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POLICIES**ANDAMAN & NICOBAR****(XI) NON RESIDENT INDIANS AND FOREIGN INVESTMENT:**

To attract and closely monitor NRI/Foreign investment and channelise the investment in the state, the Administration has designated Secretary (Industry), A&N Administration as Commissioner - NRI and Foreign investment so as to ensure speedy clearance and implementation of projects involving such investment. The Administration would strive to attract NRI & Foreign investors in major thrust areas and joint venture sectors.

(XII) EXPORT PROMOTION

Exports are essential for the economy of the country. The Small Scale Industries and handicrafts sectors where scope for value addition is very high are contributing substantially to the export efforts.

The following steps have been taken/are proposed to be taken for the promotion of exports:

- a. Encourage setting up of EOUs.
- b. Upgradation of the offices of customs and central excise depts. situated at Port Blair, providing it with appraisal facilities.
- c. Setting up of the extension office of the Export Promotion Zone.
- d. Giving recognition to meritorious exporting units by way of granting awards/certificate etc.

- e. Dissemination of information about exporting units and export potential.
- f. Encouraging earnings of foreign exchange through export of technology and expert services within the overall policy of the Government of India.
- g. Preferential allotment of plots/sheds to EOUs.
- h. Exemption from all local taxes, including octroi and royalty to 100% EOUs.



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XIII. LIAISON WITH BANKS/FINANCIAL INSTITUTIONS:-

One of the main reasons for the slow pace of industrial development is inadequate credit flow to industrial sector. Keeping in view of the poor credit deposit ratio in the Island territory there is a need for a more liberal attitude towards industrial financing proposals. All the commercial and Cooperative banks will be pressed upon to achieve their desired target as projected in the District Credit Plan. To increase credit flow, Andaman and Nicobar Islands Integrated Development Corporation (ANIIDCO) has been designated as a State Finance Institution for this territory and it has already started extending term loan and working capital loan to industrial units.

In order to Co-ordinate/monitor the credit flow in the Industrial sector it is proposed to constitute a Credit Committee under the Chairmanship of Secretary (Industries). The main functions of the Committee shall be:-

- a. Close monitoring of sanction and disbursement of loans to entrepreneurs.
- b. Co-ordination between financial institutions and commercial/Co-operative banks for sanction of term loan and working capital.
- c. Joint recovery of loan.

This committee may meet on monthly basis to coordinate, monitor and draw out plans for industrial financing.

XIV. INDUSTRIAL SICKNESS:

Sickness is inevitable in the process of Industrialisation. Definition of sickness is issued by the Reserve Bank of India from time to time which is followed by the U.T. Administration. Sickness lead to

loss of production, employment and erosion of the capital invested in such ventures. Though instances of Industrial sickness is not prevalent in these Islands, the A & N Administration is committed to render all possible assistance in arresting industrial sickness and work for extending all possible help for rehabilitation of potentially viable unit. The Board of Industrial Financial and reconstruction (BIFR) decide the appropriate package of rehabilitation for Medium and Large Scale Industries. A & N Administration constituted "State Level Rehabilitation Committee (SLRC) vide notification no. 50-604/89- Dev.I dated 4th June 1992 to identify sick units and work out viability packages for their rehabilitation and to make recommendation to various inputs giving agencies including financial institutions for assisting the sick unit in its rehabilitation programme. So far, no unit is registered as sick unit in these Island.



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XV. SIMPLIFICATION OF PROCEDURES

The Administration has decided to take a series of steps to simplify procedures so as to ensure time bound clearances and expeditious implementation of projects.

1. The Administration will adopt liberalised system of registration/licensing policy for all ecological friendly industries.
2. The Administration will consider delinking the land conversion premium in respect of industries from the conversion rates applicable to the house sites which are very high.
3. The existing stamp duty for mortgage of land and other immovable properties for availing financial assistance from state Government/Financial institution is very high. The Administration would consider exempting the small and tiny/SSI units from levy of stamp duty.
4. Though, Port Blair has been declared as an export port, the Island has still no infrastructure for direct exports. The Administration would endeavour to create necessary administrative and infrastructure facilities to encourage direct export from this territory to other countries. It would take up the matter with Government of India to designate ANIIDCO as an Export House and request the customs department to upgrade its office at Port Blair so as to appraise and handle international export cargo.
5. The SSI units find it generally difficult to timely trans-ship the raw material from Mainland to Island and finished products from Islands to Mainland ports, which results in stoppage of production for longer intervals, high working capital costs, untimely marketing there by effecting profitability. Keeping these difficulties in view, the Administration proposes to earmark 10-15% of the cargo space in all passenger cum Cargo vessels of

Administration which ply between mainland and inter land route for transportation of Industrial raw material and finished goods.

LIST OF AGENCIES FUNCTIONING IN THE A&N ISLANDS FOR DEVELOPMENT OF INDUSTRIES:-

1. Directorate of Industries, Port Blair
2. District Industries Centre, Port Blair
3. Small Industries Service Institute (Brnach) Port Blair.
4. A&N Consutancy Center (ANCON), Port Blair
5. A&N Islands Integrated Development Corporation (ANIIDCO), Port Blair.
6. A&N Khadi and Village Industries Board (KVIB), Port Blair.
7. Coconut Development Board, Port Blair.
8. Coir Board, Port Blair
9. Fishery survey of India, Port Blair.
10. Government Poly Technic, Port Blair.
11. Industrial Training Institute, Port Blair.
12. Handicraft, Marketing & Service Extension Centre, Lamba Line, Port Blair.



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INTRODUCTION

The A&N Islands are still at the infant stage of industrial development and have been declared as an Industrially Backward Region Category-'A' by the Government of India. The pace of industrial growth in the A&N Islands has been slow mainly due to the locational disadvantages and lack of infrastructural facilities.

There are 1172 small scale industrial units in this UT as on 31.3.96. The type of Small Scale Industries and its geographical distribution has been shown in Annexure -I. The growth of the industries since 1978 has been shown in Annexure-II. The total employment generated in the industries sector is around 11000. Besides, there are five medium scale unit out of which four are registered with the Director General of Technical Development (DGTD) is shown in Annexure -III. There are no large scale industries in this UT. Three of the medium scale units are engaged in veneer and plywood. One unit is engaged in wood sawing and one unit in production of industrial gases viz., oxygen and nitrogen. These include the Chatham saw mill in Government Sector.

I. PREAMBLE

Industrialisation is a "sine qua non" of economic progress. No other activity in the modern world is more closely linked with or more adequately reflects the status of a country's development. The reforms process and new industrial policy initiated by the Government of India in the year 1991 has seen a major shift towards economic liberalisation covering all segments of the economy

including industries, finance, domestic and foreign trade and foreign investment. The reforms include major policy changes such as delicensing of a large number of Industries, opening of various sectors for private investment, and automatic approval of foreign investment in a number of fields. These new policy initiatives require the state government to play a major role in catalysing foreign and domestic investment in diverse areas, facilitate reforms process in the matters relating to States and U.T.'s for realising the policy parameters.

The A&N Administration had formulated an Industrial Policy in the year 1988 which helped in creating investment in Small and Tiny Sector. However the Industrial growth was very modest and slow in view of the absence of attractive package of incentives and concessions to new industrial ventures. In view of these new developments and changing economic scenario, the A&N Administration has pronounced a new Industrial Policy-1996. The main policy resolutions of the new Industrial Policy are :-

- To bring in line the Industrial Policy of the A&N Administration with the new industrial policy of the Government of India.
- To evolve an integrated approach towards the industrial development of the Island. The policy seeks to have a balanced development of industries with special focus on the Tiny, Cottage & SSI Sector giving emphasis on the economic and commercial exploitation of the natural resource of the Island in such a manner so as not to disturb the overall ecological balance of the region but at the same time ensure maximum value addition within the Islands. Industries in the large and medium sector set up for the development of infrastructure and in major thrust areas would also be encouraged.
- To promote industries which use locally available raw material to produce high value added products.
- To enhance the existing infrastructural facilities to stimulate faster growth of industry.
- To promote industrial growth keeping in mind the interest of the local people in the matter of employment opportunities and gainful self employment.

Comparative Advantages and Disadvantages of the Territory:

The U.T. of A & N Islands has certain distinct advantages for development of industries as detailed below:-

(a) Advantages:

1. The territory provides peaceful work environment due to very conducive labour relations and excellent law and order situation.
2. The Islands are fast emerging as a major tourist attraction because of their historical background related to independence movement. Having an extensive scenic beauty with rich flora and fauna, they attract tourists both domestic and foreign, thereby offering significant potential for investment in tourism related activities.
3. The Islands have a long coastline of 1912 Kilometers and vast marine resources opens immense potential for aquatic and marine products like prawns, tunas, sharks, lobsters and shrimps. The territory is still virgin for exploitation of fish species for international markets in very large quantities.
4. The Union territory is strategically located as far as access to international markets of South East Asian countries by being geographically closer as compared to the mainland markets of the Nation.
5. Being a pollution free territory it offers great potential for electronics and software industries.

(b) Disadvantages:

1. Undulating terrain and numerous small islands of the territory hinder transport and communication, within the territory. Being situated far off from the mainland, transport and communication between the mainland and the island pose a perennial problem.
2. Forest covers 86% of the total area of the territory. Though forestry provides a major state revenue, there is a limited scope for further exploitation as the environmentally fragile does not allow increased timber extraction for industrial use.
3. The Islands have a very limited infrastructure related to industrial growth. In the absence of thermal and hydel projects the per unit cost of production of electricity is very high and power intensive units find it difficult to have assured power for industrial use.
4. Though a number of technical and professional institutions have been set up recently, availability of skilled manpower is still limited.



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II. SECTORS TO BE TARGETED:

Based on the locally available resources and natural advantages the following sectors have been identified for promotion of industries.

1. Fisheries

:

The A&N Islands have a long coast line of 1912 Kms. having rich potentials for fisheries development. It has an Exclusive Economic Zone (EEZ) of 6 lakh Sqm.Km which is 30% of the total Exclusive Economic Zone of India. In the waters of A&N Island over 1100 species of fish are identified of which about 30 species are commercially exploited at present. The estimated annual exploitable stock is about 1.6 lakhs tons against which the present level of exploitation is only about 26,000 tons. The territory is still virgin for exploitation of fish species to serve international markets. A&N Administration lays special emphasis for promotion of fish culture, fish processing and other allied industries like fish pickling, canning, fish meal, fish oil etc. domestic and international markets. The Admn. propose to establish a cold chain by setting up of a number of cold storages, Ice plants and Fish Processing Plants in different Islands like Neil, Havelock, Rangat and Diglipur. A 100% EOU Fish Processing unit has been commissioned in Port Blair.

2. Tourism:

The A&N Islands are coming up as a major tourist attraction. Tourism development has been identified as a thrust area since it generates large employment. The Administration has taken up several projects and measures for development of tourist infrastructure to attract tourists. To promote this sector and to attract investment in this sector, the Administration

recognises tourism and its related activities as an industry and would extend all facilities and incentives generally made available by the Administration to industries.

3. **Cane and Bamboo:**

Out of the total exploitable cane of around 33,00,000 running meter (RM) annually, about 12,50,000 RMT is available annually for meeting the requirement of Small Scale Cane Industries and for general consumption. A complete ban has been imposed on the export of raw cane to ensure availability of cane for industrial use. The potential areas for setting up cane based industrial units are Baratang, Rangat, Mayabunder, Diglipur, Hut Bay and Katchal. A total quantity of 10,00,000 bamboos is annually available in A&N forests, which are located in South Andaman, Rangat, Mayabunder, Diglipur, Hut Bay, Katchal and Kamorta. This is sufficient for setting up of about 50 additional Bamboo based handicraft units. The Industrial Estate at Bakultala (Middle Andaman) is being developed as a cane and bamboo cluster by the Directorate of Industries, Andaman & Nicobar Administration.

4. **Coir and Coconuts:**

Major production and cultivation of Coconuts in the island is concentrated in South Andaman, Campbell Bay, Car Nicobar and Katchal island. It is estimated that 280 million nuts are available annually for industrial exploitation. These nuts can be used for development of a number of industries based upon coconuts such as:

- i. Production of Copra
- ii. Coconut oil manufacturing
- iii. Production of dessicated Coconut which is widely used in the preparation of sweets, confectionery, curry preparation, scented
- iv. Production of Coconut shell powder which can be used for making thermostat moulding powders such as phenol formaldehyde, and synthetic resin glues.
- v. Production of Handicrafts items, toys and bowls from coconut shell.
- vi. Production of Activated carbon.

It is estimated that 56000 M.T. of coconut husk is available annually for exploitation for industrial use in these Islands but only a negligible quantity i. e. 120 M.T of coconut husk is being utilised presently for making coir products and the rest is wasted or used as domestic fuel. There are a few small coir rope manufacturing units in Rangachang & Burmanallah area and one curled coir unit at Hati Tapu, South Andaman. There is good potential for setting up of coir based industries for producing mattresses, door mats, sofa sets, coir carpets, cushions, rubberised coir etc. in South Andaman, Carnicobar, Katchal, Nancowrie and Campbell Bay.

5. **Rubber:**

A&N Islands have about 1000 Hec. of rubber plantation. The Forest & Plantation Development Corporation Ltd., produces about 450-500 M.T. of rubber in its plantation at Katchal annually but we do not have any rubber

based industry. Presently rubber sheets are made and transported to mainland and hence value added products could be manufactured. Therefore there is some scope for setting up of small number of industries producing value added latex rubber products such as rubber gloves, rubber thread, seat cushion, mattresses etc. in Katchal and South Andaman.

6. **Boat Building/Repairing:**

The potential for boat building industry based on wood at present appears to be limited. But there exists good scope for fabrication of boats based upon raw materials other than wood and for repairing and servicing of boats including wooden boats. Ship breaking industry cannot be promoted in the Islands in the absence beaching facilities and adequate tidal fluctuations.

7. **Agro Based Industries & Food Processing Industries:**

The total area under agriculture is around 45,500 hectares, (1993-94 census) the principal crops grown are paddy, coconut & arecanut. Paddy is the main food crop cultivated in Andaman group of islands, whereas coconut and arecanut are the major cash crops of Nicobar groups of Islands. Other crops such as sugarcane, red oil palm, fruit & vegetable are also being cultivated in small quantity. Coffee, spices like Clove, Cinnamon, Nutmeg & Pepper are also grown in South Andaman & North Andaman, and Great Nicobar. These could be profitably utilised for the development of agrobased & food processing industries. Besides, small vegetable & fruits processing industries based on banana, mango, pineapple and papaya etc. can be set up in the Neil, Havelock, Hut Bay & Diglipur.

8. **Automobile Body Building:**

In order to cater to the requirements of Automobile dealers/operators/users, a number of Engg. based industries have been set up for Body Building/Repairing, Plating, Painting and Electrical works. Four Small Scale Units have already been established under this sector and a few more are in the offing. However, since the demand for Trucks, Buses and other Automobiles have increased manifold, there is further scope for establishing new units for body building/fabrication, repairing, painting, plating/tinkering etc.

9. **Packaging Industry:**

With more and more industries coming up in these islands, there is increasing demand for ancillary industries like packaging polythene packets and corrugated cartoons. The raw materials for this industry has to be procured from mainland for which transport subsidy is available.

10. **Units Covered Under KV1 programme:**

There are various village industries programmes under the purview of KVIC out of which the schemes which are identified in priority sector include papad making, popcorn making, bakery, gur making, mat weaving, photo framing, manufacturing of bricks, and manufacturing of hollow blocks and lime shell.

From 1996-97 onwards financial assistance under KVI sector would be made available for individual beneficiaries under Consortium Bank Credit.

11. **Electronic Industry:**

A& N Islands offer ideal dust free climatic condition for development of electronic industry. The requirement of this industry in terms of limited requirement of space, high value added product, employment to locally available electrical and electronics graduates/diploma holders makes this industry most suitable to the island territory. So far there has been no Central Government investment in this territory and efforts will be made to promote production cum assembly units in electronic sector exclusively for exports in the joint sector. There exists ample opportunities for employing women in this sector.

12. **Service Oriented Unit:**

With the increase in the population and with the improvement in telephone network there exists good scope for promotion of industries like Xeroxing, Fax, S.T.D./I.S.D. etc. in these Islands.

13. **Infrastructural Development Projects:**

Private participation would be welcomed for augmentation of power (including generation of power through non-conventional sources of energy) and water supply (including water desalination plants), improvement and development of transportation and port infrastructure, including shipping, hovercraft services, ports, roads & bridges etc.)



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III. JOINT VENTURE PROJECTS:

The Administration will encourage joint venture projects through Andaman and Nicobar Islands Integrated Development Corporation or other Governmental agencies on a selective basis in the following areas:-

1. Marine Based Industries: Fish processing and other allied activities.
2. Tourism Based Industries: Hotels, Beach Resorts, Restaurant, Water Sports and other tourism related activities like marine aquarium, dolphin aquarium, scuba diving, etc.
3. Shipping Sector: Dry dock, slip ways, ship building/repairing and servicing.
4. Power Generation Projects: Power generation projects including Thermal, Hydel and non-conventional sources of energy.
5. Infrastructural Development Project: Infrastructural development projects including water desalination plant, roads and bridge building, projects for augmentation of ports, berthing
6. Electronic Based Industry: Electronics based assembly industries including Hi-Tech Watches, Computer Hardware and other electronic items specially for export.

IV. MAJOR THRUST AREAS:

All joint venture projects covered under Chapter III, projects having NRI/Foreign Investment, EOU and industries based on Electronics, Synthetic Gems, Fish processing units, Cane, Coconut and Coir would be classified as major thrust sector and shall be eligible for special incentives/preferential treatment in terms of allotment of land and other infrastructural assistance, including differential power tariff, interest subsidy, exemption from levy of any local

taxes/cess/royalty/octroi etc.

V. **NEGATIVE LIST:**

The unique fragile ecological system of these Islands necessitate a very cautious approach in the development of industries in these Islands. With a view to promote industries in an environmentally sustainable way, the Administration has chalked out a list of certain industries which will not be permitted to come up in the Islands (are not eligible for incentives and concessions) except those which have been included as major thrust area projects These are:-

1. Units requiring huge quantity of water.
2. Power intensive units (more than 100 KVA)
3. Wood Based Industries (except rubber wood)
4. Industries violating CRZ norms
5. General Polluting Industries
6. Industries requiring vast size of land area.
7. Shell based units.



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VI. INFRASTRUCTURE SUPPORT SYSTEM:

1. LAND DEVELOPMENT

1. INDUSTRIAL ESTATE PROGRAMME:

The Administration acquires land under the Industrial Estate Programme and develops land for Industrial Use. Developed plots of various sizes/built up sheds are leased out and offered to the entrepreneurs on 15/5 years lease initially (extendable from time to time) on very reasonable lease rent. Apart from one Industrial Estate at Garacharama (South Andaman), three more industrial Estates at Dollygunj (South Andaman), Bakultala (Middle Andaman) and Campbell Bay (Great Nicobar) are being developed. A total of 33 hectares of land is covered under these estates wherein more than 100 sheds and 100 plots are proposed to built/developed. An Industrial Estate exclusively for coir product is planned at Mithakhari, South Andaman wherein land to the tune of 5 hectares is being developed. An Industrial Estate for Coir & Rubber Industries is planned at Katchal and land to the tune of 2.5 Hectares will be made available by the Administration. The Administration also proposes to develop slip ways which will be made available to Registered Boat Building/repairing Industrial Units on Lease basis.

2. INTEGRATED INFRASTRUCTURAL DEVELOPMENT CENTRES (IID):

The Integrated Infrastructure Development (IID) project has been introduced by the Govt. of India for the development of infrastructural facilities for Small

scale and Tiny Units in the Industrially backward area with the objective of generating maximum employment opportunities. The Administration intends to develop one IID center. It has already identified suitable land measuring an area of 13 Hectares at Wimberlygunj in South Andaman. It is estimated that 300 plots, will be developed for allotment on lease basis to industrial units. Besides developed plots, infrastructure facilities like captive power, Water, Telecommunication, Post Office, Bank, Conference Hall, Raw Material storage facilities, Effluent Treatment Plant, Common Service Facilities Centre are proposed to be provided.

2. **POWER:**

At present the Islands have Diesel power generation only which is largely meeting the requirements of household sector and commercial establishments. The installed capacity in the territory is 28.4 MW, the firm power available is only 17.5 MW. There is, therefore, power shortage which is increasing day by day. The Power consumed by the local Industrial Units is around 7% of the total power generated. To meet the increasing power demand, new power generating stations both hydel and thermal have been planned. In case of time, private participation in power generation has to be encouraged to cope with the increased power needs. Captive generation of power by high consuming industries is also the need of the hour as the Government does not find adequate resources to invest in large number of projects. The Administration has launched new schemes for granting interest free loan and subsidy to Small Scale Industrial Units to set up their own captive power generation plants as detailed in Chapter VIII of the policy statement.

3. **WATER:**

The Islands entirely depend on rain water. In the absence of adequate number of Water resources, the Administration is finding difficult to ensure perennial supply of water to Industries. The present requirement of potable water is met through Dhani Khari Dam. Though potable water is available to the SSI Units set up in the Industrial Estate of the department upto 20,000 KI/Day, the SSI Units could meet their additional water requirements by harvesting/storing the rain water during the monsoon for captive use by installing in house water harvesting equipment's such as RCC storage tanks/water conveying pipe and water lifting pumps. The Administration has launched a scheme of interest free loan and subsidy for installation of water harvesting equipment by the SSI units, as detailed in chapter VIII of this policy statement.

4. TRANSPORT:

i. Road Transport:

The Islands have 932 Kms. of all weather road as on 1995-96. This Mayabunder in the Middle Andaman. The Administration has a fleet of 164 buses operating in 11 major Islands right from Diglipur in North to Campbell Bay in South. The total coverage of route length is 2189 Kms. in 104 routes carrying an average of 46,800 passengers covering 16355 Kms. per day. It is proposed to have a direct road link between Port Blair and Diglipur in the North Andamans in the near future and the work on this project has already started.

ii. Shipping:

The Islands are connected to mainland by sea with 4 passenger-cum-cargo vessels making regular trips between Port Blair and Madras, Calcutta and Vizag with a cargo carrying capacity of 6,000 MT, apart from one exclusive cargo vessel M.V.Diglipur owned by SCI of 5,000 MT capacity. Besides 14 private cargo vessels of combined capacity of 12,775 MT also operate on this sector. The existing cargo carrying capacity is more than adequate to meet the demand. Moreover the Private Shipping Lines are keen to increase the capacity if there is demand. Under the Inter-Island Services Sector, the Administration has nearly 18 vessels of 1490 MT cargo carrying capacity. The private vessels are also plying on these routes. Hence upto 2005 AD there may not be any need for new cargo vessels on this sector.

iii. Air Travel:

The Alliance Air operates three flights each in a week between Port Blair and Calcutta/Madras. The extension of the Port Blair runway by another 5000 feet at an estimated cost of Rs. 49.50 crores will be completed in a period 36 months. This will pave way for operating larger Air crafts such as A-300 and A-320 which would be a major step towards the promotion of tourism in these Islands. The National Airport Authority is contemplating to install sophisticated facilities like instrument landing system etc. to enable Aircrafts to land even during the poor visibility conditions. Once these facilities are created the International Airlines will be encouraged to

operate flights which will facilitate tourism promotion and direct cargo movement between Port Blair and other national/international destinations.

5. PORTS:

The Ports of A&N Islands are strategically located and in the vicinity of three major international shipping routes. These are 23 notified ports which are spread over the entire stretch of A&N Islands. These may be broadly categorised as follows:-

6. INDUSTRIAL GUIDANCE BUREAU:

A&N Administration proposes to set up a fully computerised Industrial Guidance Bureau during the 9th Five Year Plan with the objective of simplifying the procedural formalities for setting up industrial units for ensuring time bound clearances and speedy implementation of projects. The idea of starting this Bureau is to provide a system of Single Window clearance for industrial. The Industrial Guidance Bureau would act as an Information Bank with complete networking facility for data/information pertaining to availability of raw materials, power, water, land, land policy and marketing. This would facilitate dissemination of information at a faster pace. This Bureau would guide the potential/existing entrepreneurs in choosing and selecting the right product of manufacture and to set up the project. A Facilitation Committee would be constituted under the Chairmanship of Secretary (Industries) with representatives at various agencies involved in industrial promotion as members to review periodically the problems faced by Industrial Units and resolve pending matters relating to Power, Water, Land Availability and conversion, land policy and statutory clearances etc.

7. COMMON TESTING FACILITIES AND RESEARCH AND DEVELOPMENT

Industries cannot survive and grow without constant efforts to update their products, both in design and performance to meet the changing demand pattern. For this purpose, it is necessary that the Research and Development programme should grow as an integral part of any industrial development programme. The Govt. of India, Ministry of Industry, New Delhi has therefore on the request of the A&N Administration, approved the setting up of a common testing/repair facility center in Dollygunj, under the aegis of the branch office of the Small Industries Service Institute, Port Blair. A proposal to add a Research and Development section to the center is also under consideration. It is necessary for local industries to adopt the latest technology

for their own survival and growth. In deserving cases, the Administration may help the industries in obtaining technology either by itself or through other agencies, and transfer the same to a number of small units so that they are not deprived of the benefits of latest technology because of its high cost.

8. PROJECT PROFILES

The District Industries Center has a collection of nearly 1000 project profiles on various products and 100 numbers of project profiles exclusively prepared on identified location specific products under the Prime Minister's Rozghar Yojana. All these project profiles are available for reference and guidance in the Technical Library of the Department.



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VII. AGENCIES INVOLVED IN THE INDUSTRIAL DEVELOPMENT:

1. **A&N Islands Integrated Development Corporation Limited (ANIIDCO)**

The Andaman & Nicobar Islands Integrated Development Corporation Limited was set up in 1988 at the instance of Island Development Authority (IDA) with the objective to develop and commercially exploit the nature resources of the territory for the balanced and environmentally sound development of the territory. The ANIIDCO which is a fully Government owned corporation, undertakes wide range of departmental activities such as tourism, fisheries, supplies, marketing, industries and finance under one umbrella.

i. **Tourism:**

The basic objective of the tourism division is to develop, operate and maintain the tourism infrastructure. It has one Tourist Guest House, the Megapode Nest and a number of catering units and Restaurants. Efforts are being made to ensure better maintenance of tourist lodges, recreational facilities and develop shopping centers at the tourist points/ places. The tourism section of the ANIIDCO is poised for a significant growth and it has to play catalytic role in creating and maintaining the tourism infrastructure along with the other agencies.

ii. **Fisheries:**

The corporation has started this division for commercial exploitation of abundantly available fish in the A&N Islands, and to provide good marketing

net work to the local fisherman. A subsidiary company namely M/S. ANDAMAN FISHERIES LIMITED (AFL), the first 100% Export Oriented Unit in the A&N Island has been promoted by ANIIDCO which has recently gone in commercial production.

iii. **Supplies :**

The main objective of the supplies division is to provide essential articles/commodities to the general public/Govt. departments at reasonable prices. The corporation deals with procurement and distribution of Specified food articles like, milk, palmoil etc. The supplies division also deals with distribution of industrial raw materials like steel as also petroleum products.

iv. **Industrial Financing:**

The Corporation has been notified as a State Finance Institution by the IDBI. The Corporation is also being declared as State Finance Corporation by GOI. The Corporation is eligible to draw refinance from SIDBI. Besides the Corporation is using its own finances for promotion of industries. One of the schemes being, loans to Tiny & Cottage Industries at reduced rate of interest under which both term loan as well as working capital loan are, being sanctioned to industrial units.

2. KHADI AND VILLAGE INDUSTRIES BOARD:

The A&N Islands Khadi and Village Industries Board was initially set up by the Andaman and Nicobar Administration in the year 1983. It is involved with the planning, promotion, organisation and implementation of programme for development of Khadi and Village Industries in rural areas in co-operation with other agencies engaged in rural development.

At present the Village Industries which fall within the purview of KVI activities are Carpentry, Blacksmithy, Lime Shell, Service Industry, Cottage Pottery, Exercise Books and binding registers including all other stationery items made out of paper, Agarbathi, cane and Bamboo, Gur & Khandasari, Fruits and Vegetable preservation, Bakery, Masala, Papad & Popcorn making, Tailoring & Ready made Garments making, Hollow Block making etc.

The A&N Islands KVIB also organise training programmes for the artisans engaged in these industries at mainland in KVIC Institutions and encourage them to form co-operative

amongst them. The Board provides marketing assistance through Khadi Gramudyog Bhavan to promote sale of their products. Further the A&N Islands KVIB is entrusted with the task of financial assistance to the institution or persons engaged in the development and operation of Khadi and Village Industries. From the year 1995-96 onwards, financial assistance is being extended to the beneficiaries under Consortium Bank finance. The A&N KVIB is extending financial assistance for viable Village Industries Project upto Rs. 25.00 Lakhs in case of Institutions/Cooperative Societies and up to Rs. 10.00 Lakhs in case of Individuals/entrepreneurs. 5% of the total project cost is to be raised by the entrepreneurs as own contribution. A margin of 30% of the total project cost would be made available which will be initially released as Interest free loan and would be converted into grant on successful implementation of the project. Remaining 65% of the total cost will be released as Consortium Bank Credit (CBC) loan which is required to be repaid in 6 years with Prime Lending Rate (PRL) of interest per annum.

3. **DISTRICT INDUSTRIES CENTER:**

District Industries Centre was established in 1978 as a Centrally Sponsored Scheme for the promotion and development of Small Scale Cottage and Village Industries. The scheme has been transferred to the State Sector w.e.f. 1994-95. This Centre is now a part and parcel of the Directorate of Industries and is working as a Technical cell of the Department. The Centre is headed by a General Manager with Four Functional/Project Managers having specialisation in the field of Economic Investigation, Credit, Village Industries, Raw Material and Project Management. The core work of the centre are viz., motivation and identification of entrepreneurs, products identification & industrial potential survey, preparation of project profiles, project appraisal & arrangement of industrial finance, arrangement of raw material, marketing assistance and extension & technical services. Besides, the centre is also responsible for implementation of various developmental Plan Schemes of the Department and also working as Nodal Agency for implementation of Prime Minister's Rozgar Yojna.

4. **OTHERS**

Other Institutions involved in Industrial Development in A&N Islands include Small Industries Service Institute, Marketing & Extension Centre, Development Commissioner (Handicrafts), Rubber Board, A&N Consultancy Organisation, Khadi & Village Industries Commission etc. A list of agencies involved in the development of Industries in in A&N Islands is at Annexure IV.



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VIII. PACKAGE OF INCENTIVES AVAILABLE FOR DEVELOPMENT OF INDUSTRIES:

A. The A&N Islands Administration is committed for balanced industrial development. In order to promote industries, the Industries Department has drawn out an unique package of incentives for the small scale Industries. These include:-

1. Loan to Tiny Cottage and SSI Industries at reduced rate of Interest:

A composite loan upto a maximum of Rs.5.00 Lakhs is made available to tiny cottage and SSI Units @7% of the interest on term loan and @10% on working capital per annum for purchase and erection of plant and machinery, construction of factory, sheds, wells, tanks and other civil works, purchase of raw materials and for land development. The promoter's contribution shall be subject to a maximum of 15% of the project cost.

2. Built up Sheds and developed plots in the Industrial Estate:

There is one Industrial Estate at Garacharma and three more industrial estates, one each at Dollygunj (S/Andaman), Bakultala (M/Andaman) and Campbell Bay (G/Nicobar) are being developed. A total of 33 hectares of land is covered under these estates wherein more than 150 sheds will be built in the next few years. Also an Industrial Estate exclusively for coir products is planned in S/Andaman. The entrepreneurs are being charged nominal rents for the sheds and the plots.

3. Subsidy on installation of D.G. Set, land development and installation of water harvesting equipments:

All Small Scale Industries and Small Scale Service & Business Enterprises registered with Directorate of Industries, A&N Administration are eligible for 50% subsidy of the cost of the D.G. sets and 50% of the expenditure on the development of land subject to a maximum of Rs.1.00 Lakhs in each case and 50% of the cost of in-house water harvesting equipments subject to a maximum of Rs.50,000/-.

4. Interest free loan for procurement of D.G. set/in-house water harvesting equipments:

All SSI units registered with the Directorate of Industries are eligible for a loan up to 90% of the actual cost of the D.G. Set and in-house water harvesting equipments subject to a maximum of Rs. 2.75 Lakhs for the purchase of D.G.set and Rs.1.00 Lakhs for in-house water harvesting equipments. Entrepreneur is however required to contribute 10% of the total cost of the equipments as margin money.

5. Mainland Island Transport Subsidy Scheme:

90% of the freight charges are reimbursed to the eligible small scale industries for transporting raw materials from mainland port to the location of the Units and for transporting finished goods from the location of the units to the mainland ports. The units which are eligible under the Central Transport Subsidy Scheme of Govt. of India are not eligible under this scheme.

6. Inter Island Transport Subsidy Scheme:

90% of the freight charges are reimbursed to the eligible small scale industries for transporting raw material from any inter island port/jetty of A&N Islands to the location of the unit and for transporting finished goods from the location of the units to the Inter Island port/jetty.

7. Island Capital Investment Subsidy Scheme:

Capital investment subsidy of 25% subject to maximum of Rs.25 Lakhs is being given to the small scale industrial units and the small scale service and business enterprises which are registered with the

Directorate of Industries/Department of Industrial Policy and Promotion, Ministry of Industry, GOI. Only such units which are set up after 1.4.1995 are eligible for subsidy under the scheme. Units which go in for provides their production capacity is increased by 25% are also eligible for subsidy.

8. Interest free loan for promoters contribution for Industrial Units marketing its products on Mainland:

All Small scale units registered with the Directorate of Industries are eligible for interest free loan upto 10% of the project cost towards promoters margin subject to maximum of Rs. 50,000/- provided they market at least 30% of their products in mainland. The promoters own contribution shall be 5% of the project cost.

9. Interest subsidy to PMRY beneficiaries:

The PMRY beneficiaries are eligible for an interest subsidy of 7% subject to the condition that the payment of principal as well as interest instalments to the Banks are regular and timely.

10. Financial Assistance and Awards to Crafts Persons for Development of Innovative design:

In order to encourage craftsmen to develop new designs in handicrafts, the department implements an scheme awards as a measure of recognition of the expertise. Besides, best craftsmen are also awarded prize money and certificates every year.

11. Credit Guarantee Scheme: It has been the experience that the local entrepreneurs face problems of providing collateral security to obtain loans from Nationalised Banks/Financial Institutions. The Administration has guarantee to the Banks/ Financial Institutions to cover bad debts upto Rs. 10 Lakhs per unit.

B. FISCAL INCENTIVES:

There is no sales tax in this UT and the industries avail this concession. Octroi is exempted for the SSI Units on plant and machinery/equipments used for industrial purposes.

The relief and concession extended by the Govt. of India for the industrially backward areas Category `A' like a five year

tax holiday for new industrial undertakings, concessional excise duty etc. are also made available to the units set up in these Islands.



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IX. MARKETING ASSISTANCE:

Marketing of products has been recognised as one of the weakest links for tiny and small scale industries. Marketing assistance is extended to Small, cottage and handicraft units and through the Govt. Cottage Emporium (Sagarika) at Port Blair and Cottage Industries Emporium at Car Nicobar. Also assistance is being given to the Small, Cottage and Handicraft units to participate in exhibitions/melas conducted within the Islands and in the mainland. There is also a move to set up Emporia at Delhi, Calcutta and Madras to help industrial units to market their products outside the Union Territory. The Administration is also proposing to conduct market studies in finding out export potential of products manufactured in the Islands.

Administration is extending 15% price preference to all the registered SSI units. They are exempted from earnest money/ security deposit and Tender documents are being given free of cost. Besides, U.T Administration proposes to bring out a list of products to be purchased exclusively from local SSI units to fulfill the requirements of the Government department.



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X. HUMAN RESOURCE DEVELOPMENT:

Promotion of Human Resources Development is one of the major tasks in the process of Industrialization of industrially backwards area. The myth that entrepreneurs are born and not made no longer holds good. Motivation and training has played a crucial role in initiating and accelerating the process of Industrialisation. Although Entrepreneurship Development Training alone can not achieve this success, the Administration proposes to expand its technical training activities and follow it up with a series of entrepreneurship development programme (suited for less educated persons, educated un-employed persons, technically qualified persons) motivation camp, seminars, workshop at regular intervals etc.

1. Modernising existing training facilities:

Knowing that human resources development is one of the major factors for industrial growth, the Industries Department has training facilities at Port Blair in trades such as Wood Crafts, Shell Crafts, Wood Carving, Smithy, Sheet Metal electroplating, tailoring and garment making, in Cane and bamboo crafts, carpentry, Coir Processing and Coir Products. The department is taking effective steps to modernise the existing training center by introducing modern machineries in place of old and obsolete ones. In addition the department is taking steps to set up 4 new training cum production centers in Hut Bay, Katchal, Campbell Bay and South Andaman.

2. Mainland Training:

The entrepreneur will be given exposure in the new industrial culture by organizing exposure tours to industrially developed areas in Main Land. The entrepreneurs who are

desirous of acquiring advanced skills in some selective trades will be deputed for advance training in institutions in the Mainland.

3. Entrepreneurship Development Institute Scheme:

Skill oriented Entrepreneurship Development Programme for self employment is a comparatively new concept. The objective is to encourage Youth to engage themselves in self employment. The Islands are witnessing accelerated development but at the same time there is even increasing number of educated unemployed youth because opportunities for employment in Govt. are drying up. Therefore a need is felt to introduce well structured industrial entrepreneurship programme particularly for first generation technically qualified entrepreneurs.

The Directorate of industries proposes to set up an EDI in the IX Five Year Plan.

The main objectives of the Institute will be organize:-

- i. Skill oriented EDPs
- ii. Training Programme under PMRY Scheme
- iii. Process and Product oriented EDPs
- iv. Entrepreneurship Awareness Programme
- v. EDP for women entrepreneurs
- vi. Management Development Programme - (for Bare-foot Managers)
- vii. EDP for tribal entrepreneurs
- viii. Trainer Training Programme.

The Institute will also impart training sponsored by other organisations like ANCON, MPEDA, Social Welfare Board, Banks, etc. The Institute will keep close co-ordination with educational, industrial, promotional agencies like SISl, KVIB, Financial

4. Process-Cum Product Development Center:

A Process-cum Product Development Center is proposed to be set up to provide a comprehensive range of technological support including process-cum product development of different industrial products. The main objective of the PPDC are:

- i. Product design and innovation
- ii. Product and process improvement and development of improved techniques
- iii. Common facility center
- iv. Man power development/training



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(XI) NON RESIDENT INDIANS AND FOREIGN INVESTMENT:

To attract and closely monitor NRI/Foreign investment and channelise the investment in the state, the Administration has designated Secretary (Industry), A&N Administration as Commissioner - NRI and Foreign investment so as to ensure speedy clearance and implementation of projects involving such investment. The Administration would strive to attract NRI & Foreign investors in major thrust areas and joint venture sectors.

(XII) EXPORT PROMOTION

Exports are essential for the economy of the country. The Small Scale Industries and handicrafts sectors where scope for value addition is very high are contributing substantially to the export efforts.

The following steps have been taken/are proposed to be taken for the promotion of exports:

- a. Encourage setting up of EOUs.
- b. Upgradation of the offices of customs and central excise depts. situated at Port Blair, providing it with appraisal facilities.
- c. Setting up of the extension office of the Export Promotion Zone.
- d. Giving recognition to meritorius exporting units by way of granting awards/certificate etc.
- e. Dissemination of information about exporting units and export potential.
- f. Encouraging earnings of foreign exchange through export of technology and expert services within the overall policy of the Government of India.
- g. Preferential allotment of plots/sheds to EOUs.
- h. Exemption from all local taxes, including octroi and royalty

to 100% EOUs.



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