mandal of Warangal Rural district, Telangana by the Chief Minister of Telangana, Kalvakuntla Chandrashekhar Rao.
- iv. On 18 June 2017, Medical Device Park is inaugurated by Telangana information technology and industries minister K.T. Rama Rao, with in 250 acre at Sultanpur village, Sangareddy district, about 40 km from Hyderabad.
- v. Pharma City Project around Hyderabad city will extend over 19,333 acres (largest cluster globally) would be a focus for investment worth of Rs. 64,000 crores and could generate direct employment to 1.7 lakh people that will commence from November, 2017.
- vi. A Seed park is proposed at Siddipet which will be initiated shortly.
- vii. Food parks are initiated to set up at Jangaon, Sircilla and Khammam districts in near future.

11. SUGGESTIONS

The following measures have been suggested to succeed industrialization and decentralization of industries in Telangana:

- i. The Government should come forward with new incentives for other backward classes to establish modern enterprises like T-Pride scheme.
- ii. Floriculture, Nurseries and handicrafts activities are best sources for self employment in backward regions. These fields should be promoted by Government through Entrepreneurship Development Programmes.
- iii. Rice mills, Sugar mills and food parks should be promoted in Nizamabad and Karimnagar districts, because of oil seeds, maize, rice and turmeric are produced in large quantity in the districts.
- iv. Tourism sector is one of the best opportunities to provide self employment. Hence Government should initiate new schemes and incentives for general category entrepreneurs on a par with other

communities in establishing tourist facilities like Hotel Industry, Medical, health and other allied services based on the requirements of tourists.

- v. Government should draft a framework on the following thrust areas for the balanced industrial development across the districts:
- Food processing and nutrition products
 - Polymers and plastic products
 - Waste management and green technology
 - Gems and jewellery units
 - Wood based products
 - Electronics and logistics
 - Leather and apparel related products
 - Minerals and renewable energy
- vi. Government has to initiate a new programme like Telangana Academy for Skill and Knowledge to provide training for rural people to make them skilled persons in all the way. So that more self employments can be created and can reduce migration from rural areas to urban areas.
- vii. The Government should initiate professional and employment oriented technical courses in higher education and it should be implemented strictly. This leads to creation of employment opportunities for the youth both in rural and urban areas. Accordingly, the youth can become employment providers than employment seekers.
- viii. The Government should direct the District Industrial Centres (DICs) to take part in training the youth by establishing employment oriented certificate programmes each and every district in ordered to meet immediate man power needs in industrial sector.
- ix. The DICs should given top priority and they should be equipped with proper infrastructure facilities like training centres, transport vehicles, recruitment of sufficient staff and modern technology for the successful implementation of proposed training as well as schemes of the government.

12. CONCLUSIONS

The Telangana government has implemented different policies and measures to succeed a rapid and decentralised industrial growth in the state. The new industrial policy known as TS-iPASS is the one which attracted many domestic and MNCs establishments across the districts of Telangana state. This research paper has observed that the TS-iPASS is impacted more on industrialisation and decentralization of industrial growth in Telangana. The new policy is successful in attracting many enterprises like agro-based, mineral based and forest based industries. Accordingly, the number of industrial units, investment and employment opportunities are increased in Warangal, Karimnagar and Mahabubnagar districts. The Rangareddy and Medak districts which have more shares during the pre TS-iPASS in terms of industrial units, investment and employment opportunities in the state, continued near or less same shares in terms of industrial units and investment, where as the shares of employment opportunities in Rangareddy district increased, where as the employment share of Medak district maintained same in pre and post TS-iPASS period. Although, there are many industrial units which have to be established till now and under preliminary stages of establishment may take some more time to commence their commercial operations. Therefore, the Telangana state Government especially Department of Industry has to put more efforts and should take initiation in run industries to utilise their maximum installed capacity. So that it would be possible to overcome the problems of migration from rural areas to urban areas, which can help growth in incomes of people, better living standards and sustainable development of the Telangana state.

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