CHAPTER VI

ROLE OF PROMOTIONAL INSTITUTIONS IN INDUSTRIAL DEVELOPMENT OF RAYALASEEMA

Introduction:

Industrial development of a region is dependent to a significant extent on the availability of services - Financial, Technical, Training, Marketing, Research, etc., besides the resources.

Industrial growth/potentiality of a region can easily be accelerated by establishing a network of services required to start and run the industrial units. Rayalaseema is also one, like other backward regions of the country. Hence, there is a large gap between the demand for and supply of such services in the region. This gap has partly been narrowed down by the establishment of various service institutions - both by the Central and State Government.

The chart shown in the next page projects a picture of the different promotional institutions existing in the region.

The Small Scale Industry (SSI) plays a vital role in the economic development of the country. The government, therefore, has accorded a high priority to this sector. In a concerted effort to promote the growth and development of the Small Scale Sector, the government has established a
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<th>CHART - 6.1</th>
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<tr>
<td><strong>INDUSTRIAL PROMOTIONAL INSTITUTIONS</strong></td>
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<tr>
<td><strong>GOVERNMENT</strong></td>
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<td>Central</td>
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<td>Director General of Technical Development</td>
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<td>Development Commissioner (SSI)</td>
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<td>SISI</td>
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<td>Chief Controller of Imports &amp; Exports with Regional Controllers for Group of States</td>
<td>Industrial Reconstruction Corporation of India</td>
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<td>Chief Controller (Iron &amp; Steel) with Regional Controllers</td>
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number of corporations and agencies. These have been established both by the Government of India and the Government of Andhra Pradesh.

The Promotional Agencies at the National Level:

The department of Industrial development, in the Ministry of Industry, Government of India is incharge of Small Scale Industry. At the apex level, is the Development Commissioner of Small Scale Industries (DCSSI). The DCSSI formulates the policy for the SSI sector in coordination with planning commission and is responsible for implementing and monitoring the policy through its net work of Small Industries Services Institutes (SISI) one in each of the States.

The other promotional agencies at the National level are:

1. National Small Industries Corporation (NSIC)
2. National Institute for Small Industries Extension Training (NISIET)
3. Industrial Development Bank of India (IDBI)
4. Industrial Finance Corporation of India (IFCI)
5. Industrial Credit and Investment Corporation of India (ICICI)
6. Khadi and Village Industries Commission (K & VIC)

7. Council of Scientific and Industrial Research (CSIR)

8. India Investment Centre (IIC)


**The Promotional Agencies at the State Level:**

At the State level the principal Secretary to Government, heads the Industries department. The field level agency consists of the Commissioner for Industries and qualified personnel in technical and managerial fields with specific functional responsibilities. They are responsible for formulating operational schemes within the policy framework of the Government and their implementation by District Industries Centres.

**District Level:**

At the district level each district Industries Centre (DIC) is headed by a General Manager of the cadre of Joint Director supported by a team of functional managers.

At the gross-root level i.e. Block level or a group of blocks, it is an extension officer who is the departmental functionary.
Role of Corporations:

The department plays both promotional and regulatory roles, while corporations like:-

1. Andhra Pradesh Industrial Development Corporation (APIDC)
2. Andhra Pradesh Small Scale Industrial Development Corporation (APSSIDC)
3. Andhra Pradesh State Financial Corporation (APSFC)
4. Andhra Pradesh Industrial Infrastructure Corporation (APIIIC)
5. Andhra Pradesh State Trading Corporation (APSTC)
6. Andhra Pradesh Electronic Development Corporation (APEDC)
7. Andhra Pradesh State Non-Resident Indian Investment Corporation (ANRICH)
8. Andhra Pradesh Industrial and Technical Consultancy Organisation (APITCO)
9. Andhra Pradesh Agro-Industries Corporation (APAGROS)
10. Andhra Pradesh Mining Corporation (APMC)
11. Andhra Pradesh Handicrafts Development Corporation (APHDC)
12. Andhra Pradesh Khadi and Village Industries Board (APK & VI)

function as promotional and financing institutions. Besides the commercial Banks also play a sheet anchor role in the financing of industries.
Since each of these institution is a contact point to prospective entrepreneurs in implementing his/her project and thus speeding up of the industrialisation in a region, it is necessary to know, how they function and the nature of the assistance by them.

**Department of Industries and District Industries Centres:**

The department of Industries, headed by the Commissioner of Industries, formulates plans and programmes for the development of Industries at the state level and implements them through a network of DICs at the district level.

The department launches various programmes to promote industries, such as intensive Industrial Campaigns, and organises Entrepreneur Development Programmes (EDPs) to motivate entrepreneurs. It guides and helps them right from project formulation to project implementation. The department keeps track of the trend of industrial development in the districts in resource allocation and scope for marketing and identifies suitable product lines. Action plans are drawn up covering tiny and small scale entrepreneurs and village artisans with special emphasis on guidance to the educated unemployed and artisans.
Regulatory Functions:

Under the regulatory functions, it monitors the smooth flow of raw materials to industries, renders assistance in marketing of small scale products and extends state and central subsidies. It helps entrepreneurs in the compliance of various formalities with different departments and agencies.

The District Industries Centres (DICs):

The District Industries Centres guide and help entrepreneurs in-project identification, according to SSI registration, arranging for supply of raw materials, helping to procure machinery, recommend for financial assistance of Banks, provide infrastructure facilities, arrange incentives and concessions, help in marketing and extend all assistance in the compliance of various formalities.

The DICs also help artisans and entrepreneurs from weaker sections through special employment schemes such as Integrated Rural Development Programme (IRDP) Training for Rural Youth for Self-Employment (TRYSEM) Artisans complex, K & V.I financing of small enterprises through SC/BC/ST/Minorities/Women Finance Corporations Etc.

Apart from several other services, the DIC's assists prospective entrepreneurs in -
1. Identifying feasible product-lines and preparing project reports
2. According SSI registration
3. Allotting developed sheds and plots in Industrial Estates (IEs) and Industrial Development Areas (IDAs)
4. Arranging financial assistance through Banks
5. Supplying scarce raw materials
6. Providing marketing assistance
7. Offering certain incentives.

**Promotional Agencies at National Level**

**Small Industries Service Institute (SISI):**

These institutes are established by the Development Commissioner (SSI) working at New Delhi. The Commissioner monitors the growth and development of SSIs in the country.

He operates through a network of SISIs, one in each of the states. These Institutes provide guidance, consultancy and render all assistance for the healthy growth and development of Small Industries. The SISIs have training and extension wings to meet such needs of small scale entrepreneurs. They have also established testing laboratories and undertake standardisation of SSI products.
National Institute for Small Industry Extension Training (NISIET):

NISIET was set up by the Government of India. It offers training, research and management consultancy services to small industries. The training programmes aim at integrating all aspects of development related to Small Industry. As a result of increasing participation and collaboration with countries in Asia, Africa and Latin America both in training and research, it has also acquired an international character.

The Small Enterprises National Documentation Centre (SENDOC) which is a part of NISIET institute, collects stores and disseminates technical and technological information and provides the services of a library, documentation and training. It was set up in 1971 at NISIET institute. It has been catering to the information needs of entrepreneurs, industrialists, promotional and developmental agencies through its various anticipatory and responsive documentation services and publications. It is also acting as a training centre for information storage and retrieval.

Small Scale Industrial Units of Andhra Pradesh are being served by Small Industries Service Institute at Hyderabad and the three extension centres at Vijayawada, Papapaidupet and Sanatnagar.
2. **The Industrial Development Bank of India (IDBI):**

The Government of India has set up the Industrial Development Bank of India in July 1964 as a wholly owned subsidiary of the Reserve Bank of India, with authorised capital of Rs. 50 crores and issued capital of Rs. 30 crores. The Bank has been taken over by the Government in 1976.

**Functions:**

IDBI, an apex institution has been recognised as the most important agency for planning, financing, promoting and developing industries in India. A few services rendered by it can be classified under three heads, viz.

1) **Indirect assistance to financial institutions and banks through refinancing to guarantee their obligations, and to subscribe to and purchase their securities.**

2) **Direct assistance to industrial units by granting loans and advances, by subscribing, purchasing, or underwriting their securities, discounting or rediscounting their bills, guaranteeing their loans or deferred payments and rendering technical assistance, and**

3) **Taking up certain promotional activities such as marketing, and investment research, surveys, techno-economic studies, etc.**
IDBI is currently operating the following schemes to render assistance:

i. Project finance (loans, underwriting, direct subscription and guarantees)

ii. Soft loans for selected industries

iii. Establishment of technical development fund

iv. Refinance of industrial loans

v. Bills rediscounthing

vi. Seed capital assistance, and

vii. Subscription to shares and bonds of financial institutions.

The important parameters applied for grant of assistance to a project are: Promoters contribution to the project cost, debt-equity ratio, debt-service coverage ratio, internal rate of return, economic rate of return, and domestic resources, cost of foreign exchange saved/earned, etc.

Generally, the promoters are required to contribute to the extent of 20 percent of the project cost - though certain relaxations are made for projects in and backward areas, to those promoted by new and technically qualified entrepreneurs and highly capital intensive projects.
Size of the Projects for Assistance:

Projects with capital cost upto Rs. 250 lakhs are generally assisted by IDBI through the state level agencies, while projects involving cost of Rs. 500 lakhs or more are generally assisted through a consortium with other development banks. The amount of assistance to a project is normally limited to 25 percent of the paid-up capital.

Rate of Lending:

The prime lending rate of IDBI is 14 percent per annum with special concessional rate of 12.5 percent for new projects in backward areas for direct financial assistance (upto a ceiling limit of Rs. 200 lakhs). The rate of interest for indirect assistance by way of refinance is 10 percent per annum for banks and 10.5 per annum for SFCs/SIDCs, allowing a reasonable margin to the Primary lenders. Concessional rates are allowed in the case of new projects in backward areas and small scale units.

3. The Industrial Finance Corporation of India (IFCI):

The IFCI is the first development bank established in the country soon after independence. It was set up in July 1948 under an Act of parliament. The Primary Objective of the corporation is to provide medium
and long term finance to large scale industrial projects in the country.

The Act allows the corporation to assist "any limited company incorporated under the Indian companies Act, or a co-operative society registered in India, which is engaged or proposes to engage itself in manufacture, preservation or processing of goods or in shipping, mining or hotel industry or in the generation or distribution of electricity or any other form of power".*

Forms of Assistance:

The IFCI is established exclusively to finance private industrial enterprises organised as public limited companies or as a co-operative societies. As per the Act, the corporation can exercise the following functions:

1. Guaranteeing loans floated by industrial concerns in the public market, which are repayable within 25 years.

2. Subscribing to or underwriting of shares and debentures of industrial concerns.

3. Granting rupee and foreign currency loans.

*IFCI's Act of 1948.
4. Guaranteeing foreign currency loans raised from foreign financial institutions.

5. Guaranteeing deferred payments for machinery imported or purchased within the country.

Size of Assistance:

Under the State Financial Corporations Act a State Financial Corporation can grant financial assistance upto a maximum of Rs. 30 lakhs to concerns whose share capital and reserves do not exceed Rs. One crore. But the IFCI considers requests for grant of financial assistance in excess of the above limit. However, assistance for less than Rs. 30 lakhs may also be sanctioned where it is required, in conjunction with other facilities such as sub-loans in foreign currencies, under-writing of shares and debentures guarantees for deferred payments for imported plant and machinery or foreign currency loans where SFCs concerned are not in a position to grant such facilities.

Purpose for which assistance is available:

The corporation's assistance is available for the following activities:

1. Setting up of new industrial projects.

* IFCI Act of 1948, Sec. 23.
2. The renovation, modernisation, expansion or diversification of existing ones.

3. For the purchase of new plant and machinery, construction of factory buildings and purchase of factory land.

The funds are not available for the purchase of raw materials and repayment of existing liabilities.

IFCI gives special attention to projects being set up:

1. In the industrially less developed areas
2. By new entrepreneurs and technologists
3. In the co-operative sector
4. Based on indigenous technology
5. Aiming at export promotion or import substitution
6. To provide inputs for increasing agricultural production, viz., fertilizers, pesticides, agricultural machinery, etc., and
7. To fulfil the demand for essential consumer goods like textiles and sugar which meets the basic needs of the people.

4. **Industrial Credit and Investment Corporation of India (ICICI):**

The ICICI was established on 5th January 1955
as a public limited company in accordance with the recommendations of a committee of the World Bank.

Objectives: ¹

The main object of ICICI is to encourage and assist the private investment which may take the following forms:

1. Assisting in the creation, expansion and modernisation of private enterprises.

2. Encouraging and promoting the participation of private capital both internal and external in such enterprises.

3. Encouraging and promoting private industrial investment and expansion of investment markets.

The private industrial concerns are assisted by ICICI in the following ways by -

1. Providing finance in the form of long or medium term loans or equity participation.

2. Sponsoring and under writing new issues of shares and securities.

3. Guaranteeing the loans from other private investment sources.

4. Making funds available for reimbursement by revolving investment as rapidly as prudent. and

5. Furnishing managerial, technical and administrative advice and assisting in obtaining managerial, technical and administrative services to Indian Industry.

Special Entity:

The easy accessibility of foreign currency funds, due to its relationship with the World Bank give ICICI an edge over the other term lending institutions. These foreign loans were normally channelised towards the import of plant and machinery and technology for the newer and more profitable industries like chemical, engineering, electrical goods etc.

5. National Small Industries Corporation Ltd. (NSIC):

The National Small Industries corporation was established in February 1955, as a Government of India undertaking. Its objectives are to aid, counsel, assist, finance, protect and promote the interest of the small industries in the country.

Services Offered:

The NSIC offers a wide range of services to small industrial units, such as (1) indirect financial assistance in the shape of supply of imported as well as indigenous machinery and equipment on easy instalments under the hire purchase scheme. (2) Training of skilled workers through its four prototype development and
(3) Marketing assistance in addition to the help by the export department of the Marketing Division to the buyers abroad, in obtaining quality products from small industries in India. The corporation does not give any direct financial assistance.

**Eligibility:**

Industrial entrepreneurs with capital equipment of less than Rs. 10 lakhs are eligible for seeking the assistance offered by the corporation.

**Various forms of Assistance:**

The assistance takes the following forms, viz:

1. Supply of machinery on hire purchase basis

2. Help in securing contracts from Central government, State government and stores purchasing agencies.

3. Training industrial workers, supervisors etc., and prototyping in its prototype development and training centres located at Okhla, Howrah, Rajkot and Madras.


5. Distribution of scarce raw materials.

6. Exporting the products of Small Industries.
NSIC has a local office at Hyderabad which will receive applications for further processing at their Madras regional office.

The AP3SIDC implements two hire purchase schemes of NSIC.

6. National Industrial Development Corporation Ltd. (NIDC):

The National Industrial Development Corporation (NIDC) was established in 1954, to provide both finance and entrepreneurship. It was expected to formulate projects, prepare feasibility studies and establish and run industrial enterprises. It was to be primarily a developmental agency rather than a financial institution. Although ambitious in conception it ultimately degenerated into a financing agency for modernisation of cotton and jute textile units.

At present it has been converted into a consultancy organisation and has no role in the financing of private industry. NIDC provides a complete range of technical consultancy services to engineering and other industries in India and abroad.

It also extends service to modernise and diversify the existing industrial units.

PROMOTIONAL AND FINANCING INSTITUTIONS (STATE)

1. **Andhra Pradesh State Financial Corporation (APSFEC):**

The Andhra Pradesh State Financial Corporation (APSFEC) was established under the State Financial Corporations' Act, 1951 (Central Act 63 of 1951) on the 1st November, 1956 with the amalgamation of the erstwhile State Financial Corporations of Hyderabad and Andhra States.¹

APSFEC extends the assistance to encourage every type of enterprise and offer liberal finance for fixed assets such as, land, buildings and machinery. The loan assistance ranges from Rs. 10,000 to Rs. 30 lakhs and can be availed through various attractive schemes to suit individual requirements.²

**Functions:**³

a) Long term loans to industrial units for purchasing land, building and machinery.

b) Guaranteeing payments on behalf of the entrepreneur for purchasing machinery on deferred payments from suppliers within India.

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c) Underwriting, issue of shares, bonds and debentures of industrial concerns.

d) Guaranteeing loans raised by industrial concerns floated in the public market, for a period not exceeding 20 years.

e) Guaranteeing loans raised by units from Commercial or Co-operative Banks for acquiring fixed assets.

f) Subscribing to debentures of industrial units.

g) Foreign exchange loans to industrial units under the World Bank line of credit.

h) Loans in collaboration with central financial institutions like IDBI, IFCI & ICICI and joint financing projects along with APIDC and Commercial Banks.

i) Acting as agent of State or Central Government or any other financial institution notified in this behalf by the Central Government.

j) Special Capital assistance upto Rs. 2 lakhs.

Eligibility:

Industrial Concerns under any form of ownership, whether be a proprietary or partnership concerns, Joint Hindu Family, Registered Co-operative Society, Private or Public Limited company engaged in one or more of the following activities are eligible for financial assistance.
a) Manufacture/Preservation/Processing of Goods.

b) Mining.

c) Hotel Industry.

d) Development of any contiguous area of land as an industrial estate.

e) The maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels, motor boats or trawlers or tractors.

f) Transport

g) Assembling, repairing or packing any article with the aid of machinery or power.

h) Fishing or Providing shore facilities for fishing or maintenance thereof; and

i) Providing special or technical knowledge or other services for the promotion of industrial growth.

Special Schemes:

Some of the special schemes are -

a) Special seed capital assistance by way of soft loans to technocrats and other entrepreneurs, and technocrat schemes for entrepreneurs below 45 years of age, with experience in the proposed line.

b) Assistance for modernisation of 33I units for improvement in productivity and quality, cost reduction, diversification including change of designs.
c) Composite loan scheme for Village, Small and Tiny sector units with 100 percent assistance.

d) Bridge loans to needy units. and 

e) Foreign exchange loans to units with investment not exceeding Rs. 1 crore.

Loans are extended to hotels upto 3 star category, purchase of mechanised boats for fishing purpose and special assistance to practising doctors for purchase of electronic equipments for setting up hospitals in Semi-urban and rural areas.

Restrictions on Loan Assistance:

In case of proprietary and partnership concerns, the maximum assistance is Rs. 15 lakhs. But in the case of limited companies and co-operative societies the maximum limit is Rs. 30 lakhs. Any industrial venture with project cost not exceeding Rs. 2 crores and share capital and free reserves Rs. 1 crore and below is eligible for financial assistance. The corporation does not extend financial assistance towards working capital.

The APSFC also extends concessional interest rates to units appointing fresh engineering graduates, units which obtained ISI or AMARK and units which go in for modernisation.
Promoters' Contribution:

Contribution to the extent of 20 percent of the total investment shall be insisted normally for financial assistance, except for technocrats and for units located in backward areas in which case, the contribution shall be 15 percent and 17.5 percent respectively.

How to apply:

The entrepreneur, eligible for financial assistance, will have to apply in the prescribed application form available at the Corporation offices. These applications with information as per checklist, should be submitted in duplicate in the branch office of the corporation concerned where the unit is proposed to be located. The entrepreneur has to pay service and commitment charges as prescribed.
2. **Andhra Pradesh Small Scale Industries Development Corporation (APSSIDC):**

The APSSIDC was set up in 1961 to assist entrepreneurs in setting up small scale units. Now, it offers a comprehensive range of entrepreneurial services.

APSSIDC aids, assists, counsels, promotes and protects the interests of small units in Andhra Pradesh. The authorised capital of the corporation is Rs. 7.00 crores while its paid up capital is Rs. 5.13 crores as on 31-3-1986.

**I. Promotional Activities:**

The following are the major activities of the Corporation.

1. **Technical Consultancy Services:**

Entrepreneurs can avail of consultancy service offered by a development wing comprising technical experts in various disciplines - such as mechanical and chemical engineering, food technology, electronics, etc. The group, along with financial and management experts also liaises with national laboratories, government agencies and large scale industries. In addition it assists in identifying new lines of manufacture viable

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1 APSSIDC "If you are starting Small we've big plans for you!"
Andhra Pradesh Small Scale Industrial Development Corporation Ltd., Hyderabad, pp. 1-7.
for production in small scale sector and also prepares project profiles/briefs defining scale of production, capital outlay profitability etc.

ii. Feasibility Reports:

Feasibility Reports prepared by the corporation are offered free of cost to interested entrepreneurs. APSSIDC also subsidises 75% of the cost when feasibility reports are prepared by outside consultants.

iii. Promotional Surveys:

In keeping with the central government's policy for rural industrialisation, APSSIDC has formulated special schemes for rural entrepreneurs. Professional consultancy organisations are being commissioned by the corporation to prepare detailed perspective plans based on locally available resources for tiny and small scale units being set up in district areas.

Copies of such plans are made available for entrepreneurs at District Industries Centres set up at each district headquarters.

iv. Capital Participation in Joint Ventures of APSSIDC:

Since 1968 APSSIDC has been extending financial assistance as risk capital to companies under this scheme
the corporation sanctions amounts ranging from 26% to 49% of the share capital for industries set up in forward/backward areas.

v. **Entrepreneurial Development Programmes**

Development training programmes for entrepreneurs are arranged with specialised institutes like NISMET and APITCO, Hyderabad, to motivate and train entrepreneurs. Similar Entrepreneurial Development Programmes will be conducted or co-sponsored by the corporation for each district in the ensuing years to train local entrepreneurs.

vi. **Hire-Purchase Scheme**

Under this scheme, the corporation supplies machinery on a hire purchase basis to educated unemployed under self-employment scheme.

The main object of this scheme is to generate self-employment. The scheme envisages an average employment potential of five persons per unit, with an institutional finance generation of four times the investment.

The corporation provides financial assistance upto 80%-90% of the cost of the machinery with a ceiling of Rs. 2 lakhs per scheme subject to the entrepreneur bringing 15% - 5% margin money. The remaining 5% being met by the Government resources.
vii. **Marketing Assistance Scheme:**

This scheme was introduced by the corporation in 1978, to help small scale units in the marketing of their products. Under this scheme, the corporation quotes, follows up and secures orders on behalf of small scale industrial units enrolled with it, from government, semi-government and quasi governmental organisations, Government Corporations and undertakings autonomous bodies, central Government undertakings, Municipalities, Panchayath Samithis, Zilla Parishads etc.

On delivery of the material the SSI unit is paid 75% value of the material, free of interest. The remaining 25% is released after payment from the Department/undertaking concerned.

The corporation also participates in trade fairs and industrial exhibitions on behalf of SSI units.

viii. **Development Assistance at District Level:**

To make its services and assistance easily available to entrepreneurs, the corporation has directed its unit officers to liaise closely with the Nodal Agencies incharge of Supra Economic Co-ordination for the formation of industries and assistance to entrepreneurs in the districts.
ix. Monitoring Cell to Revamp Sick Units:

The APSSIDC has created a monitoring cell and obtained finance from the Industrial Reconstruction Corporation of India under line of credit, for rehabilitation of sick small units in the State.

x. Turnkey Estates:

APSSIDC’s Turnkey complex programme has been formulated to assist entrepreneurs to procure necessary inputs and set up infrastructural facilities for their units. Each Turnkey Complex comprises a cluster of 20 to 25 heterogeneous tiny sector units. The trained entrepreneur is then given charge of his unit.

xi. Concessions and Incentives:

A. For entrepreneurs from weaker sections:

a) Grants subsidy of 75% towards the cost of feasibility reports, not exceeding ₹. 15,000/- per scheme.

b) Exempts the entrepreneurs from the earnest money deposit/margin money requirements under the hire purchase scheme.

c) No security is required other than the machinery supplied under the hire purchase scheme upto ₹. 25,000/-.

d) Exemption of 5% service charge normally levied on the Entrepreneurs.
e) Sanctioning working capital loans upto Rs. 25,000/- per scheme.

B. For other entrepreneurs:

a) Subsidy upto 75% of the cost of preparation of feasibility reports/engineering services, is sanctioned subject to a maximum of Rs. 7,500/-.

b) In order to overcome the initial working capital difficulties of the assisted joint venture units, bridge loans upto Rs. 2 lakhs are sanctioned based on revaluation of fixed assets and on second charge of the assets financed by APJPC.

II. Distribution of Raw Materials: ¹

APSSIDC assists small units in the State to procure items of raw materials like iron and steel, pig coal, coke, paraffin wax, caustic soda etc., to meet their requirements.

The corporation procures stocks and distributes these items through its 12 Raw Material Servicing centres located at Sanathnagar, Warangal, Nizamabad, Visakhapatnam, Vijayawada, Prakasam, Guntur, Tirupati, Samalkot, Cuddapah, Nellore and Nidadavole, covering all the districts in the State.

¹Ibid. p. 8.
3. **Andhra Pradesh Industrial Infrastructure Corporation (APIIC):**

APIIC was set up in 1973. It promotes and develops large, medium, and small scale industrial units by providing land, water, power, and transportation facilities through Industrial Estates (IEs), Industrial Development Areas (IDAs), Ancillary Industrial Estates, Autonagars, Commercial Complexes, and Assists private and Co-operative Industrial Estates.

**Functions:**

1. To identify industrial centres.
2. To acquire land and establish industrial development areas by providing roads, drainages, water and power supply and other infrastructure.
3. To allot sheds and plots in the industrial estates and IDAs on hire purchase and outright sale basis.
4. To co-ordinate with postal, telephone, telegraph, railway and road transport authorities, financial institutions and commercial banks to ensure required facilities in the IEAs and IDAs.
5. To launch housing schemes for industrial workers near their workspots.

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6. To sanction bridge loans to entrepreneurs for short term needs.

7. To arrange voluntary loan contributions to the State Electricity Board (APSEB) on behalf of the entrepreneurs to ensure power connections to their units; and

8. To act as an agent to government in disbursing central and State subsidies, besides margin money under self employment schemes.

APIIC coordinates its activities with all other government departments concerned as regards to the location and development of industrial units. This helps to smoothen and speed up the work in establishing by minimising delays in sanctions, permissions etc. The managing Director of APIIC is also the Chairman of a consultative committee which has the heads or their nominees of the following departments, viz., Town Planning, Factories, State Electricity Board, Telephone, Road Transport Corporation and Railways as members.

APIIC has launched 180 Industrial Estates and Industrial development areas, where 6,890 plots have been developed and 1850 factory sheds have been constructed all over the state. It has also constructed ancillary industrial estates for BHEL and ECIL outside Hyderabad and BHEL at Visakhapatnam, Autonagars at Rajahmundry, Tirupati, Vijayawada, Visakhapatnam, Warangal and

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¹A short term advance to a customer pending the receipt by him of funds from another source (F R Perry Macdonald and Evans. A Dictionary of Banking, 1983).
Hyderabad, Commercial Complexes at Hyderabad, Tirupati, Visakhapatnam and Warangal.

<table>
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<th>No. of Plots Vacant</th>
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<td>2</td>
<td>Chittoor</td>
<td>230</td>
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<td>3</td>
<td>Cuddapah</td>
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<td>6</td>
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<td>4</td>
<td>Kurnool</td>
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Source: Ibid. p. 123.

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<th>Sl. No.</th>
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<tr>
<td>4</td>
<td>Kurnool</td>
<td>-</td>
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</table>

Source: Ibid. p. 124.
4. Andhra Pradesh Industrial and Technical Consultancy Organisation (APITCO):

APITCO has been set up as a limited company in Hyderabad in 1976 to render consultancy services to the needy entrepreneurs for promotion of industries in Andhra Pradesh.

APITCO assists in the conduct of studies to identify the candidate industrial units that can be established based on the resources available and demands of the region, and development of entrepreneurship, through conduct of entrepreneurial development programmes, preparation of follow-up service for clearance of the projects by financial institutions, provision of technical and other services, extension of management consultancy services and thus also help in the transfer of technology.

APITCO has been rendering free service to the entrepreneurs in the selection of projects for implementation and renders expert advice in identification of projects and their implementation, at small cost, compared to other consultants. In addition various subsidies are available through APITCO under the following subsidy schemes of IFCI.
1. Subsidy to new entrepreneurs for meeting the cost of market studies in respect of medium scale units.

2. Subsidy to small entrepreneurs for meeting cost of feasibility studies etc.

3. Subsidy for promotion of ancillary units.

4. Subsidy for preparation of revival/nursing programmes for sick small scale units and

5. Margin money assistance for setting up of tiny/small scale units.
5. **Andhra Pradesh Handicrafts Development Corporation Ltd. (APHDC):**

APHDC was set up to pay exclusive attention to the revival, revitalisation and development of handicraft units.

The main objectives of the corporation are 1) to revive the languishing and dying crafts, (2) to expose the lesser known crafts, and (3) to improve the designs and techniques of the existing popular crafts.

It also imparts training in improved methods and techniques to upgrade the skills of artisans and supplies scarce raw materials. APHDC provides marketing outlets through its various emporia both within and outside the state.

The corporation has a chain of emporia in Hyderabad, Visakhapatnam, Rajahmundry, Kurnool, Vijayawada, Tirumala, Anantapur, Warengal and New Delhi.
6. Andhra Pradesh State Non-Resident Indian Investment Corporation Ltd. (ANRIICH):

ANRIICH is established exclusively to deal with and assist Non-Resident Indians (NRIs) in their investment plans in Andhra Pradesh. In addition to the facilities offered to NRIs for the establishment of large/medium units and other projects like hospitals, hotels, commercial complexes and housing, ANRIICH also helps NRIs who are interested in setting up small scale and tiny units as well. An exclusive industrial estate for this purpose has been set up.

The objectives of the Corporation are:

1. to attract investments from non-resident Indians in setting up of industrial units, medical care centres, hotels, commercial complexes, housing complexes, etc.

2. to find placements for local skills abroad.

To achieve the above objectives, ANRIICH offers services which include -

i) dissemination of information on industrial policies and procedures.

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1ANRIICH "Bull's-eye a sure-shot with .... come and invest for bright future". Andhra Pradesh State Non-Resident Indian Investment Corporation Ltd., Hyderabad.
ii) identification of project ideas

iii) providing market information and suggesting consultancy for detailed project reports.

iv) liaising with Government of India in securing letters of intent etc.

v) Securing infrastructural facilities and approvals/clearances.

vi) direct participation in equity and securing financial assistance from institutions and commercial banks.

vii) Securing portfolio investments in new companies, with and without repartipation facility and

viii) Securing lands for medical care centres, hotels, commercial complexes and developing exclusive housing complexes, etc.
7. **Andhra Pradesh State Trading Corporation Limited (APSTC):**

Andhra Pradesh State Trading Corporation was set up by Government of Andhra Pradesh in 1970 with the following objectives:1

1) To promote exports from the state and to stimulate entrepreneurship.

2) To import into the State various raw materials required by the industries particularly in the small sector, and

3) To undertake internal trading in select goods identified from time to time.

The activities of the corporation cover a fair range of products on the export side with items like Sandal Wood Oil, red sanders wood, quartz, ball bearing, industrial fasteners, livestock, tobacco, castor oil, annato seeds, handicrafts and handloom ready-made garments etc. It is a planning to expand the scope of its export activities to other items like spices, agricultural commodities, products of poultry farming, electronic goods, engineering products, chemicals, etc.

On the import side, the corporation has handled the import and distribution of STC canalised items like graphite, iodine, crude, paraffin wax, soda ash etc. Steps are also being taken to import and distribution of new items like low and high density polythene, iodine etc.

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8. **Andhra Pradesh Agro-Industries Corporation (APAGCO)**:

This is a joint venture of the Government of India and the Government of Andhra Pradesh to bring about systematic land development.

Its main activities are:

a) manufacture of fertilisers and formulations of pesticides

b) marketing of agricultural inputs like fertilisers, pesticides, seeds, tractors, spares, batteries and other accessories.

c) manufacture and sale of processed fruit products and identification, promotion and development of agro industries.

9. **Andhra Pradesh Mining Corporation (APMC)**:

APMC was set up to accelerate the mineral development not only by direct exploration and exploitation and but also by acting as a catalyst for production and scientific exploration of minerals and mineral based industries.

**Conclusion:**

As many of these promotional agencies have started working in the recent past if is not possible to determine accurately their contribution in the industrialisation of the region. However the fact that cannot be denied is that in their own way each one is acting as a catalyst agent in ascertaining the industrial potentiality of the region.
SUMMARY

The institutions which have been analysed in the previous pages are listed as under.

Promotional Agencies at Central Government Level:

National Small Industries Corporation (NSIC)
National Institute for Small Industries Extension Training (NISIET)
Industrial Development Bank of India (IDBI)
Industrial Finance Corporation of India (IFCI)
Industrial Credit and Investment Corporation of India (ICICI)
Khadi and Village Industries Commission (K & VIC)
Council of Scientific and Industrial Research (CSIR)
India Investment Centre (IIC)

Promotional Agencies at the State Level:

Andhra Pradesh Industrial Development Corporation (APIDC)
Andhra Pradesh Small Scale Industrial Development Corporation (APSSIDC)
Andhra Pradesh State Financial Corporation (APSPC)
Andhra Pradesh Industrial Infrastructure Corporation (APIIC)
Andhra Pradesh State Trading Corporation (APSTC)
Andhra Pradesh State Non-Resident Indian Investment Corporation (ANRICH) etc.

Besides the above agencies at district level, District Industries Centres are functioning with various programmes to promote industries.