CHAPTER - II

REVIEW OF THE INDUSTRIAL DEVELOPMENT PROGRAMMES IN

ANDHRA PRADESH DURING FIVE YEAR PLANS
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The industrial climate was foggy at the begining of the planning era in Andhra Pradesh. The announcement of Industrial Policy Resolution by the Government of India in 1948 provided the base for the establishment of industrial units in the public sector and private sector in Andhra Pradesh. Later, various programmes and schemes were executed for rapid industrialisation of the State during the successive plan periods. It is attempted here to present a brief review of the industrial progress achieved in the State during the Five Year Plans.

First Five Year Plan:

A modest beginning was made for industrialisation in the First Five Year Plan which did not envisage any major industry in the public sector but consisted of a number of schemes that related to the training of skilled workers, research in oil technology and block glass manufacture, and a few small industries.

A sum of Rs.60.68 lakhs was spent under this programme of industrial development in the State as against a
plan provision of Rs.62.13 lakhs. During the First Plan period Textile Spinning Mills at Guntakal, Tanuku, Adoni, Kakinada, Tadpatri and Tirupati were established.¹

During the First Plan period an Oil Technological Institute at Anantapur was established with the sole object of carrying out research in oil technology. Research in subjects such as improvement of oil milling processes and oil refining processes and utilisation of cotton oil seed have been undertaken in this institute.

A Government ceramic factory and a block glass factory at Gudur were established during the First Plan period. The Andhra Paper Mills at Rajahmundry which was not functioning satisfactorily under private management was taken over by the State.

In Telangana area, during the First Plan period financial aid was provided to the Sirpur Paper Mills Limited, Sir Silk Limited and the Singareni Collieries Company. Towards the building programme of the Central Laboratories for Scientific and Industrial Research an amount of Rs.17.00 lakhs was spent.²

1. Planning and Development Department, "First Five Year Plan", Andhra State, p.82.
2. Planning and Development Department, "Third Five Year Plan" of Andhra Pradesh, Hyderabad, p.150.
During the First Plan period in Andhra area, a model leather goods manufacturing unit at Vijayawada and a production-cum-training centre at Samalkot for the manufacture of leather goods were opened besides forming two peripatetic training parties for the development of leather industries. Two Central Khadi Bhandars were opened at Kurnool and Vijayawada in addition to the depots existing at Rajamundry and Gopannapalem.

In Telangana area, the most important work pertaining to village and small scale industries during the First Plan was the setting up of separate Advisory Boards for Handicrafts and Khadi and Village Industries. These Boards offered valuable advice to the Government on the various problems connected with the Small Scale Industries.

**Second Five Year Plan:**

During the Second Five Year Plan period an amount of Rs.273.72 lakhs was provided for the development of 5 major and medium industries in Andhra State. Of this, Rs.247.95 lakhs was provided as loan under central assistance to major and medium industries in Andhra State. Further, a sum of Rs.19 lakhs was allotted to Telangana region from the unallotted

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3. Ibid., p.155.
amount in the composite Hyderabad State. This was in addition to the original ceiling of Rs. 5,549.67 lakhs for Telangana.\(^4\)

During the Second Plan period, it was proposed to expand the two Government industrial concerns, viz., the Andhra Paper Mills, Rajahmundry and the Government Ceramic Factory, Gudur. The plan of Andhra region contemplated the establishment of five Co-operative Sugar Factories, some of which were expected to go into production during the Second Plan itself. Provision was also made for the State Finance Corporation.

In Telangana area, a Co-operative Sugar Factory in Nizambad was opened at a cost of Rs. 1,960 lakhs. In all four schemes costing Rs. 222.00 lakhs were included in the Second Plan for the development of major and medium industries in the State.

With a view to promoting the growth of industries in relatively under-developed regions, it was proposed to establish three "Industrial Development Areas" in the State — two in Andhra region and one in Telangana region.\(^5\)

\(^4\) Planning and Development Department, "Second Five Year Plan," Andhra State, p.362.
\(^5\) Planning and Development Department, "Third Five Year Plan of Andhra Pradesh," Hyderabad, p.150.
The aim of industrial development programmes during the Second Five Year Plan period was to build up a stable and efficient decentralised sector of industry which would provide increasing opportunities of employment and the production of consumer goods. Programmes for the Second Plan and problems connected with their implementation were reviewed by a committee - the Village and Small Scale Industries (Second Five Year Plan) Committee, commonly known as the Karve Committee which was appointed by the Planning Commission in June, 1955.

The allocation of funds for the Village and Small Scale Industries in Andhra Pradesh during the Second Five Year Plan is shown in Table No.2.1. It is noticed that funds were distributed between Andhra and Telangana regions in 2:1 ratio. Out of the total provision 79 per cent was from central assistance and the remaining was from the State. Further, it is noted that one half of the central assistance was loans and the other half was subsidies.

During the Second Plan period 35 to 40 small scale industries which were intended to stimulate production of consumer goods were started in the State. By the end of
### TABLE NO.2.1

SECOND FIVE YEAR PLAN OF ANDHRA PRADESH

VILLAGE AND SMALL SCALE INDUSTRIES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Region</th>
<th>Plan provision</th>
<th>Central Assistance</th>
<th>State's share</th>
<th>Loans</th>
<th>Subsidy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Loans</td>
<td>Subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Andhra</td>
<td>767.18</td>
<td>274.92</td>
<td>304.65</td>
<td>579.57</td>
<td>187.61</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Telangana</td>
<td>385.05</td>
<td>184.10</td>
<td>152.29</td>
<td>336.39</td>
<td>48.66</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,152.23</td>
<td>459.02</td>
<td>456.94</td>
<td>915.96</td>
<td>236.27</td>
<td></td>
</tr>
</tbody>
</table>

Source: Andhra Pradesh Second Five Year Plan, p.373 and 382.
June, 1959, 855 industrial co-operatives — 489 in Telangana and 366 in Andhra — were established. At this rate of progress, it was expected that the total number of societies would be increased to 1200 by the end of Second Plan.

During the Second Plan period the expansion of Guntakal Co-operative Spinning Mills, by installing additional spindles, was taken up and the mill is now capable of supplying about 750 bales of yarn. The other important development during the Second Plan was the expansion of the Wool Industrial Co-operatives and the consolidation of the Wool Apex Society.

Third Five Year Plan and Annual Plans:

The industrial plan for the period 1961-66 was aimed to accelerate the pace of industrialisation through pushing ahead the basic capital and producer goods industries and also to develop management skills, technical know-how and designing capacity.

Keeping the need for diversification of income and rapid industrialisation, the State increased the outlay on the industrial sector to the extent possible. The outlay on large and medium industries went up from Rs.10.57 crores in
the Second Plan to Rs.15.19 crores in Third Plan. Rs.7.10 crores was allocated in the three Annual Plan years, 1966-69. The allocations in the State Plan were generally meant for the provision of infrastructure facilities such as power, water, land etc., while the bulk of the investment in the industrial projects were to come from the central and private sector.

The performance of the industries like jute, textiles, cotton yarn, cement, paper, machine tools, cigarettes and sugar which showed higher growth rates contributed to the overall growth of the industrial sector. Andhra Pradesh Industrial Development Corporation had promoted a few large units in the initial stages and subsequently a number of medium sized units. 6

During the Third Five Year Plan Rs.5.32 crores and in subsequent Annual Plans Rs.1.12 crores were spent on village and small scale industries. Andhra Pradesh Small Scale Industrial Development Corporation was established. During the Annual Plans period 10 departmental quality making centres were setup. Besides the 20 industrial estates, 15 assisted private industrial estates were established. Table No.2.2

6. Planning and Development Department, "Fourth Five Year Plan of Andhra Pradesh", Hyderabad, p.158.
TABLE NO.2.2

EXPENDITURE ON VILLAGE AND SMALL SCALE INDUSTRIES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Industry</th>
<th>Expenditure incurred in Third Plan period</th>
<th>Expenditure incurred during 1966-68</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Small scale industries</td>
<td>214.27</td>
<td>33.34</td>
</tr>
<tr>
<td>2</td>
<td>Coir industry</td>
<td>4.23</td>
<td>1.76</td>
</tr>
<tr>
<td>3</td>
<td>Industrial estates</td>
<td>239.62</td>
<td>29.45</td>
</tr>
<tr>
<td>4</td>
<td>Handicrafts</td>
<td>16.42</td>
<td>16.36</td>
</tr>
<tr>
<td>5</td>
<td>Industrial co-operatives</td>
<td>6.19</td>
<td>0.42</td>
</tr>
<tr>
<td>6</td>
<td>Leather industry</td>
<td>34.07</td>
<td>20.65</td>
</tr>
<tr>
<td>7</td>
<td>Khadi and village industries</td>
<td>7.71</td>
<td>0.42</td>
</tr>
<tr>
<td>8</td>
<td>Sericulture</td>
<td>9.24</td>
<td>0.90</td>
</tr>
<tr>
<td>9</td>
<td>Rural industries</td>
<td>--</td>
<td>8.10</td>
</tr>
</tbody>
</table>

Total: 531.75  111.40

shows the expenditure incurred on village and small scale industries during the Third Plan and the Annual Plan periods in Andhra Pradesh.

It is observed that the expenditure on industrial estates and the small scale industries accounted for 85 per cent of the total expenditure on village and small scale industries. Rural industries attracted the attention of the Government and Rs.8.10 lakhs was spent during the Annual Plan periods. The expenditure on handicrafts was the same during the Third Plan period and the Annual Plan period.

**Fourth Five Year Plan:**

Due to the absence of necessary infrastructure, perhaps, the investment in industry was low and hence industrial development in Andhra Pradesh was very low despite the vast natural resources the State is endowed with. The objectives of medium and large scale industrial development programmes in the State were (1) to develop these industries for the purpose of diversification of the economy and (2) help a more balanced regional development.

It was estimated in 1968 that an investment of the order of Rs.400 to Rs.450 crores in the Fourth Plan period was required in the State to attain atleast 8 to 10 per cent rate
of growth in the industrial sector. 7 50 industrial units were proposed to be established in the private sector with an expected investment of Rs. 150 crores during the Fourth Five Year Plan period. In the central sector an allotment of Rs. 3,150.97 crores was made available for the development of industries and minerals. It was also assumed to spend Rs. 35.0 crores on Visakhapatnam Steel Plant.

In the Fourth Plan period industrial development areas were established in (1) Jeedimetla (2) Balanagar (3) Dowleswaram (4) Cuddapah (5) Khathedam and (6) Visakhapatnam.

The Fourth Plan envisaged an investment of approximately Rs. 5,200 crores in organised industry and mining - Rs. 2,800 crores in the public sector and Rs. 2,400 crores in the private and cooperative sectors. The outlay in the public sector was Rs. 3,090 crores. It includes a sum of Rs. 250 crores for transfer to private and cooperative sectors through financial institutions and an amount of Rs. 40 crores for supporting plantation programmes which had a bearing on export earnings and the funds for State Industrial Development Corporations. Of the total outlay of Rs. 3,090 crores in the public

7. Ibid., p.160.
sector Rs.2,910 crores was in the central sector and Rs.180 crores in States' and Union Territories' sector.

The Fourth Plan envisaged a total outlay of about Rs.295 crores in the public sector for the development of village and small industries. The main aim of the development programme for small scale industries was fuller utilisation of the capacity already established, intensive development of selected industries including ancillaries and industrial cooperatives subject to a criteria of feasibility, promotion of the industries in semi-urban, rural and backward areas. The programme of setting up industrial estates with factory premises was pursued in small towns and promising rural and backward areas. Establishment of cooperative industrial estates was also encouraged.

Fifth Five Year Plan:

The Fifth Five Year Plan of Andhra Pradesh, in the industries sector, envisaged a State outlay of Rs.62.12 crores broken up into Rs.42.12 crores for the large and medium scale sector and Rs.20 crores for the small scale sector. However, Rs.33.10 crores was allotted for large and medium scale industries as against Rs.11.26 crores spent during the earlier plan period.
The State's Industrial Policy has to sub-serve the National Plan objectives of creating increased employment opportunities, provision of basic minimum needs, income distribution, regional balance and self reliance. Hence, during the Fifth Plan period, 188 large and medium scale industries and 1,684 small scale industrial units were granted incentives to an extent of Rs.338.75 lakhs and Rs.304.55 lakhs respectively.

The Andhra Pradesh Industrial Infrastructure Corporation is incharge of establishment and development of various industrial estates, Assisted Private Industrial Estates and Autonagars in the State. 7 Industrial Development Areas were established in the State.

Several units of the Andhra Pradesh Industrial Development Corporation (APIDC) have gone into production. These include Nagarjuna Steels in Pattancheru, Andhra Pradesh Tanneries Limited in Vizianagaram, Pioneer Alloy Castings Limited, Chittoor, Detergents India Limited, Cuddapah, Godavari Plywoods Limited, Ramachandrapuram, Coramandal Agro Products Limited, Prakasam District, Coastal Chemicals Limited, Visakhapatnam, R.G. Foundry Forge Limited, Hyderabad and A.P. Steel Limited, Khammam.
During the Fifth Plan period an expenditure of Rs.658.71 lakhs was incurred on small scale industries as against an allotment of Rs.655.46 lakhs. A total of 21,188 small scale industrial units were established with an investment of Rs.197.00 lakhs providing employment to over 2.35 lakh persons. The SETWIN Society started working from the beginning of the Fifth Five Year Plan and implemented 11 training schemes in various trades.

The total outlay involved in the implementation of various schemes for Handloom Industry during the Fifth Plan period was Rs.926.86 lakhs. The coverage of weavers by cooperatives recorded an increase from 2.24 lakhs to 3.27 lakhs.

Sixth Five Year Plan:

At the beginning of the Sixth Five Year Plan there were 282 large and medium scale industries. Government of Andhra Pradesh, during the Sixth Plan period announced certain incentives for the growth of industries in the backward areas of the State. Under this scheme an amount of Rs.1,012.49 lakhs was disbursed as against the outlay of Rs.800 lakhs.

8. Finance and Planning Department, "Sixth Five Year Plan" 1980-85, Andhra Pradesh, Hyderabad, p.211.
Keeping the objectives and strategies issued by the Planning Commission in view, the Sixth Plan envisaged an outlay of Rs.92.66 crores for large and medium scale industries. However, the expenditure during the Sixth Five Year Plan period on industry and minerals was Rs.205.04 crores as against an outlay of Rs.312.40 crores.

Andhra Pradesh Industrial Infrastructure Corporation, (APIIC) set up in the Fifth Five Year Plan period, was functioning with an authorised capital of Rs.10.00 crores and a paid up capital of Rs.4.96 crores during the Sixth Five Year Plan. The Andhra Pradesh Industrial Development Corporation (APIDC) was provided with an outlay of Rs.2,000 lakhs and the State Financial Corporation (SFC) with Rs.600 lakhs.

The role of small scale, village and tiny sector industries assumed a vital significance in the industrial structure of the country. The dispersal of industrial activity throughout the State and particularly in the backward areas providing greater and fuller employment opportunities through this sector which has a potential for creating larger employment with comparatively less capital investment has been an important approach of the State Government.

During the Sixth Plan period it was proposed to take up the following schemes.

(a) Implementation of District Industries Centres programme in all districts.

(b) Establishment of Industrial Testing Laboratory at Vijayawada and Field Station for Graphite Crucible Industry at Rajahmundry.

(c) Strengthening of Central Food Technological Research Institute, Zonal Experimental Station at Hyderabad and expansion of Oil Technological Research Institute, Anantapur, and

(d) Setting up of Rural Marketing-cum-service Centres etc.

**Seventh Five Year Plan:**

The Seventh Plan accordingly envisaged, under the industry sector, an outlay of ₹507.50 crores consisting of ₹127 crores for village and small industries, ₹303.50 crores for medium and large industries and ₹77 crores for mining sector.

Under the new incentives conceived for orderly and balanced development of all the areas of the State 20 growth
centres spread over seven districts were established wherein industrial units were provided with a package of incentives. In addition to this, the three backward districts of Srikakulam, Anantapur and Adilabad were treated as intensive Industrial Development Districts where higher quantum of incentives were given for the upcoming industrial units. An amount of ₹63.72 crores was provided in the Seventh Plan for this purpose.

The Andhra Pradesh Industrial Infrastructure Corporation (APIIC) proposed to develop 8,383 plots and construct 912 industrial sheds. It was expected to generate direct employment to 92,950 persons. The outlay provided for the Seventh Plan for the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) was ₹20 crores.

The Andhra Pradesh State Financial Corporation (APSFC) tentatively proposed to have 690 sanctions and 558 disbursement programmes during the Seventh Plan period with the assistance provided by the State Government and the Industrial Development Bank of India (IDBI) by way of share capital. An outlay of ₹19.50 crores was provided in the Seventh Plan to meet the commitments of the Andhra Pradesh
State Financial Corporation (APSFC) and also to accelerate further the growth of industrialisation in the State.

The Andhra Pradesh Industrial Development Corporation (APIDC) promoted industries in three well defined spheres (1) subsidiaries (2) joint ventures and (3) assisted units. During the Seventh Plan period the Andhra Pradesh Industrial Development Corporation (APIDC) proposed to promote 767 new industrial units and 126 medium and large scale industries. An outlay of ₹.80 crores was provided in the Seventh Plan to the Andhra Pradesh Industrial Development Corporation (APIDC) and Andhra Pradesh Entrepreneurial Development Corporation (APEDC). An outlay of ₹.55 crores was proposed in the Seventh Plan under "state contributions to government companies" for investment towards equity participation in 5 government companies.

The Nizam Sugar Factory Limited is a Government company with five sugar units and a cane crushing capacity of 9,250 T.C.D. In the Seventh Plan the company required ₹.145 lakhs towards spill over schemes of the Sixth Plan. Hence, an outlay of ₹.10.20 crores was provided in the Seventh Plan for Nizam Sugar Factory Limited.

Under the Hullex subsidy scheme, it was proposed to modernise another 600 mills at a cost of ₹12,000 per mill. The State Government subsidised 20 per cent of the cost of modernisation of each mill. It was proposed to strengthen the staff to implement the Huller subsidy scheme in the districts and an outlay of ₹58.0 lakhs was proposed in the Seventh Plan for this scheme.

Under Village and Small Industries programme it was proposed to continue the District Industries Centres as these centres have undertaken up several programmes in the direction of rural industrialisation and have become identifiable focal points for the entrepreneurs seeking Government help. A sum of ₹4.60 crores was proposed in the Seventh Plan as State's share and an amount of ₹3.30 crores was expected as Government of India's share for these centres. Under this scheme 44,469 units were proposed to be registered and ₹2.16 lakh artisans were proposed to be assisted.

Andhra Pradesh Small Scale Industrial Development Corporation (APSSIDC) is engaged primarily in promotion and development of small scale industries in the State. A sum of ₹10 crores is proposed to this Corporation in the Seventh Plan.
Leather Industries Development Corporation of Andhra Pradesh (LIDCAP) is created for the promotion of leather industry in the State to improve the economic standards of the traditional leather workers mostly from Scheduled Castes and other weaker sections of the society.

The Andhra Pradesh Khadi and Village Industries Board in cooperation with the Khadi Commission undertakes the development of khadi and village industries in the State. An amount of Rs. 4 crores was provided in the Seventh Plan for the schemes taken up by the Khadi Board. Handloom industry occupies a prominent place in the economy of the State. Therefore, an outlay of Rs. 40 crores was provided in the Seventh Five Year Plan.

The Andhra Pradesh Handicrafts Development Corporation has been functioning from 1st February, 1982. An outlay of Rs. 1 crore was provided in the Seventh Plan for the schemes proposed to be taken up by the Andhra Pradesh Handicrafts Development Corporation.

Eighth Five Year Plan:

The total outlay of the Eighth Five Year Plan will be Rs. 12,677.62 crores of which Rs. 538.80 crores will be for the industrial sector. Rs. 35.40 crores is allocated for large
and medium industries in the State and Rs.30.36 crores for the small scale industries. Additionally, Rs.10 crores is provided for the four industrial development areas in the State.

At present there are 217 industrial estates in the State. During the Eighth Five Year Plan it is proposed to develop 12,500 acres of land for constructing 200 sheds and 500 houses with an expenditure of Rs.266 crores. State Government is making efforts to establish a revolving fund of Rs.10 crores with the aid of Central Government and World Bank.

In Andhra Pradesh, at present, there are 24 central public sector units and 16 state public sector units. In all there are 828 large and medium scale industries with a capital investment of Rs.11,777.04 crores providing employment to 4,95,931 workers.\(^\text{11}\)

Industries established with 1000 crores capital investment will start production during the Eighth Five Year Plan. Important among them are (1) Naftha Cracker Industry

There are 18 large and 16 small scale cement units in the State producing more than half of the total cement production in South India. It is proposed to start 50 large and medium scale and 500 small scale electronic industries in the State during the Eighty Five Year Plan. In addition, it is proposed to start 11,550 small scale industries with the capital investment of Rs.11.50 crores to provide employment to 1.42 lakh of people.

It is reported that the infrastructure facilities in the State are favourable for the development of industries. The Government of Andhra Pradesh has been encouraging the enthusiastic entrepreneurs in the State for the establishment of new industries in rural areas by offering package of incentives.