

Social Inclusiveness and Exclusiveness in Telangana Industrial Policy

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Abstract

This paper analyses “Social Inclusiveness and Exclusiveness in Telangana Industrial Policy” the objectives are: 1) to find out the Social inclusiveness in Telangana Industrial Policy 2) to find out the Social exclusiveness, if it is there, in Telangana Industrial Policy 3) to suggest the measures for more inclusiveness (if found any exclusiveness) in Telangana Industrial Policy. The framed hypothesis are: 1) Telangana Industrial policy has Partial social inclusiveness 2) Telangana Industrial Policy requires more inclusiveness. Secondary data/information has been used from the Socio Economic Outlook(S) for the analysis. The Findings are: Telangana Industrial policy has specific incentives for the Entrepreneurs from Scheduled Caste and Scheduled Tribes communities. It also has special incentives for women entrepreneurs. But no incentives were offered either to Backward classes or to Minorities. Hence it is concluded that Telangana Industrial Policy has partial social Inclusiveness, hence it needs more social inclusiveness.

Key words: Social inclusiveness; Telangana; Industrial policy; social exclusiveness; BCs, Muslims;

I.Introduction:

Industrial sector plays a vital role in employment generation, providing higher standard of living and achieving balanced economic development. In Telangana(a newly formed 29th state of India) apart from contributing around 24 percent of State’s GVA, industrial sector, comprising of Manufacturing; Electricity, gas, water supply & other utility services; Construction and Mining & Quarrying, provides employment opportunities to 17.8 percent of total work force. Presently, Telangana has diversified its industrial base, with the thrust on high-tech sectors including pharmaceuticals, biotechnology and nano-technology. Traditional sectors such as textiles, leather, minerals, and food processing are also playing an important

role in industrialization process through backward and forward linkages to large scale industries in the State.

1. The Statement of the Problem: This paper analyses “Social Inclusiveness and Exclusiveness in Telangana Industrial Policy”

2. Objectives: 1) To find out the Social inclusiveness in Telangana Industrial Policy

2. To find out the Social exclusiveness, if it is there, in Telangana Industrial Policy

3) To suggest the measures for more inclusiveness (if found any exclusiveness) in Telangana Industrial Policy

3. Hypothesis: 1. Telangana Industrial policy has Partial social inclusiveness

2. Telangana Industrial Policy requires more inclusiveness

4. Methodology: Secondary data/information has been used from the Socio Economic Outlook(S) for the analysis.

II. Industrial Policy of Telangana in General:

The Government of Telangana has unveiled the new ‘Industrial Policy Framework’ in 2014. The Government’s vision for industrialization of Telangana is “Research to Innovation; Innovation to Industry; Industry to Prosperity”. The industrial policy framework will be driven by the slogan of “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 new policy will be rooted in certain core values, as follows:

- The Government regulatory framework shall facilitate industrial growth.
- Entrepreneurs will thrive in a peaceful, secure and progressive business regulatory environment.
- Industrial development will lead to massive creation of jobs benefitting local youth.
- Industrialization shall be inclusive and facilitate social equality.
- Benefits of industrialization should reach marginal and socially disadvantaged sections of the State.
- Environment will be protected and any potential adverse impacts shall be mitigated.

The objectives of the new policy are:

- Make existing industries more competitive.
- Attract new international and national investments in the industrial sector.
- Focus on the core manufacturing sectors, for creation of employment for urban and rural youth.
- Production of high quality goods at the most competitive prices.
- Establish “Made in Telangana-Made in India” as a brand with high global reorganization.
- Zero graft and Zero tolerance to corruption.
- Adopt transparent decision-making.
- Minimize inspection and maximize facilitation.

Incentives:

The Government of Telangana announced the new industrial incentive scheme T-IDEA of 2014 (Telangana State Industrial Development and Entrepreneur Advancement for the General category entrepreneurs and T-PRIDE (Telangana State Program for Rapid Incubation of Dalit Entrepreneurs) of 2014 for Scheduled Caste / Scheduled Tribe entrepreneurs, extending various incentives for MSME and Large Industries Sectors.

Incentives for Micro and Small Enterprises (MSEs): The incentives for micro and small enterprises are listed below:

- 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use
- 100% reimbursement of Stamp duty for lease of land/shed/ buildings and also mortgages and hypothecations.
- 25% rebate in land cost limited to Rs.10.00 Lakhs in industrial estates/ industrial parks.
- 25% land conversion charges for industrial use.
- Fixed power cost reimbursement @ Re.1.00 per unit for 5 years from the date of commencement of commercial production.
- 15% investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.
- Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production.
- Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by new Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production.
- Seed capital assistance to first generation entrepreneurs to set-up micro enterprises @10% of the machinery cost, which will be deducted from the eligible investment subsidy.
- 50% reimbursement of cost involved in skill up gradation and training the local manpower limited to Rs.2,000/- per person.
- 50% subsidy on the expenses incurred for quality certification / patent registration limited to Rs. 2.00 Lakh.
- 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakh.
- Extension of investment subsidy to the identified service activities related to industries set up in all municipal corporation limits in the state as per prescribed procedure in vogue.

III. Social inclusiveness in Telangana Industrial Policy:

Unlike other Industrial Policies of either other States or India, Telangana Industrial policy has social perspective. It has offered special incentives for some social groups like Scheduled Castes and Scheduled Tribes and to women entrepreneurs.

1. Incentives for Women owned Enterprises:

For units established by women entrepreneurs the following incentives are offered in Telangana Industrial Policy:

- Additional 10% investment subsidy on fixed capital investment, subject to a maximum of Rs. 10.00 lakh to MSE's.
- All other benefits as applicable for Micro & Small Enterprises.

2. Incentives for Scheduled Castes (SC)/ Scheduled Tribes(ST) owned Enterprises:

SC/ST owned Enterprises are those units established by sole Proprietor or those in which they invariably have 100% share in Partnership/Private Limited Companies.

Scheduled Castes and Scheduled Tribes entrepreneurs are given following incentives in Telangana Industrial Policy:

SC/ST owned Enterprises are those units established by sole Proprietor or those in which they invariably have 100% share in Partnership/Private Limited Companies.

Scheduled Castes and Scheduled Tribes entrepreneurs can set up enterprises with various lines of activities to avail themselves of the incentives in this policy. • 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use. • 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations • 33.33% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates / Industrial Parks, • 25% Land conversion charges for the industrial use. • Fixed power cost reimbursement @ Rs.1.50 per unit for a period of 5 years from the date of commencement of commercial production. • Seed capital assistance to first generation entrepreneurs to set up Micro Enterprises @ 20% of the machinery cost, which will be deducted from the eligible investment subsidy. • 35% investment subsidy on fixed capital investment for Micro and Small Enterprises set up by SC and ST Entrepreneurs, with a maximum limit per unit of Rs.75.00 Lakhs. Additional 5% investment subsidy for units set up in Scheduled Areas by ST entrepreneurs with a maximum limit per unit as Rs.75.00 Lakhs. • Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Small and Micro Enterprises. • Reimbursement of 75% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years

from the date of commencement of commercial production for Medium Scale Enterprises or up to realization of 100% fixed capital investment, whichever is earlier. • Reimbursement of 50% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production for Large Scale Industries or up to realization of 100% fixed capital investment, whichever is earlier. • Interest subsidy under Pavala Vaddi Scheme on the term loan taken towards fixed capital investment by new Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production. This benefit is also applicable to the Services Sector units set up under this Policy. • 50% reimbursement of cost involved in skill up gradation and training the local manpower limited to Rs.2,000 per person. • 50% subsidy on the expenses incurred for quality certification / patent registration limited to Rs. 3.00 Lakh for Micro and Small Enterprises. • 25% subsidy on specific clean production measures limited to Rs.5.00 Lakh. • For Micro and Small Enterprises set up by Scheduled Castes and Scheduled Tribes entrepreneurs, Infrastructure like roads, power and water will be provided at doorstep of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 Crore, subject to the location being beyond 10 kilometers from the existing Industrial Estates/IDAs having vacant land/shed for allotment and (b) cost of the infrastructure being limited to 15% of the eligible fixed capital investment made in the industry. 50% of the cost of infrastructure is raised to 75% in respect of units set up by ST entrepreneurs in Scheduled areas. • The line of activity of excavator is considered as eligible exclusively in case of Scheduled Caste and Scheduled Tribe entrepreneurs and incentive shall be extended under service activity

IV. Social Exclusiveness in Telangana Industrial Policy:

Unfortunately, Telangana Industrial Policy has partial social inclusiveness or it can be called as social exclusiveness.

1. The communities which are listed as Backward Classes have not been offered any incentives in the policy. Traditionally these backward communities have been involved in various manufacturing activities as cottage industries. Like PadmaShali community in textiles, Kammari (Block Smith) community in iron tools manufacturing, Vadla Carpenter community in Wood tools manufacturing including wood furniture, Avusula community in Jewelry manufacturing, Kummari community in Pottery making, Mathery community in basket making, Gouda Community in toddy making, Golla/Yadava community in milk production and Gongady (Black Shawl)making.. . These communities are losing their traditional market during the liberalization and globalization process. If these communities are also provided industrial incentives, they will be continued to be Industrialists with modern equipments.

2. Muslim community also has not been given any incentives in New Telangana Industrial Policy, 2014. Many Committees at State level and at National level have exposed the vulnerable economic and social position of Muslims in the state and in India. Muslim community is largely involved in Petty business process including Mechanical/Repairing service industry. If this community is provided special incentives in Industrial policy, they can improve their socio economic position by establishing modern business process and modern manufacturing process.

Since large portion of Society like Backward Classes and Muslims are excluded from the Industrial Incentives paradigm of Telangana Industrial Policy, it can be called as Partial social inclusive policy or social exclusiveness policy.

V.Findings/ Concussion:

Telangana Industrial policy has specific incentives for the Entrepreneurs from Scheduled Caste and Scheduled Tribes communities. It also has special incentives for women entrepreneurs. But no incentives were offered either to Backward classes or to Muslims. Hence it is concluded that Telangana Industrial Policy needs more social inclusiveness since, it has partial social Inclusiveness.

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