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Impact of TS-ipass in the State of Telangana

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Abstract

The Government of Telangana has introduced its new Industrial Policy in 2014 with the ambition of maximizing opportunities for equitable economic growth of the people and balanced development of all the regions through the means of industrialization. The vision for industrialization of Telangana is Research to Innovation- Innovation to Industry- Industry to Prosperity. 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 Industrial Policy has a number of novel and unique features like abundant industrial land bank, comprehensive provision of infrastructure including water and power for industries, an effective single window mechanism, a package of attractive incentives, and special support measures for SC/ST/BC/Minorities and women entrepreneurs. Various government orders to give effect to the tenets of the policy have also been issued.

Keywords: TS-iPASS, Industries, Investment, Employment, Approvals.

Introduction

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 to take up their industrial units in the state of Telangana as the preferred investment destination. The new Industrial Policy is the instrument through which the vision of the Telangana State Government translated into action. The Telangana State Government has conducted detailed studies and consulted experts to identify the competitive advantages. The State has given its geographical location, available resources and skill-base, raw material availability, existing manufacturing practices, and expertise to opening up new opportunities. Accordingly, the new Industrial Policy 2014 has identified 14 thrust areas and core sectors in which the state of Telangana has in-built natural advantages to outcompete others. The new Industrial Policy has mandated that for each of the core sectors, a sector-specific policy was brought out. The details are as follows;

1. Life Sciences including Bulk Drugs, Formulations, Vaccines, Nutraceutical, Biological, Incubation Centers, R&D Facilities, and Medical Equipment.
2. IT Hardware including Biomedical Devices, Electronics, Cellular Communications, and FAB
3. Precision Engineering, including Aviation, Aerospace, and Defence
4. Food Processing and Nutrition Products Including Dairy, Poultry, Meat, and Fisheries
5. Automobiles, Transport Vehicles, Auto-Components, Tractors, and Farm Equipment
6. Textiles, Apparel, Leather and Leather Value-Added Products like Shoes, Purses, Bags, Artificial Material-Infused and Coated Textiles, Paper and Paper Products
7. Plastics and Polymers, Chemicals and Petro-Chemicals, Glass and Ceramics
8. FMCGs and Domestic Appliances
9. Engineering and Capital Goods, including Castings, Foundry and Ferro-alloys and other Metallurgical Industries
10. Gems and Jewellery
11. Waste Management
12. Power Sector, Renewable Energy and Solar Parks
13. Mineral-based and wood-based Industries
14. Transportation/ Logistic Hub/Inland Port/ Container Depot.

Objectives of the Study

The main objective of the study is to examine the impact of TS-iPASS in Telangana State for industries, investment and employment approvals. Thus, the following are identified as the objectives of the study.

1. To study the sector-wise number of industries approved under TS-iPASS
2. To know the sector-wise investment approvals under TS-iPASS
3. To analyse the sector-wise employment approvals under TS-iPASS

Industries Approved under TS-iPASS

Telangana, the youngest state in the Union of India is on the forefront of economic development of India contributing 4.1 per cent of the total GDP. Prior to 2014, i.e., bifurcation of erstwhile Andhra Pradesh into Telangana and Andhra Pradesh; the industrial growth was marginal. The Government of Telangana recognized the key to economic progress lies in recording higher growth rate in industrial sector took various initiatives to attract investments into the State.

The government unveiled a new industrial policy framework with an objective to stabilize and make existing industries more competitive, and also to attract and realize investments from domestic as well as international players. TS-iPASS is one of the major schemes to accomplish the mandate of Minimum Inspection and Maximum Facilitation and is acclaimed as the best policy in the country. The State has been successful in attracting investments into every major sector and is now a house for large number of multi-national companies. It is heartening to note that the government has succeeded in taking the first step towards achieving the objective of "Progress with Distributive Justice" through TS-iPASS.

The Telangana State Industrial Project Approval and Self-Certification System, a single-window clearance for industries, has become the driving force of investment flow to the State with thousands of industries commencing their

operations. Telangana, through its flagship initiative of TS-iPASS, has attracted 21,198 industries so far, out of which 15,660 industries have already commenced their operations, which proves the success of this programme. Telangana is the only State in the country that has made it a right to get industrial clearances, where approvals are based on self-certification. A combined application form is designed to cater to the requirements of all departments. All state approvals are under the ambit of TS-iPASS, where 27 Departments are providing 39 pre-establishment and pre-operation approvals. The clearances are given within the set time limit varying from seven days to a maximum of 30 days, depending upon the complexity of the approval, failing which the approval is said to be deemed. For mega projects, projects with an investment of more than Rs 200 Crore, provisional clearances are issued within 15 days based on self-certificates furnished by applicants. Formal approvals or clearances are issued before the unit commences its operations. All clearances under TS-iPASS are provided through a user-friendly end-to-end online system where an investor is guided in each step. E-mails and SMS alerts at all stages of the application process help an applicant keep up with the developments. Moreover, the TS-iPASS Act envisages provisions for imposing penalties on the officers who fail to accord clearance within the time limit of Rs. 1,000 per day. A total of 1,34,327 permits have been issued in 142 Urban Local Bodies (ULBs) across the State since the inception of the Telangana State Building Permission Approval and Self-Certification System (TSbPASS). Of this, the Directorate of Town and Country Planning (DTCP) has issued 63,627 permits, the Hyderabad Metropolitan Development Authority (HMDA) 41,643 and the GHMC 28,757. The State government enacted the TSbPASS Act 2020 in September 2020 to provide speedy approval of layouts or building permits in a time-bound manner in a bid to stop unauthorized developments and constructions in the State. The data related to the sector-wise No. of industries approved under TS-iPASS from 2014-15 to 2021-22 is presented in the Table-1.

Table 1: Industries Approved under TS-iPASS.

Year	Industrial Sector		Service Sector		Total	
	No. of Industries	Annual Growth Rate	No. of Industries	Annual Growth Rate	No. of Industries	Annual Growth Rate
2014-15	173 (99.43)	-	1 (0.57)	-	174 (100)	-
2015-16	1526 (99.48)	782.08	8 (0.52)	700	1534 (100)	781.61
2016-17	1572 (92.20)	3.01	133 (7.80)	1562.50	1705 (100)	11.15
2017-18	2491 (88.84)	58.46	313 (11.16)	135.34	2804 (100)	64.46
2018-19	2440 (87.21)	-2.05	358 (12.79)	14.38	2798 (100)	-0.21
2019-20	2692 (88.55)	10.33	348 (11.45)	-2.79	3040 (100)	8.65
2020-21	3073 (89.33)	14.15	367 (10.67)	5.46	3440 (100)	13.16
2021-22	3683 (88.96)	19.85	457 (11.04)	24.52	4140 (100)	20.35
Total	17650 (89.89)	-	1985 (10.11)	-	19635 (100)	-

Note: Figures in bracket indicates percent to total Source: <https://ipass.telangana.gov.in/Information.aspx>

It is noticed that after the initiation of TS-iPASS, the Government of Telangana has given the approval for 174

total no. of industries which consists of 173 industrial sector and 01 services sector in the year 2014-15. From the

year 2014-15 onwards the total industries approved under TS-iPASS has been continuously increasing year after year in a robust manner. Among the total industries approved under TS-iPASS the majority of the industries related to industrial sector which represents 89.89 per cent, whereas the service sector significantly lower and stood at 10.11 per cent only during the period under review. The total number of industries approved in the year 2015-16 was 1,534 which includes 1,526 from industrial sector and only 08 from service sector.

The annual growth rate of total industries approved under TS-iPASS was registered at 781.61 per cent in the year 2015-16. In this year the Government of Telangana very enthusiastically encourage the new and young entrepreneurs as it is a next year of the formation of Telangana State. In the year 2016-17 the number of industries from industrial sector 1,572 industries and from service sector 133 industries were approved with a total of 1,705 and its growth rate was recorded at 11.15 per cent. Similarly in the year 2017-18 abnormally 2,804 industries which include 2,491 from industrial sector and 313 from service sector were approved with a growth rate of 64.46 per cent. Suddenly, the total number of industries approved was declined to 2,798 with annual growth rate of -0.21 per cent. This may be caused by the Covid-19 effect. This effect was continued severely up to 2021, because of this the entrepreneurs were not come forward at to establish the industries during the pandemic situation.

However, the total number of industries approved under TS-iPASS was slightly increased in the year 2019-20 and 2020-21 with a growth rate of 8.65 per cent and 13.16 per cent respectively. In the year 2021-22 the total number of industries approved under TS-iPASS was increased to 4,140 which include 3,683 from industrial sector 457 from service sector with an annual growth rate of 20.35 per cent. It is observed that the total of 19,635 industries which consists of 17,650 (89.89 per cent) industrial sector and only 1,985 (10.11 per cent) service sector industries were approved during the period under review.

Investment Approvals under TS-iPASS

The Government of Telangana approved 4,140 projects with investments totaling Rs.18, 933 Crore under its

flagship TS-iPASS initiative for industries during the year 2021-22. A policy measure on the back of which the State has been successful in wooing investors from both India and Abroad, The Telangana State Industrial Project Approval and Self-Certification System assures time-bound clearances for projects failing which they are deemed to be approved. As on today, since launching TS-iPASS got Rs.2, 46,160Crore investments by way of 21,198projects. Among these, 15,660 projects involving investments of Rs.1, 33,225Crore have commenced operations. In terms of industries where substantial investments have been committed in the financial year 2021-22, Life Sciences Sector got approvals for 215 projects worth Rs.6,400 Crore (over \$850 million), including \$100 million Canada's Ivanhoe Cambridge has announced on creation of about 1 million sqft. lab space in Genome Valley. The Food Processing sector attracted Rs.2,309 Crore investments through 60 projects. The State Food Processing Policy seeks to encourage enterprises across 10,000 acres of special food processing zones. Aerospace and defence, handlooms and textiles and electric mobility are some of the other major focus sectors in the State.

Telangana has come to be mentioned in the same breath as some of the industrially well-settled States such as; Tamil Nadu, Maharashtra, Karnataka and Gujarat which have been there for a very long time. The strides Telangana has made, in the nine years since formation, assume greater significance when seen in the context of the State government's emphasis on an innovation-driven, infrastructure-led, inclusive growth. Despite of the partial COVID related slowdown, Telangana has been able to attract record number of investments in the financial year 2021-22 and the momentum is growing year after year continuously. The data related to the sector-wise investment approvals under TS-iPASS from 2014-15 to 2021-22 is presented in the Table-2.

Table - 2: Sector-wise Investment Approvals under TS-iPASS.

Year	Industrial Sector		Service Sector		Total	
	Investment (Rs. in Crore)	Annual Growth Rate	Investment (Rs. in Crore)	Annual Growth Rate	Investment (Rs. in Crore)	Annual Growth Rate
2014-2015	1797 (99.50)	-	9 (0.50)	-	1806 (100)	-
2015-2016	28321 (97.72)	1476.02	661 (2.28)	7244.44	28982 (100)	1504.76
2016-2017	21904 (63.98)	-22.66	12333 (36.02)	1765.81	34237 (100)	18.13
2017-2018	19440 (33.36)	-11.25	38836 (66.64)	214.89	58276 (100)	70.21
2018-2019	13832 (40.08)	-28.85	20679 (59.92)	-46.75	34511	-40.78
2019-2020	14194 (35.03)	2.62	26329 (64.97)	27.32	40523 (100)	17.42
2020-2021	11810 (73.36)	-16.80	4288 (26.64)	-83.71	16098 (100)	-60.27
2021-2022	15936 (84.17)	34.94	2997 (15.83)	-30.11	18933 (100)	17.61
Total	127236 (54.52)		106130 (45.48)		233366 (100)	

Note: Figures in bracket indicates per cent to total Source: <https://ipass.telangana.gov.in/Information.aspx>

The data of the above table presents the details of investment approvals under TS-iPASS in the industrial sector and service sector during the study period. It is observed that a small amount of investment Rs.1,806 Crore which includes Rs.1,797Crore industrial sector and only Rs. 9 Crore in service sector were approved in the year 2014-15. Whereas, the investment approvals were significantly increased to Rs.28,982 Crore which include Rs.28,321Crore for industrial sector and Rs.661 Crore for service sector in the year 2015-16 with an annual growth rate of 1504.76 per cent. In this year a greater number of entrepreneurs taken the initiation to mobilize the huge number of investments from different sources. The increasing trend of investment approvals under TS-iPASS has been continued up to 2017-18. In the year 2016-17 its growth rate was registered at 18.13 per cent, but it was enthusiastically increased to 70.21 per cent in the year 2017-18. Surprisingly both the industrial and service sectors investment approvals were declined to -28.85 per cent and -46.75 per cent respectively in the year 2018-19. Then after in the year 2019-20 the annual growth rate of total investments slightly increased to 17.42 per cent. Again, in the year 2020-21 the total investment approvals were drastically declined to Rs.16,098 Crore representing -60.27 per cent. Individually the industrial sector and service sector investments were declined to Rs.11,810Crore and Rs. 4,288Crore respectively, which were represented by -16.80 percent and -83.71 per cent. This situation was happened due to sever effect of the Covid-19. The TS-iPASS has been successful in attracting Rs.18,933 Crore investments in the financial year 2021-22. It is the state's industrial flagship initiative..It is noticed that the total amount of Rs.2,33,366 Crore of investments which consists of Rs.1,27,236Crore(54.52 per cent)industrial sector and only Rs.1,06,130Crore(45.48 per cent)service sector were approved during the study period.

Employment Approvals under TS-iPASS

The standardized workflows help to companies operate effectively to reach their business goals. Reaching those goals often involves multiple departments collaborating on projects and work items that can affect the entire business. To meet their goals and maintain consistent standards, companies use the approval process, in which work items go through approvals from various people before being finalized.

An approval process is a type of workflow which comprises a series of steps that a work must pass to be approved. The steps typically involve different departments and employees who review the work and either approve or reject it. When one department approves or rejects, the work then flows either back to the previous step for edits or forward to the next step for further approval. Modern business organizations often automate their approval processes with computers, but some companies may still use manual approvals, like ones where a paper document passes from one department to another. The elements of an approval process are typically the same for many types of work, although each process is usually unique to the department and work types involved. Under TS-iPASS, the employment approvals have been gradually increasing year to year in both the industrial and service sectors. The data related to the sector-wise employment approvals under TS-iPASS from 2014-15 to 2021-22 is presented in the Table-3.

Table 3: Sector-wise Employment Approvals under TS-iPASS.

Year	Industrial Sector		Service Sector		Total	
	No. of Employment	Annual Growth Rate	No. of Employment	Annual Growth Rate	No. of Employment	Annual Growth Rate
2014-2015	5022 (99.43)	-	29 (0.57)	-	5051	-
2015-2016	85838 (91)	1609.24	8591 (9)	29524.14	94429	1769.51
2016-2017	53986 (54.72)	-37.11	44680 (45.28)	420.08	98666	4.49
2017-2018	75808 (27.57)	40.42	199159 (72.43)	345.75	274967	178.68
2018-2019	251929 (42)	232.33	348023 (58)	74.75	599952	118.19
2019-2020	61595 (19.51)	-75.55	254044 (80.49)	-27.00	315639	-47.39
2020-2021	60560 (37.10)	-1.68	102662 (62.90)	-59.59	163222	-48.29
2021-2022	94338 (92.74)	55.78	7387 (7.26)	-92.80	101725	-37.68
Total	689076		964575		1653651	

Note: Figures in bracket indicates per cent to total Source: <https://ipass.telangana.gov.in/Information.aspx>

The data of the above table reveals that the total number of employment approvals has been continuously increasing year after year. Directly and indirectly, the employment to 16, 53,651 persons were expected to be generated both in the industrial and service sector. As of now, industries with

an employment potential of more than 7, 67,729 persons have commenced their operations in different organizations. The total number of employment approvals registered in the year 2014-15 is just 5,051, this was drastically increased to 94,429 with the growth rate of

1,769.51 per cent in the year 2015-16. Then after the growth rate of employment approvals significantly declined to 4.49 per cent in the year 2016-17. In this year the employment approvals growth rate negatively registered at 37.11 per cent, whereas in the service sector it was positively registered at 420.08 per cent. The growth rate of total employment approvals under TS-iPASS in the year 2017-18 and 2018-19 were registered at 178.68 per cent and 118.19 per cent respectively. With the effect of Covid-19 the employment approvals growth rates were registered at -47.39 per cent, -48.29 per cent and -37.68 per cent in the year 2019-20, 2020-21 and 2021-22 respectively. Further, it is also noticed that the number of employment approvals in the industrial sector is 6,89,076 which is comparatively less than the 9,64,575 of service sector number of employment approvals. Therefore, it can be concluded that the number of employment approvals under TS-iPASS in service sector is dominating when compared with the industrial sector. It is also noticed that the Agriculture and Allied Sector is the source of employment for majority of the workers in Telangana followed by the service and the industry sector. The state Government has a comprehensive plan for employment generation both in public as well as the private sector and has launched multiple skill development initiatives to this end. All of this is to ensure that the young people in the state make the best use of opportunities in the public sector.

Conclusion

It is observed that the total of 19,635 industries which consists of 17,650 (89.89 per cent) industrial sector and only 1,985 (10.11 per cent) service sector industries were approved during the period under review. The TS-iPASS has been successful in attracting Rs.18, 933 Crore investments in the financial year 2021-22. It is the state's industrial flagship initiative. It is noticed that the total amount of Rs.2,33,366Crore of investments which consists of Rs.1,27,236Crore (54.52 per cent) industrial sector and only Rs.1,06,130Crore (45.48 per cent) service sector were approved during the study period. The state Government has a comprehensive plan for employment generation both in public as well as the private sector and has launched multiple skill development initiatives to this end. All of this is to ensure that the young people in the state make the best use of opportunities in the public sector.

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