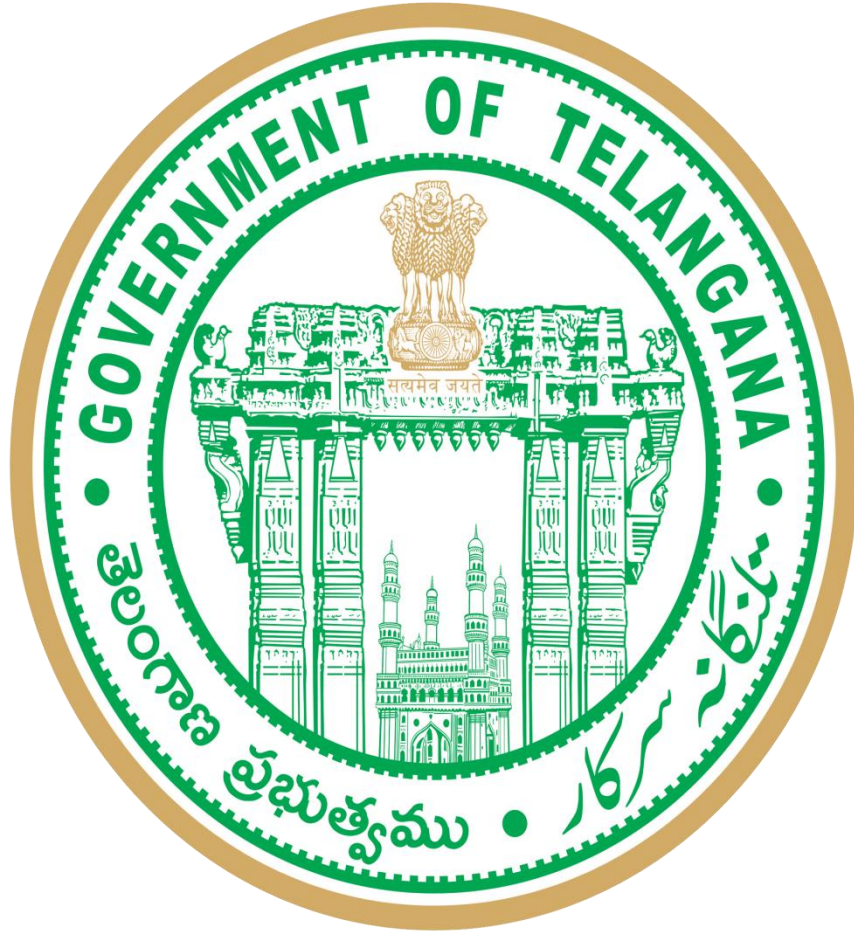


Draft Export Strategy Framework of Telangana



**COMMISSIONERATE OF INDUSTRIES, COMMERCE & EXPORT
PROMOTION
GOVERNMENT OF TELANGANA**

Table of Contents

S. No.	Particulars	Page No.
1	Introduction	3
2	Telangana State's Strengths	6
2.1	Economic Scenario of Telangana	6
2.2	Growth of Industrial Sector	9
2.3	Focus Minerals of Telangana	10
3	Status of Exports from Telangana	12
3.1	Value of Exports from Composite State of A.P	13
3.2	Estimated Value of Exports from State of Telangana	13
3.3	Sectorial Export Performance	14
3.4	District wise resources, Industry/export potential and projects in Telangana	20
3.5	Potential destinations for identified export items	22
4	Telangana State Industrial Policy Review	23
4.1	Telangana State New Industrial Policy Framework	24
4.2	Other Policies and Schemes	27
4.3	Industrial Scenario of Telangana	29
4.4	Telangana State Infrastructure Review	30
4.5	Export Potential Target	33
5	Strategy Outline	34
5.1	Vision	34
5.2	Mission	34
5.3	Objectives	34
5.4	Strategy	34
5.5	Policy measures and regulatory support	37
5.6	Export facilities to encourage Exporters	38
5.7	Export Awards/Incentives	38
5.8	Development of Interactive Website	39
5.9	Creation of world class infrastructure	39
6	Liberalizing existing regulatory framework	40
6.1	Arranging clearances for export operation	40
6.2	Creation of export grievance cell	40
6.3	Capacity building of all stake holders	41
6.4	Institutional Coordination	42
6.5	Effective Monitoring System	43
6.6	Institutional framework	43
7	State specific list of Projects with financial requirements	44
8	Conclusion	46

Introduction

The dreams of people of Telangana to live in a state of their own and to develop it in accordance with their hopes and aspirations came to a reality on the historic day of 2nd June 2014, with the formation of the 29th State of the Indian Republic. This tryst with destiny is just the beginning and a lot of fundamental rethinking and effort is needed to carve out an enduring future for all. The Vision of the State has to reflect the native wisdom of the people to harness the local resources optimally and in the fastest manner possible. **States play a major role in boosting India's growth. This increase in the level of growth can be attributed to a number of factors like exports, investments, development of skilled labour force, inflation, institutional quality etc. Considering the recent emphasis by the Central Government on state level promotion of exports, it becomes important for each state to develop a strategy in its major product groups. The reason for emphasis on involvement of states for promotion of exports is the desire for all-inclusive growth in exports in the country.**

The Government of Telangana is of the firm view that industrialization holds the key for higher and sustainable growth leading to growth of exports. The Government of Telangana has recently unveiled an investor friendly industrial policy, which is receiving applause from the Industrial community and being treated as the best policy in the Country.

Each state in the country possesses a production and trade advantage in a particular product. For example, Uttar Pradesh has an advantage in Handicrafts, Leather articles, Brassware etc; Rajasthan exports Gems & Jewellery; Karnataka manufactures products of minerals, electronic items and chemicals. Thus, there arises a need to assess state specific products for which the state should take steps for enhancing exports.

The newly formed state of Telangana has a big task of making its mark in the field of exports. It is a state enriched with huge potential of Industries & Natural Resources which can be a catalyst in promoting exports from it. The state has large amounts of land available as well as clusters which cater to the production of auto components and spare parts as well as textiles. Telangana region has rich natural resources. Telangana region is having large amount of forest area and 20 per cent of the country's coal deposits in the country. Telangana is also rich in limestone deposits that cater to cement factories. Telangana has other mineral resources like Granite, bauxite and mica. Telangana has a significant amount of Software exports in India. While majority of the Industry is concentrated over Hyderabad, the other cities are also becoming significant IT destinations in the state. Hyderabad's IT exports exceeded \$7 billion in 2014. There have been extensive investments in digital infrastructure.

Under this economic scenario, the State of Telangana would now have to examine its economic strategies and policies to become vibrant state in the globally competitive scenario. This document tries to present the framework for the new Telangana Government to enable its export strategies.

International economic theories and global experience point to various strategies such as focusing on resource endowed with, focusing on lime light industry, etc., and clearly point out the importance of foreign trade welfare maximization can be achieved through. In the modern economic order all economies all interlocked and effect of one economy is felt over others as well. This calls for a strategy that also insulates the economy from such negative effects.

Export Strategy cannot be viewed in isolation but is embodied in various strategies and policies of the government such as Industrial Policy, Monetary Policy, infrastructure development, Human Resources Development and various other policies.

Any exports strategy has to effectively reduce import dependency while encouraging healthy domestic manufacturing. It is not export enhancement as such that results in positive foreign exchange flows but surplus of exports over imports. It is therefore, that we understand Exports Strategy synonymously with foreign trade policy.

Often it is the experience of the regulators that in the second and third stages of development of an export oriented economy, while exports seemingly decline, foreign inflows increase. This is due to investments of domestic entrepreneurs in foreign business establishments which initially results in financial outflows and is followed by subsequent reverse flows of foreign currency in the form of profit repatriation.

Similarly, services which comprise the largest portion of the economic activity, such as tourism and hospitality industry, healthcare services, trade, etc., have also an important role in creating an outward looking vibrant global economy. These efforts have to be dovetailed with availability of investment.

Therefore, any policy has to view not only merchandise exports but enhancement of Foreign Direct Investment, investment in foreign countries. While, Union Government endeavours in the effort of monetary policy, foreign trade policy, industrial policy, labour policies, etc. states have an equal responsibility as it directly affects the welfare of their population.

While a sound public export strategy has to be founded on these experiences, a detailed study on these lines has been attempted in this document. A detailed study

of present export achievements, export infrastructure, existing policies, sector performance, opportunities and developmental priorities has also been duly carried in the beginning of this document.

Further, strategies that are based on a sound blue print usually have high success rate. There are various models such as cluster development, establishing industrial corridors, de-bottle-necking, reduction of cost of transactions, etc. These have also been examined in this document.

It must be remembered that while exports ultimately depend on the performance of each and every individual enterprise, the role of the state has repeatedly proven to be path setter and critical in the larger play of things.

A favourable environment for flourishing industrial growth would ultimately depend on:

- Availability of Land ,Water
- Continuous, quality **Power** at competitive prices
- Skilled & Semi-Skilled human resources
- Regulatory facilitation
- Availability of raw-materials
- Easy environmental clearances
- Sound Infrastructure
- Banking services at competitive interest rates
- An environment that supports growth of potential sectors.

These are the issues this strategy tries to address

This strategy paper begins by spelling out indicative Vision and Mission for promoting the states' exports; it also elaborately discusses the direction for policy thrust and specific steps for incentivizing exports. After due discussions with stake holders, study of all related and relevant strategies & policies having bearing on exports, several initiatives have been suggested along with their budgetary requirements. Similarly, a cross departmental co-ordination effort has also been made to dovetail this strategy with other government strategies and policies. Focus has been given to the projects envisaged in industrial policy framework of Telangana State as thrust and core sectors.

2. Telangana State's Strengths

2.1. Economic Scenario of Telangana : Growth of Gross State Domestic Product

State economic growth is measured through State Domestic Product. Gross State Domestic Product (GSDP) and its related aggregates are important indicators of the state economy. Telangana is 12th largest economy in the Country in terms of GSDP. The State GSDP at constant (2004-05) prices was Rs.1,96,182 crores in 2012-13 while that of the country was Rs.54,82,111 crores during same period. The annual growth rates of Gross State Domestic Product of Telangana and Gross Domestic Product of All India at Constant (2004-05) Prices from 2005-06 to 2013-14 (Provisional Estimates) are shown in the below table. The growth performance of Telangana has been fairly impressive during this period eluding even the impact of recent global recession. Overall, Telangana economy could attain an average growth rate of 10.2% during the 11th Plan (2007-08 to 2011-12) which is higher than the national average of 8.04%.

The GSDP at constant (2004-05) prices, for the year 2013-14 (Provisional Estimates) is estimated at Rs.2,07,069 crores as against Rs.1,96,182 crores for the year 2012-13 (First Revised Estimates) indicating a growth of 5.55%. The corresponding sectoral growth rates are 4.58% in Agriculture sector, 2.70% in Industry sector and 7.15% in the Services sector.

The GSDP at current prices for the year 2013-14 (Provisional Estimates) is estimated at Rs.3,78,963 crores as against Rs.3,35,018 crores to the GSDP at current prices for 2012-13 (First Revised Estimates) indicating a growth rate of 13.12%. The contribution from Agriculture sector is Rs.65,205 crores, from the Industry sector is Rs. 1,04,218 crores and from Service sector it is Rs.2,09,540 crores.

GSDP of Telangana State and GDP of All India at Constant (2004-05) Prices

Year	Telangana State		All India	
	GSDP (Rs.Crs)	Growth Rate (%)	GDP (Rs.Crs)	Growth Rate (%)
2004-05	89,946	-	29,71,465	-
2005-06	1,04,233	15.9	32,53,073	9.5
2006-07	1,16,343	11.6	35,64,364	9.6
2007-08	1,28,618	10.6	38,96,636	9.3
2008-09	1,45,902	13.4	41,58,676	6.7
2009-10	1,47,577	1.2	45,16,071	8.6
2010-11*	1,74,185	18.0	49,18,533	8.9

2011-12#	1,87,719	7.8	52,47,530	6.7
2012-13\$	1,96,182	4.5	54,82,111	4.5
2013-14@	2,07,069	5.6	57,41,791	4.7

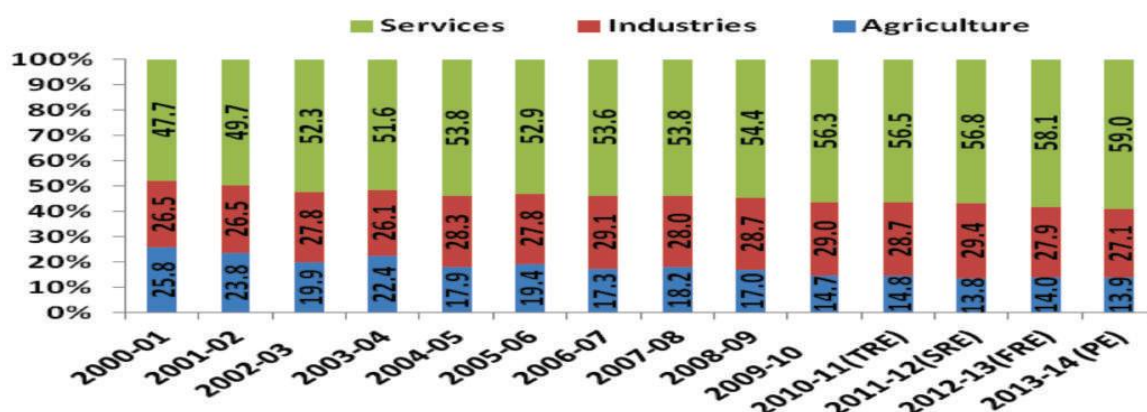
* Third Revised Estimates, # Second Revised Estimates, \$ First Revised Estimates, @ Provisional Estimates

Source:-Directorate of Economics and Statistics, Telangana State and C.S.O., New Delhi.

Structure of the Economy

The composition of GSDP of the State is changing significantly. The share of Agriculture sector in the GSDP which was 26% in 2000-01 declined gradually to 14% in 2013-14 at constant prices. An important point to note in this context is that agriculture will continue to be important sector in the economy as 55.7 percent of the workforce depends on agriculture and its growth is likely to be more equitable. The decline in share of agricultural sector is almost made-up by services sector, which increased its share from 48% to 59% during this period. The share of Industry sector remained stable with minor fluctuations around 27%.

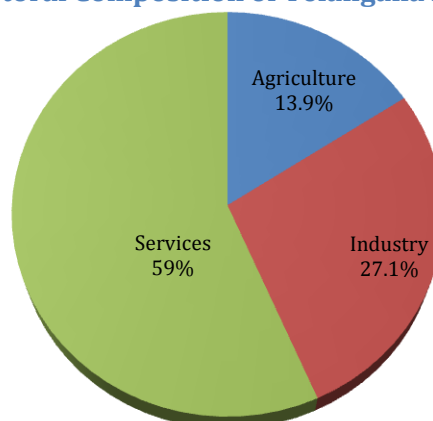
Structural Composition of the GSDP



Source: Directorate of Economics and Statistics, Hyderabad.

The composition of Primary, secondary and Tertiary Sectors in the respective of Telangana State is given in the figures below:

Sectoral Composition of Telangana State

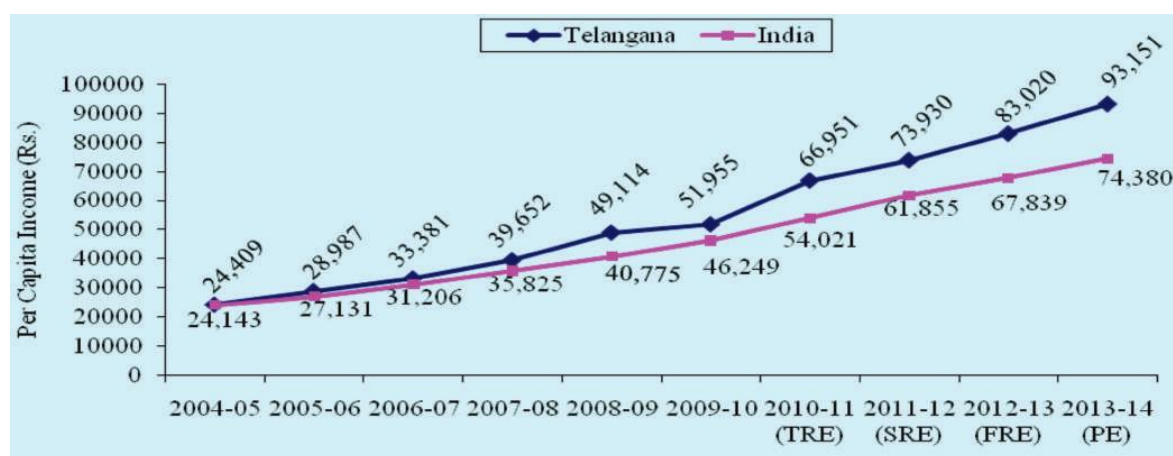


Source: Directorate of Economics and Statistics, Hyderabad.

Per Capita Income

The Per Capita Income is an indicator of the standard of living of the people. The Per Capita Income in the State has remained consistently higher than the national Per Capita Income for more than a decade. The Per Capita Income of the state increased from about Rs.24,409 in 2004-05 to Rs.93,151 at current prices in 2013-14. During the same period the All India Per Capita Income increased from Rs.24,143 to Rs.74,380.

Per Capita Income of Telangana and All India at Current Prices



Source: Directorate of Economics and Statistics, Hyderabad.

As per the Provisional Estimates of 2013-14, the Per Capita Income of Telangana State at current prices increased to Rs.93,151 from Rs.83,020 in 2012-13 registering a growth of 12.20 percent. The Per Capita Income at constant (2004-05) prices, has

also gone up from Rs.47,785 in 2012-13 to Rs.49,993 in 2013-14 registering a growth rate of 4.62 per cent.

It may be noted that the improvement in the performance of Telangana in terms of per capita income in relation to the All India Per Capita Income is not only due to the acceleration in the aggregate GSDP growth but also due to faster deceleration in the population growth experienced by the State during the last two decades.

2.2. Growth of Industrial Sector

The growth of Industrial sector in Telangana has been impressive. During the decade 2004-05 to 2013-14 the state registered an average growth rate 9.4% per annum as against the national average of 6.9% at constant prices(2004-05). However, the growth path of the state exhibited more fluctuations than that of all India. Manufacturing sector growth across districts indicates that seven districts other than Medak, Rangareddy and Hyderabad require specific strategies and policy interventions.

The growth in sub-sectors indicates a fall in the unregistered manufacturing sector represented by the micro and small enterprises, electricity, gas & water supply, and construction.

Industrial sub sectorial share in GSDP at constant (2004-05) Prices

Sub-Sector	2004-05	2013-14
1) Mining & Quarrying	4.75	2.58
2) Manufacturing		
a. Registered	9.96	13.32
b. Un Registered	3.23	2.05
3) Electricity, Gas & Water supply	2.79	2.59
4) Construction	7.54	6.58
Industrial Sector contribution to GSDP	28.28	27.12

Telangana is home to large industries in IT/ITES, pharma, engineering goods and defence, most of them are located in the capital city of Hyderabad. The State also has good road network connecting Hyderabad to other cities in Telangana, and other states such as Andhra Pradesh, Maharashtra and Karnataka. Its geographical location and matured infrastructure, its climate and cosmopolitanism rendered faster growth, particularly during the last two decades. The pre-reform period witnessed huge public sector investments from the Government of India that acted as sheet anchor for industrial growth. Defence and Industries like MIDHANI, BHEL,HMT, HAL, IDPL, HCL, ECIL, BDL, Ordnance Factory; over 50 central government training and educational establishments that included NGRI, IICT, CCMB, Central University,

NALSAR, NPA, NIRD etc., and global institutions like ISB, ICRISAT have also enabled it to grow as knowledge hub and a strategic capital city of consequence for the nation as a whole. Such investments have put low financial burden on the State.

The Annual Survey of Industries provides Industrial statistical information to assess and evaluate the changes in the growth, composition and structure of organized manufacturing sector comprising activities related to manufacturing processes, repair services, gas and water supply and cold storage. It is conducted once in a year to collect the data from the Organized Manufacturing units registered under the section 2 m(i) & 2m(ii) of the Factories Act 1948 and also regular collection of industrial production on monthly basis for calculation of IIP.

Highlights of ASI 2011-12 Results

- The number of factories increased to 9005 in 2011-12 from 8980 during 2010-11.
- These 9005 factories generated employment to 7.00 lakh persons during 2011-12.
- The Telangana State is one among the major Industrial States in the country and ranked 8th place in terms of GVA(Gross Value Added) i.e. Rs. 36,475.65crores
- The Industrial growth from 2010-11 to 2011-12 in terms of Gross Value Added is 17.53% and NetValue Added is 16.76%

The concentration of the Industrial sector is more in Medak, Ranga Reddy and Hyderabad together accounting for more than half of the income from this sector. These districts contribute about 75% of the output from organized manufacturing sector and about 44% of the construction output.

2.3. Focus Minerals in Telangana

Mining Sector is identified as one of the growth engines and certain minerals have been identified as focus minerals viz., Limestone, Coal, Iron Ore, Diamond, Dolomite, Uranium, Garnet, Granite for establishment of Cement, Thermal Plants, Granite Cutting and Faceting, Steel and Sponge Iron as focus industry for overall growth and development of the Mining Sector in the State.

Both Public and Private Sectors established large and medium scale mineral based industries for manufacture of Cement, Steel, Sponge Iron, Ferro-alloys, Glass, Ceramics, Refractories, Chemicals, Granite, Marble and Limestone cutting and polishing units, Slate cutting units, Gem Cutting and faceting units, Granite monuments manufacturing units, Pulverizing units, stone crushers, Mosaic and Ceramic tile units, Lime Kilns and Manufactured sand units in Telangana State.

The Mineral consumption is increasing due to promotion of various industries and manufacture of Mineral based products. State produces about 33 million tonnes of

industrial minerals, 50 to 55 million tonnes of coal and 54 million cubic meters of dimensional stones and building material.

The Department also carried out preliminary survey studies and identified exclusive mining zones in Rangareddy, Mahabubnagar, Nalgonda and Medak districts for declaration as mining zones for sustainable development of Mining.

Mineral Geographical Distribution and Utilisation

Major Minerals	Geographical Distribution	Mineral Based Industry
Amethyst	Mahabubnagar, Ranga Reddy, Medak, Warangal.	Jewellery
Barytes	Khammam	Drilling, Paints, Filler in Tyres, Rubber Goods, Paper and Chemical
Fire Clay	Adilabad	Refractory, Ferro Alloys
Coal	Khammam, Warangal, Adilabad, Karimnagar	Iron and Steel, Thermal Plants, Cement, Railways, Domestic Fuel
Corrundum	Khammam	Abrasives, Jewellery
Dolomite	Khammam	Iron and Steel, Ferro Alloys, Fertilizers, Glass, Foundry and Cosmetics
Feldspar	Mahabubnagar, Ranga Reddy, Khammam	Ceramics, Glass, Abrasive, Enamels, Electrical, Refractories
Fullers Earth	Ranga Reddy	Decolourizer of vegetable oils, Oil refineries
Iron Ore, Hematite, Magnetite	Warangal, Khammam, Adilabad, Karimnagar	Steel, Pelletization, Sponge Iron, Pig Iron
Kyanite	Khammam	Abrasive, Refractory
Laterite	Mahabubnagar, Karimnagar, Medak, Nizamabad	Cement
Limestone	Ranga Reddy, Mahabubnagar, Nalgonda, Khammam,	Cement, Carbide, Iron and Steel, Soda Ash, Chemical, Sugar, Paper, Fertilizer, Glass

	Adilabad, Karimnagar	
Manganese	Adilabad	Potassium Permanganate, Ferro Alloys, Iron and Steel, Batteries, Chemicals, Ceramic, Glass Industry
Quartz	Ranga Reddy, Mahabubnagar, Khammam, Nizamabad	Glass, Foundry, Iron and Steel, Refractory, Ceramic, Electrical, Abrasive, Paints, Electronics
Steatite	Khammam	Paper, Textile, Rubber, Ceramics, Soaps, Detergents, Fertilizers
Stowing Sand	Khammam	Ceramics, Foundry, Refractory
Marble	Khammam	Decorative, Flooring, Panels
Limestone slabs	Ranga Reddy, Mahabubnagar, Nalgonda	Floorings, Pavements
Granite	Warangal, Khammam, Karimnagar, Ranga Reddy, Nalgonda, Medak, Nizamabad	Cutting and Polishing Industry, Decorative, Panels, Monuments, Flooring, Panels
Building Stones	All districts of Telangana	Building Material for construction purposes

3. Status of Exports from Telangana

Exports of Composite State of Andhra Pradesh in the year 2013-14 stood at Rs.149,800 crores for which latest data is available from Director General of Commercial Intelligence & Statistics, Govt. of India. As the state of Telangana was not having separate Export code, the data was captured by DGCIS, Kolkata with the Export Code for Composite state of AP (i.e., 080). In view of the above, estimated export figures have been arrived for the state of Telangana from the available data of composite state of AP. A cursory examination of segment-wise exports of Composite state of Andhra Pradesh for the last 4 years and the estimated share of exports from Telangana in 2013-14 clearly points success of previous strategies and policies. For example, the sectors such as Drugs & Pharmaceuticals, Engineering Items, Electrical & Electronic Parts, Handlooms & Textiles and Handicrafts where the policies have placed high importance have consistently shown good growth rates.

3.1. Value of Exports from Composite State of Andhra Pradesh (Includes Telangana)

(Value in Rs. Crs.)

Sl. No	Product group	2010-11	2011-12	2012-13	2013-14
1	Agricultural and agro based products	6347	11772	15019	17284
2	Leather , Animal and Marine Products	2582	4364	5042	9691
3	Mineral & Mineral Products	8387	4139	7388	9234
4	Handloom & Textiles	1844	2298	4305	6042
5	Handicrafts & Carpets	1116	3152	5561	4622
6	Drugs & Pharmaceuticals	15970	20642	29360	34965
7	Engineering items	16209	27277	9162	8972
8	Electrical and electronics parts	4136	1813	1879	1990
9	Software (IT & ITES)	35022	40646	51285	57000
		91613	116103	129001	149800

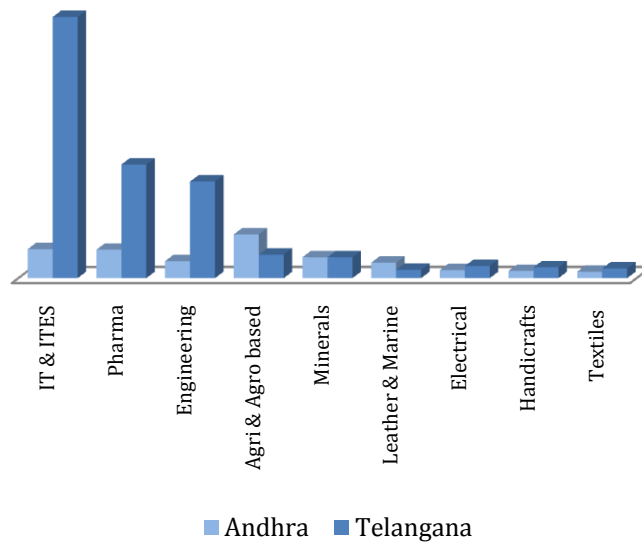
Source: Export Data Collected from DGCI&S and STPI

Due to high development of Hyderabad and its surrounding areas, Telangana has been at the forefront of IT&ITES, Pharma, Engineering exports, and Gems & Jewellery.

3.2. Estimated share of export statistics of Telangana

Sl No	Product group	2013-14 (Rs. in Crs)	% share of Andhra Pradesh	% Share of Telangana	Estimated Exports from Telangana (Rs. in Crs.)
1	Agricultural and agro based products	17284	65	35	6049
2	Leather , Animal and Marine Products	9691	65	35	3392
3	Mineral & Mineral Products	9234	50	50	4617
4	Handloom & Textiles	6042	40	60	3625
5	Handicrafts & Carpets	4622	40	60	1849
6	Electrical and electronics parts	1990	25	75	1493
7	Drugs & Pharmaceuticals	34965	20	80	27972
8	Engineering items	8972	15	85	7626
9	Software (IT & ITES)	57000	10	90	51300
	Total	149800	28	72	107923

**Segment-wise State shares in Exports
(2013-14) (Rs. Crores)**

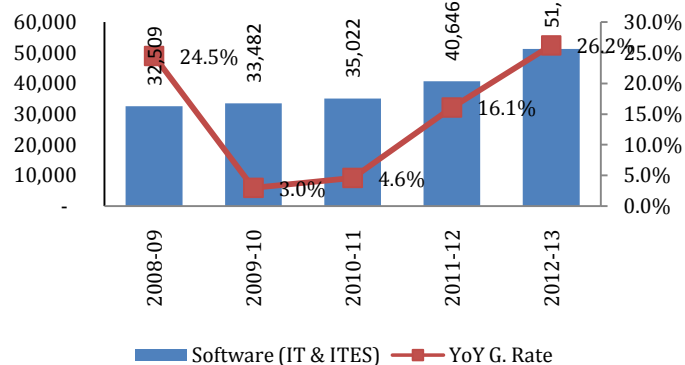


3.3. Sectorial Export Performance

IT/ITES Service Exports

Due to the initiatives of successive governments, IT & IT enabled services now stand at as much as 65.5% merchandise exports of the state. The policy of IT Parks & SEZs has been hugely successful and the sector has achieved highest foreign revenue earnings for the state. While the sector did experience a slowdown from 2009-10 to 2011-12 due to international upheavals in the sector, the two decades of export performance has been commendable.

**Export Performance of IT & ITES of Composite
state of Andhra Pradesh (2008-09 to 2012-13)
(Rs. Crores)**

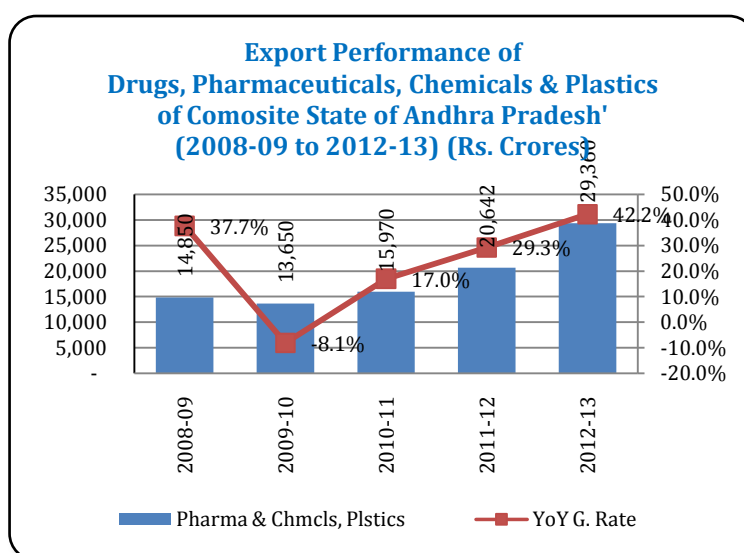


Source: DGCI&S, GOI, COI, STPI

These initiatives however, need to be spread to Class II & III tier cities. As such parks and SEZs are lesser in number in other Cities like Warangal , Karimnagar and Khammam of Telangana State, these initiatives are proposed to be taken up there.

Drugs & Pharmaceuticals, Chemicals & Plastics

Drugs, Pharmaceuticals and Allied Chemicals along with exports of plastics stood at Rs.29,360crores growing at 42% over previous year. While the sector experienced minor setback in 2009-10 due to global slowdown, the performance bounced back smartly during the subsequent years.



Source: DGCI&S, GOI, Kolkata

Telangana is among the leading states in pharmaceutical manufacturing and exports only after Maharashtra. The state accounts for around 25% of the country's manufacturing and exports of pharmaceutical sector. The sector exports account for nearly 50% of the states IT exports. The sector accounts for 43.4% of the state's manufacturing sector GDP or 4.79% of the state's GDP in 2011-12 at factor cost at market prices.

Many major companies of international repute such as Dr. Reddy's, AurobindoPharma, Divi's Laboratories, Mylan(Matrix), NATCO, Hetero Drugs, Granules India, Neuland Laboratories, ShanthaBiotechnics, Virchow Laboratories, Glochem Industries Ltd., Indian Immunologicals Ltd., SMS Pharma, Suven Life sciences, Biological E Limited etc., are present in the state. The state is undisputedly the Bulk drug capital of the country. In the recent past, the state has witnessed huge investments in expansions, new projects, and also in the new Pharma SEZs.

Several of the companies are among the leading companies in the world having large number of bulk drug and formulation registrations of the world. For example, Aurobindo Pharma has second highest Type-II DMF filings with U.S. FDA among all the companies globally. The state has 846 Type-2 Drug Master Files (bulk drug applications) out of India's total of 2,841 with USA. Of the total 285 companies having DMFs, around 46 companies are from Telangana.

All these achievements have enabled Telangana to be a dominant player in pharma sector in the country and the state would continue to do so in the coming decade as well.

Pharmaceutical sector is typical in the sense, across the world the approach to business is along well established lines. Innovator companies try to maximize their revenues through drug discovery, new molecule innovation, and maximising revenues and profits through patented molecules while Generic companies try to maximise their profits by holding a large basket of molecules and in large number of markets. World over 52% of the pharmaceutical requirements are met through imports. Exports can not start until product registration takes place in the country of import.

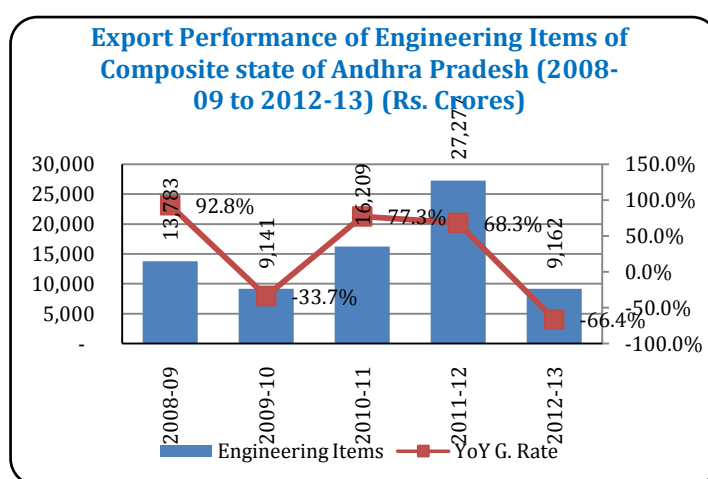
Innovator companies occupy 75% of the world market while the rest is captured by generic companies. Usually, the first company to launch a generic version of a molecule as soon as patent of innovator product expires captures maximum share of the market. As it takes to 3-5 years to develop generic version and register it in various countries, all generic companies carefully select the molecules they would like target in the coming 5-6 years. Many companies specialise in various segments such as bulk drugs & intermediates, contract manufacturing, speciality products, biotech, contract research and various steps in the value chain of drug discovery such as clinical trials, data management services, etc. New drug discovery requires high investments of the order US\$2bn spread over period of 8 to 12 years. This kind of investment are out of the reach of not only small & medium scale companies but also most of the top companies of India.

The state therefore, needs to allocate strong support for Drug discovery, Commercialisation of new molecules, Patent search support, setting-up of common infrastructure facilities and Advanced testing Laboratories.

Thus far, the sector has been focused around Hyderabad i.e. in Ranga Reddy District and now the cluster has been rapidly developing in Medak, Mahaboob nagar and Nalgonda industrial areas. This cluster needs to be supported by creation of appropriate policy support.

Engineering Items

Engineering Industry comprising Heavy, light and Ancilliary industries has been third largest export revenue contributor for the composite state of Andhra Pradesh accounting for 25.7% of the states merchandise exports. However, this industry has experienced severe set-back during 2009-10 and again 2012-13 due to global and domestic economic slow downs. The segment's exports which were at Rs.1,368 crores have grown consistently to touch Rs.27,277 crores during 2011-12 underlying the importance of this sector.

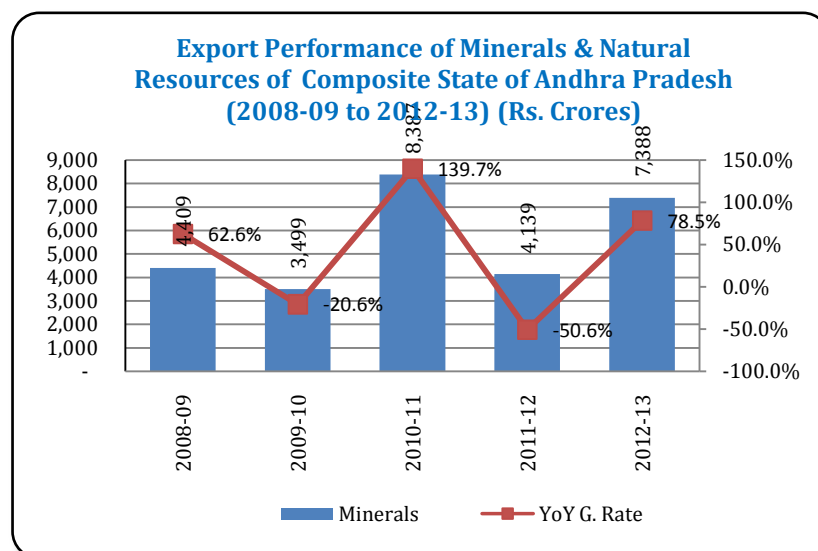


Source: DGCI&S, GOI, COI, Govt. of TS

It must be noted, that Telangana has a very weak Auto & Auto component base. Similarly, the state has proven potential for Aerospace industry & Solar Industry. There is an immediate need to develop these clusters through policy initiatives.

Minerals & Natural Resources

Exports of Minerals have grown from a meagre Rs.862 crores in 2003-04 to Rs.7,388 crores during last year. The sector exhibits spurt and consolidation every three years. While in some years, the growth of exports has been negative, the overall trend suggests solid progress of the sector. It must be noted that the potential of the state of mineral exports remains underutilised.



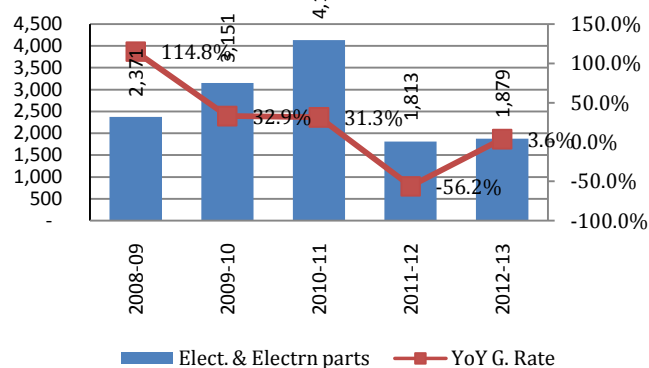
Source: DGCI&S, GOI, COI, Govt. of TS

Electrical & Electronic Parts

Electrical & Electronic component exports have grown from a meagre Rs.84 crores in 2003-04 in composite state of Andhra Pradesh to an estimated amount of Rs.1,493 crores in 2013-14 from the State of Telangana exhibiting one of the highest growth rates of all sectors before they fell during last two years owing to domestic and international industrial recession. The sector is expected to peak in the coming years. The state has several heavy electrical engineering and transmission line manufacturers. With the initiatives of the Government, the state is also progressing in electronics & electronic component manufacturing, IT Hardware sectors.

The state requires to take massive program to strengthen Electronic sector of the state and may encourage foreign direct investment in the state through appropriate policy initiatives.

Export Performance of Electrical & Electronic Parts Composite state of Andhra Pradesh (2008-09 to 2012-13) (Rs. Crores)

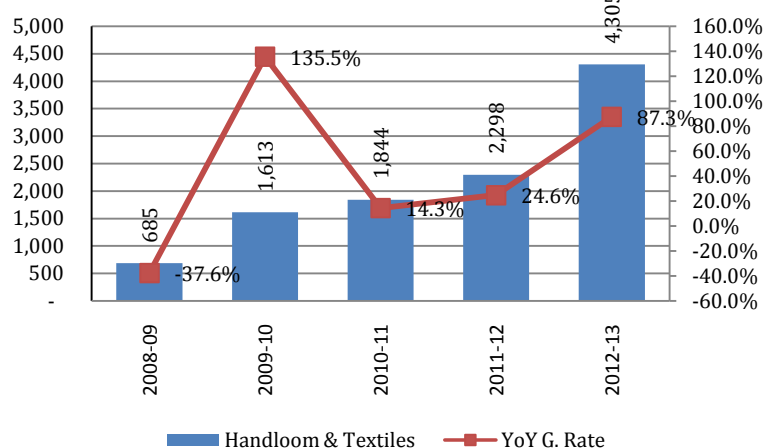


Source: DGCI&S, GOI, COI, Govt. of TS

Handlooms & Textiles

Telangana State has several medium and small spinning & textile mills. However, the sector which contributes highest positive trade flows to India has been an underperformer especially due to lack of Garment manufacturing industry. The initiatives of the government such as setting up of Textile Park in Warangal, would hopefully be translated into increased exports in the coming future.

Export Performance of Handlooms & Textiles of Composite State of Andhra Pradesh (2008-09 to 2012-13) (Rs. Crores)



Source: DGCI&S, GOI, COI, Govt. of TS

3.4. District-wise resources, industrial / export potential and proposed projects in Telangana

District	Resources		Potential Industrial sectors	Potential exports
	Agriculture	Mineral		
Adilabad	Paddy, Jowar, Maize, Cotton, Soya bean,	China Clay, Coal, Fireclay, Limestone, Manganese	Agro based & Food processing, Cotton Textiles, Paper & Paper products, Cement, Mineral based	Coal, Limestone, Quartz, Bamboo, Teak and beedi leaves, Cement, Cotton bales, Nirmal Toys
Karimnagar	Paddy, Green gram, Sugar cane, Jowar, Cotton, Oil seeds	Coal, Limestone, Iron Ore, Granite, Sand and Quartz	Agro based & Food processing, Cotton Textiles, Paper & Paper products, Mineral based and Engineering Units	Parboiled Rice, Particle boards from paddy husk, turmeric, castor, Rice flakes,
Khammam	Paddy, Cotton, Chillies, Cashew, Oil Palm, Mango, Maize, Greengram, Redgram	Granite, Barites, Coal, Fireclay, Corundum, Dolomite, Feldspar, Iron Ore (H), Mica, Quartz/Silica, Steatite, Chromite, Copper, Kyanite, Graphite, Marble	Mining, Sugar Industries, Cashew nut processing, Fruit processing, Granite and decorative tiles, Medicinal and Aromatic Plants, Dairy units, Cold storages	Raw Granite, Monuments, Slabs, Honey, Nuxvomica and other herbs, Tamarind, Chillies, Oleo resins
Nizamabad	Paddy, Sugar Cane, Turmeric, Cotton, Maize, Groundnut	Laterite, Quartz, Feldspar, Granite	Turmeric Processing units, Rice Mills and Food processing units, Cotton Textiles, Mineral based and Engineering Units	Boiled Rice, Rice bran Oil, Turmeric, Maize, Granite
Mahbubnagar	China Clay, Feldspar, Limestone, Quartz/Silica, Semi precious stones	Maize, Castor, Rice Ground nut, Jowar, Cotton, Mango, Tomato, Orange	Food & Agro based, Textile, Power, Mineral Based, Pharma, Sponge Iron, Metallurgical units	Glass wool, Steel, Textiles, Sponge Iron, Gadwal Sarees
Medak	Feldspar, Granite, Laterite,	Paddy, Maize, Castor,	Food & Agro based, Soda water,	Turbines, generators,

	Quartz/Silica, Road metal and Gravel	Jowar and Pulses, Sunflower and Chillies	Cotton Textiles, Readymade garments, Drugs & Pharma, Chemical, Automobile, Steel fab, Mineral based, Plastic Electrical	electrical equipment, Light combat vehicles, Chemical, Drugs & Pharma
Ranga Reddy	Paddy, Jowar, Red gram, Cotton, Castor	Lime stone, Clay, Tandur flooring stone, Quartz, Felspar, Shale	Pharma, Bulk Drugs, Engineering, Aerospace, Precision tools, Defence components, Agro & Food Processing, Electronic Hardware, Solar Modules, Plastic, Garment Industries	Software, Pharmaceuticals, Precision tools, engineering products, garments
Hyderabad	NIL	NIL	IT & ITE Service units	Software (IT&ITES)
Nalgonda	China Clay, Feldspar, Granite, Limestone, Quartz/Silica	Paddy, Jowar, Bajra, Groundnut, Red gram, Castor, Cotton, Citrus and Mango	Rice & Parboiled Rice Mills, Fruit processing units, Mineral based, Cement, Granite, Chemical, Plastic, Petro based, Engineering units	Cement, Cement products, Rice bran oil. Castor seed oil flakes, Drugs & Pharma
Warangal	China Clay, Coal, Dolomite, Granite, Iron Ore (M), Quartz/Silica	Rice, Maize, Green gram, Ground nut, Cotton, Banana & Sweet Orange	Agro, Textile, Readymade, Wood based, Paper, Parboiled, Leather, Chemical, Granite	Rice, Rice bran oil Granite, durries, coal, fuel briquettes

Source: Dept. of Mines & Geology, TS and AP Trade Journal, APTPC

3.5.Potential Destinations for identified items of Exports

Sl. No.	Name of the Commodity	Country to which Exported
1.	Granite Blocks/ Slabs	China P RP, Hongkong, Belgium, USA, Vietnam Soc Republic, Sri Lanka , Italy, Lebanon
2.	Parboiled Rice	Oman, Nigeria, South Africa, United Arab Emirites, USA, Liberia, Iran, Gambia, Benin, Cameroon
3.	Ingots	Bhutan, Bangladesh, Saudi Arabia
4.	Turmeric	Bangladesh, Egypt, China, Japan, Canada, AustraliaJapan, UAE, Malasia, Suadi Arabia
5.	Cotton	China , Bangaldesh, Hongkong, Pakistan, Japan, Malasia, Thailand
6.	Frozen Meat	Saudi Arabia, United Arab Emirtes, Kuwait, Qatar, Oman
7.	Maize	UAE, Sudan, Yemen, Vietnam
8.	Mango	USA, UAE, Bnagladesh, UK, Saudi Arabia
9.	Groundnut	Indonesia, Malasia, Philippines, Thailand, UK
10.	Cashew	USA, Netherlands, UK, Japan, Saudi Arabia, Singapore
11.	Dry Chillies	Middle East, South Korea, UK, USA, Singapore, Malasia, Srilanka, Bangladesh
12.	Phramaceuticals and Bulk Drugs	USA, UK, Australia, Russia, South Africa, Korea, Canada, Indonesia, Myanmar, Ukrain

4. Telangana State Industrial Policy Review

Industrialization will be the key strategy followed for economic growth and development of Telangana state.

The vision for industrialization of Telangana is “Research to Innovation; Innovation to Industry; Industry to Prosperity”. The industrial policy framework recently approved by the Telangana Legislature is intended to be driven by the slogan – “In Telangana—Innovate, Incubate, Incorporate”. The policy framework intends to provide a business regulatory environment where doing business would be as easy as shaking hands. Innovation and technology will drive the industries of the Telangana State.

The Government of Telangana State realizes that industrial development requires large-scale private sector participation, with the government playing the role of a facilitator and a catalyst. The government is committed to provide a graft-free, hassle-free environment in which the entrepreneurial spirit of local, domestic and international investors will thrive, and they’ll set up industrial units in the state of Telangana – their preferred investment destination. The new Industrial Policy will be the instrument through which the vision of the Telangana State Government will be translated into action.

The new Telangana State Industrial Policy will strive to provide a framework which will not only stabilize and make existing industries more competitive, but also attract and realize new international and national investments in the industrial sector. The focus will be on core manufacturing sectors, with the creation of employment for urban and rural youth and adding value to existing skills emphasised at all stages. It is expected that the most significant outcome of this approach will be the production of high quality goods at the most competitive price, which establishes “Made in Telangana- Made in India” as a brand with high global recognition. The cornerstone of the policy would be zero graft and zero tolerance to corruption. The decision-making in all the Telangana State Departments will be transparent and the departmental heads will be held responsible for all acts of omission and commission by departmental staff. An online and help-desk grievance redressal system will be put in place where the entrepreneur will be encouraged to report instances of corruption or any delays in performing timely tasks by the Telangana State Government departments. Timely and strict disciplinary action will be taken against those employees who violate the parameters of the Industrial Policy Framework.

The Government of Telangana State is determined to create an ecosystem in which the ease of doing business in the state matches and even exceeds the best global standards. Telangana State Government is aware that offering a hassle-free system is

considered to be of the highest priority by the industrialists, and accordingly the government will implement a very effective industrial clearance system that will go beyond the traditional single window system. This system, called the Telangana State Industrial Project Approval and Self-certification System (TS-iPASS), will be strengthened by way of legislation. A Right to Single Window Clearance, on the lines of the Right to Information, will be bestowed for all applicants. Penal action will be imposed on the concerned officers who delay the applications. This will be at three levels—one for Mega Projects, one for other Large Industries, and one for SMEs. The State Government will bring out a comprehensive legislation enshrining the above principles for according permissions and clearances for both Mega Projects as well as industrial applications in other categories.

4.1. Telangana State New Industrial Policy Framework

The State considers industrial growth as a means to mitigate poverty and unemployment. Industrial development promotes higher capital formation; raises wage incomes to higher levels; and absorbs surplus workforce, bottled up in rural areas, to industry. To realize these benefits and hasten up the socio-economic changes, industrial development has been accorded as top priority by the State government.

The Telangana State Industrial policy has identified the following thrust sectors for Industrial Development which are:

The Telangana State Government has conducted detailed studies and consulted experts to identify the competitive advantages the State can have, given its geographical location, available resources and skill-base, raw material availability, existing manufacturing practices, and expertise... opening up new opportunities.

Accordingly, the Telangana State Government recognizes the following 14 sectors as thrust areas; investments in which will be accorded a higher priority over others as they have high potential for export growth.

4.1.1. Core Sectors

1. Life Sciences including –Bulk drug formulations, Vaccines, Neutraceuticals, Biologicals, Incubation Centres, R&D Facilities and Medical Equipment.	Hyderabad is the bulk drug and vaccine capital of the country. However, in the past 8-10 years the sector has stagnated. While the leadership in formulations and bulk drugs has to be maintained, new opportunities like life-saving drugs, new vaccines and biological have emerged. There is an urgent need to encourage this
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	sector, especially in the emerging life sciences areas.
2. IT Hardware including bio-medical devices, electronics, cellular communications and FAB.	Telangana has a robust IT Software sector which will complement ITHardware. The Government of India has approved of the ITInvestment Region for Hyderabad as well as two ElectronicManufacturing Clusters. The large Health Industry in Telangana willsupport bio-medical devices and medical electronics.
3. Precision Engineering including Aviation, Aerospace, and defence	Hyderabad is home to a large number of defence aero-space anddefence research laboratories like DRDO, DRDL, RCI, BDL, MDN, Ordnance Factory, DMRL etc. In addition to the 5 large Tata investments in aero-space, there is also the GMR MRO. A group of innovative aerospaceSMEs also exist in Hyderabad which has supplied components tothe Chandrayan and Mangalyan initiatives. GOI has also announced49% FDI in defence sector creating huge investment opportunities.
4. Food Processing and nutrition products including dairy, poultry, meat and fisheries	Telangana is a large producer of agro-products like cereals, pulses,oilseeds, fruits and spices. It is also the market leader in the poultryand seed business. There is potential expand into greenhouse andexotic vegetable cultivation. To add value to agro-products and tomaintain and expand the existing strengths as well as to partnerwith the national Food Processing Mission, there is a need toencourage this sector.
5. Automobile, transport vehicles, auto components , tractors and farm equipment	The automobile industry is an important sector for any State. Theupstream and downstream supplier opportunities will boost theengineering SME sector also. The M&M tractor plant in Telanganaand the auto-component SMEs will be the

	anchor around which the future growth and investments in the automobile sector will emerge.
6. Textile and apparel, Leather and leather value added products like shoes, purses, bags, artificial material-infused and coated textiles, paper, and paper products.	Telangana is a large producer of long staple cotton. It is also one of the largest producers of raw hide. However, value-added production is not there within the State and raw material is exported from the State. The State has a strong base for the paper industry. There is tremendous potential for paper and paper products industry in the State due to the growing demand for such products.
7. Plastics and Polymers, Chemicals and Petro Chemicals, Glass and Ceramics	The former combined State of Andhra Pradesh had a PCPIR sanctioned by the GOI. This has gone to the residual State. Plastics, polymers and downstream petro-chemical industry are predominantly in the MSME sector with a huge employment potential. The products of this sector are consumed on a daily basis all over the country. This sector is critical for a large number of MSMEs.
8. FMCG and Domestic Appliances	The growth rates of the Fast Moving Consumer Goods and Domestic Appliances sector has been phenomenal, even when the country's economy was slow. Telangana is centrally located in India and for the FMCG and Domestic appliances sectors, transportation costs are very critical. It is important to capitalize on the locational advantage of the State, especially for this sector.
9. Engineering and Capital Goods including Castings, Foundries and Ferro Alloys and other metallurgical Industries	This sector is very important if the State has to capture the entire value chain of the automobile, aero-space, petro-chemicals, domestic appliances, and paper and textile sectors. The thrust areas in this section will provide the supply chain to the other thrust area sectors.

10. Gems and Jewellery	Hyderabadi pearls and lacquer bangles made by local artisans are known all over the world. Value-addition to these traditional products and diversification into other gems and jewellery items will provide the much needed relief to local artisans and craftsmen.
11. Waste Management and Green Technologies	This is the sector that will become mandatory for all industry. Green initiatives can be shown to be profitable. The Telangana State has functional models of SPV/JV efforts of waste management. This sector has tremendous growth potential.
12. Renewable Energy and Solar Parks	This sector is a priority all over the world. The State of Telangana has large extents of land eminently suitable for nonconventional and renewable energy installations.
13. Mineral-based and Wood-based Industries	Much of the minor mineral wealth of the State like granite, quartz and silica-sand is exported in raw form with minimal processing within the State. Similarly, bamboo and other MDF-suitable plant material also need to be exploited so that sustainable incomes are generated and regular forests trees can be saved.
14. Transportation / Logistic Hub / Inland Port / Container Depot/Dry port/ Cold chain facilities/Warehouses	The State of Telangana is land-locked; yet it hopes to become a major destination for international investors. In addition, it is centrally located and has the potential to become a major transit and logistics hub.

4.2. Other Policies & Schemes

4.2.1. Life Sciences Policy:

Framework of the new Policy is to achieve the following objectives; the Policy will utilize nine specific policy instruments directly impacting the life sciences sector: Keeping in view this, the Government of Telangana wishes to promote this sector through a comprehensive policy covering the entire range of Life Sciences including

biotechnology, pharma, nutraceuticals and medical devices. The present policy has the following objectives:

1. Enhancing the competitiveness of the sector through appropriate policy to make Telangana the most preferred destination for life science activities,
2. Attracting new investments worth Rupees 20,000 crore (approximately USD 3 billion) in the sector by 2020,
3. The state proposes to capture 20 percent share of the \$100 billion market opportunity of India by 2025 with \$13.5 billion share by 2020,
4. Exports target of Rupees 50,000 crore by 2020,
5. Creating an additional employment opportunity for 50,000 skilled personnel in the sector
6. Promoting applied R&D and innovation through bridging the gap between industry, academia, and R&D institutions
7. Promotion and strengthening of quality infrastructure

4.2.2. Incentives & Concessions:

In order to promote the state in terms of Economic Growth, the Government of Telangana has offered various incentives/benefits to all new eligible industrial Enterprises set up in the State under its **T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) incentive scheme 2014** which would include the following growth enabling Incentives:

- Stamp duty reimbursement
- Land cost rebate
- Land conversion cost
- Power cost reimbursement
- Investment subsidy
- VAT reimbursement
- Interest subsidy
- Seed capital for 1st generation entrepreneur
- Training and skill development
- cost reimbursement
- Quality/patent support
- Clean production measures
- Reimbursement of infrastructure development costs

4.3. Industrial Scenario of Telangana

Key industries in Telangana	
Industry	Strengths
IT and ITES	Availability of infrastructure and manpower
Precision Engineering, Aviation and Defence	• Presence of anchor industries such as BHEL, HAL, DRDO, DRDL, DMRL, BEL • Houses exclusive Aerospace SEZ
Pharmaceuticals and allied chemical	• Presence of premium research institutions • Strong clustering of pharma
Biotechnology	• Genome Valley – the first largest organized Life Sciences cluster in India with an extent of 600 sq.kms
Renewable energy – solar	• Blessed with high solar potential. • Sothern Telangana (Mahboobnagar) is having higher solar insolation as compared other locations in the state.

District-wise Key Industries in Telangana State



4.4. Telangana State Infrastructure Review

4.4.1. Special Economic Zones

As per data available from Telangana State Industrial Infrastructure Corporation (TSIIC), Telangana State has a total of 68 SEZs. Telangana State has 43 IT/ITES SEZs and these IT/ITEZ SEZs have been chiefly responsible for driving the sector's exports of the state.

District-wise number of SEZs and their Area in Telangana		
Telangana	No. of SEZs	Area (in Hec)
District		
Ranga Reddy	49	2,294.39
Medak	8	1,222.96
Mahboobnagar	5	366.79
Nalgonda	2	201.17
Warangal	2	24.44
Hyderabad	1	14.50
Karimnagar	1	10.12
Grand Total	68	4,134.17

Source: TSIIC

In Telangana State, Ranga Reddy District has maximum number of SEZs while followed with Medak. IT/ITES SEZs have been strategically developed at tier II cities such as Warangal, Karimnagar. Significantly these districts do not have any other SEZs located except for these IT/ITES SEZs. Adilabad does not have even a single SEZ located in it.

Telangana State	
Ranga Reddy	49
IT / ITES	38
Bio-Tech	3
Free Trade Warehousing	2
Hardware	1
Semiconductor Facility	1
Aviation Sector	1
Aerospace & Precision Engineering	1
Airport Based Multi Service	1
Gems & Jewellery	1
Medak	8
Bio-Tech	4
Pharmaceuticals	1

Sector specific	1
Electronics Hardware & Software	1
IT / ITES	1
Mahboobnagar	5
Pharmaceuticals	1
Agriculture and Livestock Products and related services	1
Textile and Apparel	1
Free Trade Warehousing	1
Gems & Jewellery	1
Warangal	2
IT / ITES	2
Nalgonda	2
Pharmaceuticals	1
Light Engineering	1
Hyderabad	1
IT / ITES	1
Karimnagar	1
IT / ITES	1
	68

There is a need to set-up an IT Park in Warangal district. Similarly, more number of IT & ITES SEZs may be set-up in Khammam and Karimnagar Districts. At least two Auto & Auto component parks may be planned in Medak and Ranga Reddy Districts.

4.4.2. Industrial Corridors

Promotion of Industrial Corridors to leverage the existing strengths for optimum utilization of resources. The presence of important national and state highways, coupled with the availability of resources and opportunities, provides a great potential for development of industrial corridors in the state along these roadways.

The corridors will be developed in the following two phase:

Phase-I

Hyderabad – Warangal Industrial Corridor

Hyderabad – Nagpur Industrial Corridor

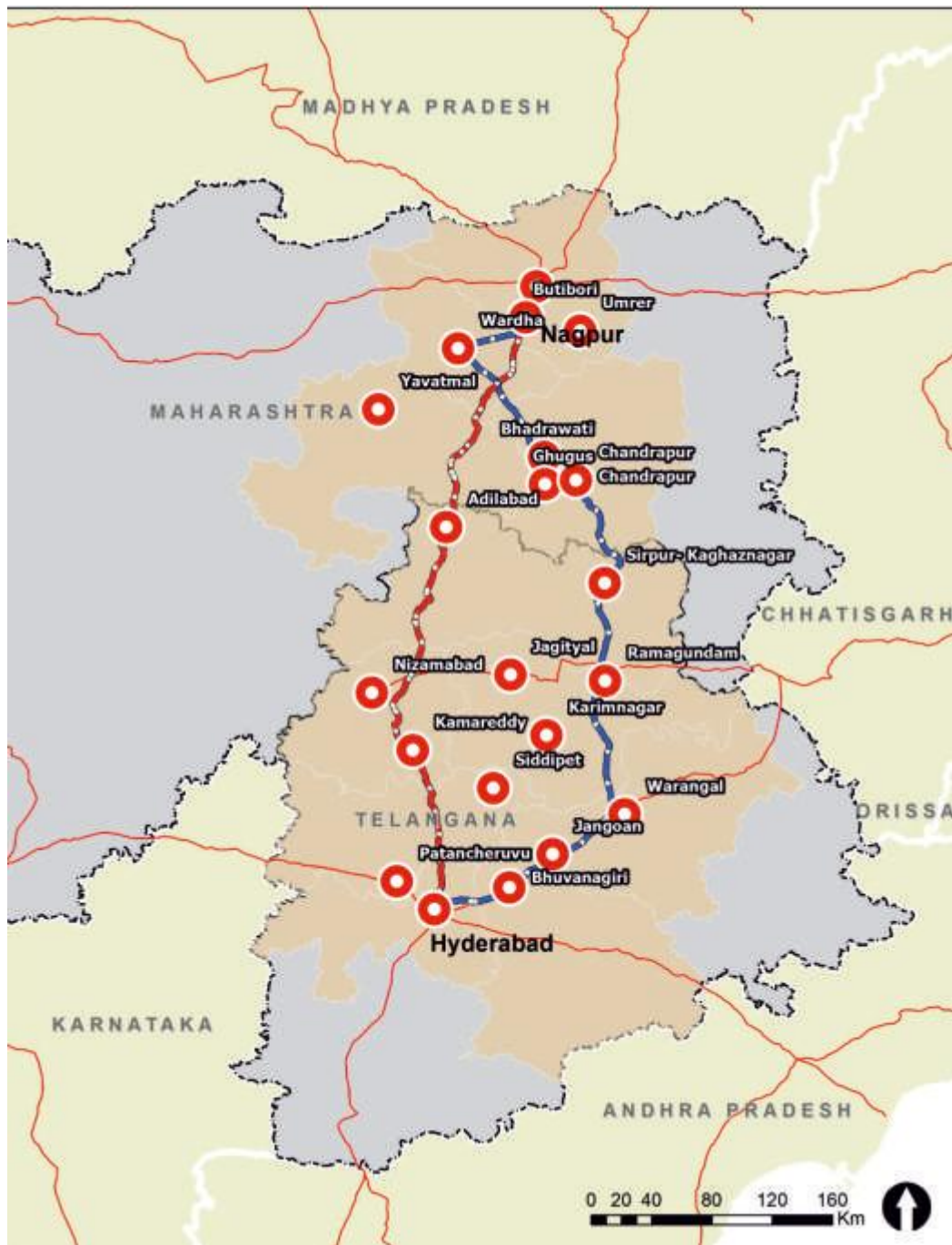
Hyderabad – Bengaluru Industrial Corridor

Phase-II

Hyderabad – Mancheria Industrial Corridor

Hyderabad – Nalgonda Industrial Corridor

Hyderabad – Khammam Industrial Corridor



Proposed Industrial Corridors in the State of Telangana

4.4.3. Dry Ports/ICDs/CFS

- Since there are no sea ports in Telangana state, dry port infrastructure would be undertaken and all such projects shall be allocated funds under Industrial Infrastructure Development Fund (IIDF) and also by utilising ASIDE grants. State shall also provide additional funds where such funds are not already allocated.

- At least 2 ICDs/CFSSs shall be promoted under JV model. Another two ICDs shall be promoted under JV mode.
- At least two logistics hubs shall be established in each of the two districts i.e. Warangal and Karimnagar Districts.
- Dry port may be established in either Nalgonda/Khammam/Mahaboobnagar District.
- Agri-warehouses, Cold storages and controlled atmosphere projects at various ports shall be extended financial support as per ASIDE guidelines.
- Amenities such as handling equipment, dredging shall receive subsidy from the state government for their expeditious completion.

4.4.4.Cluster Development

Telangana State has several industrial clusters identified in various districts. These clusters are as tabulated below:

Industrial Clusters in Telangana State			
Sl. No.	District	Location	Type of cluster
1	RR Dist.	Ibrahimpattanam	Fiber Glass cluster
2	Medak Dist.	Duddada	General Engg – Electronics & Electrical Park
3	Medak Dist.	Buchinalli	Auto ancillary cluster
4	Nalgonda	Nalgonda	Furniture City
5	NizamabadDist.	Armoor	Spice / Agro products Seed processing
6	KhammamDist.	Buggapadu, Sattupalli	Food processing, Banana / Spice
7	MahaboobnagarDist.	Jedcherla	Leather Design cluster, Garments cluster
8	KarimnagarDist.	Manthani	Agri Implements cluster
9	Warangal Dist.	Madikonda	Jewellery Manufacturing
10	RR Dist. Land	Madaram – adjacent to BDL	Agri& Food processing Fiber Glass cluster / Composite Material cluster Defence cluster

Source: TSIIC

4.5.ExportPotential Target

From the analysis of export performance of the state, Telanganais set to touch Rs.150,000crores by 2019-20 from the estimated present share of around Rs.100,000 crores. A proactive policy should on the optimistic side should enable exports of Rs.225,000croresby 2019-20, while a good achievement should comfortably reach Rs.200,000 crores. However, some of the initiatives are long term in nature but and the fruits over longer time horizon.

5. Strategy Outline

5.1.Vision

To secure welfare maximization of the population of the state through creation of an outward looking economy through proactive encouragement of exports, promotion of Foreign Direct Investment, development of mega industrial projects while addressing import reliance. To make Telangana as the foremost state in the country in exports by 2020 resulting in large foreign exchange earnings and every exporter in the state to fully acquaint with the global export market trends and policies of the various trade partners.

5.2.Mission

To encourage the exporters with exporter friendly policies through creation of world-class infrastructure required for increasing export and for optimum utilization of state resources. To double the Exports from Telangana State from the present estimated amount of Rs.100,000 crores in 2013-14 to Rs.200,000 crores by the year 2019-20.

5.3.Objectives

- To double the exports of the Telangana State
- To encourage exports from districts based on the comparative advantage of the availability of products.
- To provide training and dissemination of information to all the stake holders in the process of export promotion
- To ensure adequate awareness on global export market trends, export policies of various countries, quality standards, risk assessments, export credits, Government schemes etc .
- To ensure proper Institutional networks and liberalize the regulatory framework.
- To create export infrastructure that facilitates exports
- To ensure the creation of sustainable infrastructure for increasing exports and promote eco-friendly green technologies
- To support each individual sector to enable reach full potential.

5.4.Strategy

- Optimum Utilization of Resources
- Encouraging Exporters by instituting Export Awards to top exporters from the State.
- Creation of world-class infrastructure.

- Liberalize the existing regulatory framework
- Capacity building for all stakeholders
- Establishment of Institutions of excellence, skill development, quality control
- Institutional Coordination
- Effective Monitoring system
- Taking action on Identified Thrust Sectors
- Institutional Frame work

5.4.1.SectoralStrategy

IT & ITES

The state shall actively promote Software Technology Parks in all Tier II & III cities. Government may encourage at least one such parks in all the prominent cities like Warangal,Karimnagarand KhammamDistricts.The incentives shall be extended underIT/ITES policies for at least for a period of 5 year.

Tourism

While there are a few tourism circuits in the state, except for Hyderabad, there are no prominent tourist circuits that can be reckoned at national level. There is an opportunity for developing concept tourism in a few sites across the state. Efforts may be made to develop:

1. Medical Tourism
2. Educational Tourism
3. Sports Tourism
4. Leisure and Entertainment Tourism &
5. Adventure Tourism

Towards this:

- Support may be extended to medical tourism to prominent hospitals in Hyderabad and Warangal.
- Universities shall be encouraged to vie for foreign tourists in countries of Africa, South Asia and other such potential countries.
- The state shall actively support conduct of international sports events at Hyderabad.
- Adventure tourism sites such as Safari Park at Mahboonagar, etc., may be developed.
- The state shall allocate funds to support such projects.

Agriculture

The following incentives may be provided for development of Horticulture and Floriculture, Spices, Herbal and Sericulture industries and incentives under earlier policy shall be extended to them.

1. Mega Food Parks shall be encouraged and at least two such parks would be encouraged in Nalgonda and Nizamabad districts.
2. Agri-Warehouses at the places where such facilities currently do not exist shall be supported by the Government.
3. Cold Chains shall be set-up in projects identified on the above lines.
4. Food testing laboratories shall be set-up in such areas under cluster model shall be supported by state government and such units shall recover only variable costs from the users.
5. New Food Processing units proposed in identified areas shall be provided financial assistance for packaging and equipment.
6. Where required Supply Chains shall be strengthened through provision of refer containers.

Bulk Drugs and Pharmaceuticals

1. The state shall extend support to R&D in novel technologies, commercialization of new projects by recommending and ensuring support to such projects from central government agencies such as DSIR, DBT, etc. Cost of such project reports preparation shall be reimbursed by state government.
2. At least two Bioequivalence Centres and two Advanced Testing Centres shall be setup under PPP model at Visakhapatnam and Hyderabad pharma zones.
3. Drug Discovery units may be made eligible for reimbursement of R&D.

Gems and Jewellery

1. Two Gems & Jewellery parks shall be set-up one at Ranga Reddy and another at Mahaboobnagar Districts.

Handlooms & Handicrafts

1. Common facilities for units located at Handlooms & handicrafts areas shall be provided under cluster model.
2. Branding and export promotion costs may be proposed for subsidization

Textiles and Readymade Garments

1. Government may plan to subsidize Garment manufacturing units based on earlier Textile export promotion policy.
2. At least two mega export oriented fabric production units may be proposed to set-up under public private partnership.

Engineering

1. Government shall promote automotive base by encouraging automotive manufacturing units in Medak & Ranga Reddy Districts.
2. High Precision Engineering Industries in Ranga Reddy District.

Human Resource Development

The state shall support technological and skill up-gradation in export sector to increase the unit value realization of exports through technical and design inputs, modernization of production process and enhanced quality competitiveness.

- State may provide financial assistance to at least 6 export related training/awareness/workshops or seminars per year.
- Assistance from Export promotional Agencies such as Pharmexcil, Texprocil, EEPC, FIEO, APEDA, Spices board, Chemaexcil, National Jute Board, Silk Board etc., shall be provided to start skill development courses and sector specific export orientation courses.
- Skill development courses shall be offered by universities at all industrial regions, growth centres and district industrial centres. Such programs may be supported by the government.

5.5. Policy measures & Regulatory Support

1. State shall provide a simple, transparent, effective and proactive institutional mechanism for the rapid growth of exports by implementing E-Governance and extending TS-iPASS for EoU's in Telangana state.
2. A co-ordinator for ameliorating taking up issues relating to procedural hurdles shall be set-up and 100% redress or escalation mechanism shall be ensured to assist exporters.
3. Offices of export clearance agencies shall be set-up in other districts.

5.6.Export Facilitation to encourage exporters

1. Tool Rooms, Design Centres, Proto-typing Centres, Patent Cells, Incubators, market intelligence software, support and common training centres shall be set-up under one platform and shall be supported by ASIDE Scheme.
2. Broaden the export base of Telangana by enlarging its presence from traditional markets to new emerging markets.
3. Encourage market research by professionals/ institutions thereby exploring domestic and International market opportunities for exports.
4. Government shall encourage implementation of Quality Management System (QMS) and Environment Management System (EMS) on par with international standards from the inception of the industry as consistent quality, eco-friendly methods in production, QMS and EMS certification, etc. shall help the exporter to get an edge in international business. Steps would be evolved in consultation with stake holders to bring export products under traceability mechanism to ensure quality as per international standard specifications. Set-up State-of-the art office of international standards for Patent research.
5. Establish linkages on regular basis with APEDA, Spices Board FIEO, FAPCCI, FAPSIA, Export Promotion Councils, ITPO, NCTI and Product sectorial Associations like to build a comprehensive international trade related network.
6. Support to MSME exporters to open warehouse/office at suitable places abroad may be extended.
7. Govt. Officials at the operational level will be encouraged to undergo training with updated facets of International Trade to enable them to effectively counsel the exporters.
8. The State Government will work jointly with all related export bodies and similar organizations to promote products in new and emerging markets by participating in major Made in India Shows/Exhibitions organized by them.
9. Appropriate support will be contemplated for Telangana exporters. Telangana pavilions/Exhibition Centres of global standard will be created across the state after thorough study.
10. Organising and Participating in India International Trade Fair(IITF) at PragathiMaidan, New Delhi/PravasiBharatiya Divas

5.7.Export Awards / Incentives

In order to encourage the exporters to compete in the international market, proposed to give export awards for different category of exporters like SMEs, Large, SC, ST, Women entrepreneurs on export turnover and export growth basis, Innovative product, New market, Quality product, Quality manufacturing process etc.

This will be done on annual basis. Further the incentives announced in the T-IDEA Incentive Scheme of Telangana are made available to the eligible line of activities of EoUs.

5.8.Development of Interactive website

It is proposed to develop a comprehensive and interactive website containing the information and data relating to exports including exporters list, monthly trade journal, Hand Book on Exports, Export Logistics facilities, export infrastructure facilities, potential products from the state, new markets, innovative products, study reports, Export procedure, Export guidance, Export trends and export statistics, Relevant application forms, other form formats, port or airport tariffs, details of export import duties etc. with link to all Export Promotion Councils, Commodity Boards, related Government Departments / undertakings. It is proposed that Telangana State Trade Promotion Corporation(TSTPC) shall develop the website.

5.9.Creation of world-class infrastructure

Promotion of Export Logistics:

Telangana state will create sound export logistics such as airports, Dryports, CFSs, ICDs, Warehouses, Food Parks, Textile Parks, SEZs, etc. Similarly world-class road and rail network will be established for free movement of cargo.

Establishments of Export hubs

The Telangana State Industrial Infrastructure Corporation Ltd(TSIIC) shall identify suitable locations for creating Export Hubs across the state and ensure that all required export related logistics like ICDs , CFSs, Common Facility Centres, Agri-warehouse, Post-harvest processing facilities, Packaging facilities, Export Product exhibition Centre, Business Conference Centre, Business meeting halls, Testing Centres, Quality Certification Institutes, Hotels, Financial & Insurance Institutions, Commercial Office complex with other required social infrastructure shall be created through private participation.

Telangana RashtraVanijyaBhavan

To provide institutional support for exporters from Telangana , at one place and synergize efforts of various agencies engaged in promotion of exports from the state, a state of the art Trade Facilitation Centre(VanijyaBhavan) is proposed to

be set up which may house offices or satellite branches of Export Promotion Councils and Boards such as Federation Of Indian Export Organizations (FIEO), PHARMEXCIL, EEPC, APEDA, Tobacco Board, Spices Board, including foreign trade offices. This would enable more integrated approach to Export Promotion with enhanced value additions. Telangana state VanijyaBhavan will be equipped with facilities like Reference Library, Conference Hall / Board Room, Exhibition-cum-Display Area, Temporary Offices for exporters, etc.

6.0. Liberalizing existing regulatory framework

6.1. Arranging clearance for establishment of export operations

In the process of export operations the exporters are required obtain various permissions / clearances / registrations from different Government Departments / Agencies both from Central and State Government, also from the Port, Airport and Road transport. In order to expedite these clearances, it is proposed to constitute single window clearances committee involving all the stakeholders like Customs and Central Excise, Commercial Taxes Department, Joint Director General of Foreign Trade, Port, Airport authorities, Export Credit Guarantee Corporation, EXIM Bank, and Exporters Associations etc.

6.2. Creation of Exporter Grievances Cell

It is proposed to create a Grievances Cell in the office of the Telangana State Trade Promotion Corporation (TSTPC) and a facility will be provided in the website for posting the grievances of the exporters which will be addressed and the action taken will be placed on the website.

6.3. Capacity building of all stakeholders

Promote new exporters through Skill development & Export Guidance:

There are number of SME's in the state manufacturing qualitative products and products which are sold within and outside the state. There is a need to identify such manufacturing SME's in the state, creating awareness on the export operations, provide them training in a phased manner, and encourage them to expand their markets towards exports. It is also proposed to provide training to the officers of the District Industries Centre on how to motivate the exporters, export operations. Similarly, the exporters (non-manufacturers) should be given training on latest global export markets, innovative products and new markets. DICs, local industrial associations like FAPCCI, CII, FAPSIA etc shall be involved to identify the

manufacturers, exporters in the process of capacity building. TSTPC can provide training to them for expanding their business from trading to export. TSTPC shall collect nominal fee on cost-to-cost basis from the traders.

Publications of export material

TSTPC will bring publications like “**Handbook on Export Promotion**” a document guiding exporters, “**Telangana State Exporters Directory**” a list of exporters in the state, and “**Telangana State Trade Journal**” a monthly publication covering the news about the export logistics, policy matters, and statistics related to exports. These publications are the first of its kind for any State and In addition to this TSTPC will also take up the publication of export related documents as and when the need arises to motivate the exporters and disseminate the information to boost the exports from the state.

Promotion of Exports from Rural Artisans through Skill up gradation

There are number of products manufactured by the rural artisans which has tremendous potential such as variety of handicrafts, agro-based and horticulture, food products, coir products, handloom products. However, these artisans need skill up gradation to produce the goods of export quality.

It is proposed to identify such clusters and provide skill up gradation through suitable reputed agency / consultant for economic development of the rural artisans while promoting exports from the state.

Government of Telangana state will initiate action to promote the following export promotion apex bodies / Quality Control Institutions (for providing training) of the country to locate their centres in Telanagana state.

- Export Credit Guarantee Corporation of India Limited (ECGC),
- Export Inspection Council (EIC)
- Gems & Jewellery Export Promotion Council (GJEPC),
- Export Promotion Council for Handicrafts (EPCH),
- Apparel Export Promotion Council (AEPC),
- Cotton Textiles Export Promotion Council (TEXPROCIL),
- Handloom Export Promotion Council (HEPC)

Facilitate more Foreign Trade Offices InTelangana:

At present, there are few foreign trade offices in the state representing US, Canada, Netherlands, UK, Australia, Iran, Turkey, Bulgaria and Russia. These trade offices will coordinate with their country in promotion of trade and investment on mutual bilateral business and economic relations. Telangana has the presence of large number of investments from Japan, China, Singapore, France, UAE, Germany, Malaysia, Thailand, Sri Lanka, New Zealand and other parts of EU. In order to promote trade and investment from these countries, Government of Telangana will take up with the respective embassies for establishment of their foreign trade offices in the State.

6.4. Institutional Coordination

Coordination with all export promotion apex bodies / councils and commodity boards

Number of apex bodies are located in the state like Director General Foreign Trade, Federation of Indian Exporters Organization (FIEO), Engineering Export Promotion Council (EEPC), Pharma Export Promotion Council (PHARMAEXCIL), Agricultural and Processed Food Products Export Development Authority (APEDA), Export Credit Guarantee Corporation (ECGC), Export Promotion Council for EOUs & SEZs (EPCES), Spices Board, Tobacco Board, Coir Board, National Jute Board (NJB), State Trading Corporation of India, Metal and Minerals Transport Corporation (MMTC), Indian Institute of Packaging (IIP), Export Import Bank of India (EXIM BANK), Software Technology Park of India (STPI) etc. All these organizations have their own strengths to promote exports from the state. There is need to coordinate with these organization for taking inputs from them from time to time to promote exports from the state

Follow-up on foreign business delegation

In the recent times, number of business delegation from various countries like US, UK, Japan, China, Korea, Sweden, Australia, New Zealand, Saudi Arabia, Netherlands, Brazil, Singapore are visiting the state of Telangana for bilateral trade with India in general and with Telangana in particular. Government of Telangananeeds to develop a system or engage machinery for tracking interests of such delegation for follow up with such teams after their visit. It is expected that the trade can be explored with such foreign delegation with appropriate follow up on continuous basis. It is now proposed to create an exclusive cell in the TSTPC to maintain the database of the

visitor and their interest are of trade and investment so that a good foreign business network can be established which can be integrated with state exporters for better foreign trade so as to promote exports from the state.

6.5. Effective Monitoring System:

Constitution of Committees for export promotion:

The existing State Level Export Promotion Committee (SLEPC) will identify and select different projects across the state in various sectors in order to create appropriate infrastructure for the development and growth of exports from the state. There is need of a state level body to advise the Government on the overall export promotion of the state for the promotion of logistic sector, specific exports, export logistics, policy issues, incentives etc. It is proposed to constitute a state level export promotion council and its sub-committee on different components of export promotion like sub-committees on logistics, infrastructure (airports, roads etc), incentives, policy issues, sector-specific promotion, skill upgradation etc. Similarly committees may be constituted at district level for different components of the export policy.

6.6. Institutional Framework

Commissioner of Industries, Commerce and Export Promotion & DICs

- To identify the manufacture and Departmental Officer for motivation and for providing training by TSTPC
- Constitution of Single window clearance committee for establishment of export operations and also for sanction of eligible incentives / benefits
- Constitution of State Level Export Promotion Council with all stake holders and to constitute sub-committees on various connecting to export promotion
- Maximum Utilization of Government of India Schemes and funds
- Promotion of Institutes of Excellence
- Coordinate with all Export Promotion Apex Bodies / Councils and Commodity Boards
- Facilitate establishment of more Foreign Trade Offices
- Export awards, Sanction and disbursement of incentives
- Review of performance of EoUs and SEZs units and resolve any hassles / bottlenecks.

Telangana State Trade Promotion Corporation (TSTPC):

- Guidance to Exporters
- Global trade database: export products, export statistics
- Skill Development
- Creation of Export Logistics
- Market Research and identification of New markets and Innovative Products
- Coordinate with all Export Promotion Apex Bodies / Councils and Commodity Boards
- Publications of Export Material
- Leading local Business delegation to foreign trade fairs, conferences, exhibitions, Buyers-Sellers Meet etc.
- Follow-up on foreign business delegation
- Promote towns of excellence
- Development of Interactive website with comprehensive information
- Focus product / export promotion (Thrust sector)
- Create exporter Grievances Cell

Telangana State Industrial Infrastructure Corporation Limited(TSIIC)

1. Identification of land bank and creation of Infrastructure
2. Identify land for TSTPC to establish export logistics
3. Promotion of Export Hubs on PPP mode
4. Creation of infrastructure for Export Promotion by Rural Artisans through PPP.
5. Establishment of Trade Facilitation Centre (Telangana State VanijyaBhavan).

7.0.State specific list of Projects with financial requirements

The following new export related infrastructure project proposals for Telangana State have been prepared in consultation with the export bodies and export promotion councils and submitted to DoC, GoI under ASIDE Scheme for the 12 FY(2012-17) for approval and inclusion into basket of projects. These Projects will be funded majorly by the state government with the some component under ASIDE

scheme of GoI. Implementation of these projects will give fillip to the exports from Telangana State.

Sl. No	Name of the Projects	Indicative Cost of Project (Rs. in Crs)
1	Providing External Infrastructure for the proposed Medical Devices Park at Sultanpur, Medak Dist., Incubation Centre Testing facilities	20.00
2	Life Sciences:	150.00
	a) Providing External Infrastructure for the proposed Hyderabad Pharma City at Mucherla, Ranga Reddy District.	
	b) Advanced Testing Facility for Bulk Drug &Pharma Industry in Ranga Reddy Dist.,	30.00
	c) Bio Equivalence Centers	15.00
	d) Common Effluent Treatment Plant (CETP)	30.00
3	Providing External Infrastructure for the proposed Aero Space Park at Eleminedu (V) Ranga Reddy Dist.,	30.00
4	External Infrastructure to the Proposed Logistic Park at Kandakul (V) Shankarpally (M) Ranga Reddy Dist.,	40.00
5	Providing External Infrastructure for the proposed SEZ (Granite) Dhamaram (V), Bejjank (M) Karimnagar Dist.,	30.00
6	Providing External Infrastructure for the proposed IT Park – Raidurg, Water Supply Trunk Line.	40.00
7	Common Effluent Treatment Plant for Parboiled Rice Mills at Sultanpur of Karimnagar Dist.,	5.00
8	Providing External Infrastructure to proposed Spices Park in Nizamabad Dist.,	30.00
9	Providing External Infrastructure to proposed Textile Park in Warangal Dist.	40.00
10	ICD/Warehouse near Kazipet, Warangal Dist.	20.00
11	Providing Testing and Polishing Centre for Granite Industries in Khammam Dist.,	5.00
12	Providing External Infrastructure for the proposed Incubation Centre at Aero Space , Adibtala (V) Ibrahimpatnam(M) Ranga Reddy Dist.	10.00
13	Establishment of Dry Port Facility for exporters either in Khammam, or Nalgonda District.	40.00
14	Development of Business incubation Centre for Software Exporters in Warangal/Karimanagr Dist.	30.00
15.	Exim Trade Facilitation Centre at Hyderabad	30.00
	Total	595.00

8.0.Conclusion

In view of the ambitious target of doubling exports from the present value of around Rs.1,00,000 crores (2013-14) to Rs.2,00,000 crores by 2019-20, state shall unleash intense efforts such as setting up of a few large projects such as Pharma City, Medical Devices Park, Automobile, Textile , Plastic and Spices Parks, etc. and also provide effective regulatory and supportive institutional framework. Telangana State is confident to achieve the targets aimed through the proposed export strategy.