

# White paper on Industry, Employment and Skill Development

- Industries, ITE&C, Tourism, Skill development, Youth Affairs –  
December 2018



Government of Andhra Pradesh

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# 1. Preface

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Government of Andhra Pradesh envisions transforming the state into a happy, inclusive, responsible, globally competitive and innovation driven society. To realize this vision, the government has focused on Industry and Services sectors for creating private sector jobs within the State. Towards this, the Government has entrusted the departments of Industries & Commerce, IT, Electronics & Communication and Tourism to foster an environment conducive to attract investments into the State, and the departments of Skill Development and Youth Affairs to create a pool of skilled manpower to support and directly benefit from employment opportunities created by new enterprises.

This White Paper on '**Industry, Employment & Skill Development**' encompasses the Departments of (a) Industries & Commerce (b) IT, Electronics & Communication (c) Tourism (d) Skill development and (e) Youth Affairs.

The narrative of this White Paper is set in the context of bifurcation of the State of Andhra Pradesh under the AP Reorganisation Act, 2014, and documents challenges faced at the time of state bifurcation, highlights initiatives & significant achievements towards creating a business friendly environment to attract investments, and drive skill development & employment generation in the State.

## 2. Summary of key achievements

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### Economic growth

- i. Growth of industry and manufacturing sector in AP has outpaced industrial growth in India over past 3 years

Growth rates of industrial sector (constant prices 2011-12)			Growth rates of manufacturing sector (constant prices 2011-12)		
	India <sup>1</sup>	AP <sup>2</sup>		India	AP
<b>2017-18</b>	4.40%	<b>8.49%</b>	<b>2017-18</b>	<b>4.60%</b>	<b>8.36%</b>
<b>2016-17</b>	5.60%	<b>7.40%</b>	<b>2016-17</b>	<b>7.90%</b>	<b>8.56%</b>
<b>2015-16</b>	8.80%	<b>9.61%</b>	<b>2015-16</b>	<b>10.80%</b>	<b>13.89%</b>

<sup>1</sup> Economic Survey 2017-18, Volume II, Ministry of Finance, Government of India

<sup>2</sup> Andhra Pradesh Socio-Economic Survey 2017-18

- ii. State Government is **tracking 2,622 large & mega projects with committed investment of Rs 15.48 lakh crores and employment potential of 32.35 lakhs**; Out of these, 810 projects have gone into production, with committed investment of Rs 1.77 lakh crores, and committed employment of 2.51 lakhs.
- iii. **Marquee companies that have started commercial production in AP** include Isuzu Motors, Pepsi, Cadbury's (Mondelez), Kellogg's, Greenply, Gamesa, Suzlon Energy, Colgate Palmolive, Tata Chemicals, Berger Paints, Aurobindo Pharma, Laurus Labs, Hospira Healthcare, Dr Reddy's Labs, Lupin, Rexam etc.
- iv. **Automotive sector** attracted projects with committed investment of USD 3.7 billion (Rs 24,615 crores) with companies such as Kia Motors and its vendors, Isuzu Motors, Apollo Tyres, Ashok Leyland, Bharat Forge, Hero Group etc. setting up their facilities
- v. One in every 5 mobile handsets produced in India is now a Made in Andhra product, with companies such as Foxconn (Rising Star Mobiles) and Celkon Mobiles having set up facilities. **Over 3-3.5 million phones are produced every month in AP today**
- vi. **Total employment picture:** Employment from Large & Mega projects (2.51 lakhs), MSME (3.30 lakhs), Placements facilitated by APSSDC (1.78 lakhs), Placements facilitated by APITA (0.13 lakhs)

### Skill development

- vii. 8.66 lakh beneficiaries have been covered under APSSDC training programmes over last 4.5 years
- viii. **Mukhyamantri Yuvanestham** scheme launched to benefit unemployed youth with monthly allowance to pursue skill development courses; Over 3.3 lakh youth enrolled; Total Rs 81 crores disbursed till 25<sup>th</sup> Dec 2018
- ix. **International Institute of Digital Technologies (IIDT), Tirupati**, made operational in 2017 to impart advanced courses in Business Analytics and Cybersecurity.

### Awards & Recognition

- x. **State ranked number 1 on ease of doing business** amongst all States in India for two consecutive years (2016 & 2017) by Department of industrial Policy & Promotion (DIPP), Government of India, and World Bank

## 3. Challenges faced by State to drive economic development

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Economic development and employment generation are most important growth drivers for socio-economic prosperity. Andhra Pradesh is primarily an agrarian economy with 55% workforce in agriculture sector, and only 18% workforce in industrial sector (2014-15)<sup>3</sup>.

### 3.1 Status of the State in 2014

At the time of bifurcation in 2014, the State started on a weak foundation, with many challenges<sup>4</sup> that had to be addressed to meaningfully drive economic growth and create employment opportunities:

1. Manufacturing sector growth in AP was below national average for 10 years
2. Loss of the well-developed IT/ITeS sector in Hyderabad, which was contributing around Rs 34,000 crores (48.19% of State revenues)<sup>5</sup>, and was a large employment generator.
3. State was power deficit, with erratic power supply, leading to losses in industrial production
4. Many projects such as Volkswagen and Proton failed to take off for various reasons
5. There was a large industrial incentive backlog of Rs 2,060 crores, which was pending from 2010-11
6. Absence of effective policies to support tourism development, with limited international airport infrastructure, and negligible quality accommodation facilities
7. Lack of a skill development ecosystem to identify and nurture skills towards job creation
8. Huge revenue deficit, which became a roadblock for implementation of IT and industrial infrastructure projects
9. There was a need to rebuild brand image of Andhra Pradesh to attract private sector investments

### 3.2 Unfulfilled commitments of Gol under AP Reorganisation Act, 2014

These challenges before the State Government were further accentuated by unfulfilled commitments of Government of India to promote industrialization and economic growth in Andhra Pradesh in accordance with the AP Reorganisation Act, 2014

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<sup>3</sup> Sunrise Andhra Pradesh Vision 2029 Report

<sup>4</sup> White Paper on 'Industry, Infrastructure and Employment', July 2014

<sup>5</sup> ITE&C department information, 2012-13

### **3.2.1 Fiscal measures to promote industrialization and economic growth**

#### **Provision in the Act (Section 94 (1))**

***Fiscal measures, including offer of tax incentives, to promote industrialization and economic growth – on lines extended to other States***

Fiscal measures, including offer of tax incentives, to promote industrialization and economic growth in Andhra Pradesh, on par with other erstwhile special category states, were not provided by Government of India to the State. Such incentives would include exemption of excise duty & income tax, capital subsidy, interest subsidy, freight subsidy, insurance premium etc. Such incentives would have helped Andhra Pradesh to compete on economic growth with well-established States like Maharashtra, Gujarat and Tamil Nadu.

Further, incentives provided under North East Industrial Development Scheme (NEIDS), 2017, was also not extended to AP. The incentives provided under NEIDS include:

- i) GST-Reimbursement up to the extent of Central Government share of CGST and IGST for 5 Years
- ii) Reimbursement of Centre's share of income tax for first 5 years
- iii) 30% of investment in Plant & Machinery with an upper limit of Rs.5 crores
- iv) 3% on working capital credit advanced
- v) Reimbursement of 100% insurance premium on insurance for 5 years
- vi) Transport and Employment subsidy

The incentives notified as additional incentives to the State of Andhra Pradesh by Government of India under the AP Reorganisation Act, 2014, are:

- i) 15% of higher additional depreciation
- ii) 15% of investment allowance on cost of plant and machinery for 7 backward districts of AP

These additional incentives announced by Government of India for Andhra Pradesh have not been found to be effective in attracting investments and promoting Industrialization, as envisaged under the Act. Further, these incentives have also been extended to backward districts in states such as Telangana, West Bengal, and Bihar, thereby not being of any significant advantage to AP.

### **3.2.2 Visakhapatnam – Chennai industrial corridor**

#### **Provisions in the Act (Schedule XIII)**

***The Government shall, within six months from the appointed day, examine the feasibility of establishing a Vizag-Chennai industrial corridor along the lines of Delhi-Mumbai Industrial Corridor and take within such period an expeditious decision thereon***

Visakhapatnam-Chennai industrial corridor (VCIC) program was provided a loan of USD 615 million (Rs 4,170 crores) through the Asian Development Bank (ADB), rather than direct financial support from Government of India. Government of Andhra Pradesh is additionally contributing USD 215 million (Rs 1,434 crores) for development of VCIC from its own budget

In contrast, the Delhi-Mumbai Industrial Corridor (DMIC) has been supported through equity contributions and grants from Government of India. Rs 17,500 crores was contributed as equity in DMIC through National Industrial Corridor Development & Implementation Trust (NICDIT). A corpus of Rs 1,000 crores was provided as grant-in-aid to carry out development activities. Rs 1,200 crores was also earmarked in the Union Budget for infrastructure development at Dholera Investment Region in Gujarat, and Aurangabad Industrial Township (Shendra – Bidkin) in Maharashtra.

For a State with a huge revenue deficit, it would have been financially rewarding if Government of India had developed VCIC on the lines of DMIC through 100% grant funding by National Industrial Corridor Development & Implementation Trust (NICDIT), rather than through a loan to be repaid by the State Government, making it an additional financial burden for the State.

### ***3.2.3 Set up of greenfield petrochemical complex***

#### **Provisions in the Act (Schedule XIII) – Section 93 (4)**

***IOC or HPCL shall, within six months from the appointed day, examine the feasibility of establishing a greenfield crude oil refinery and petrochemical complex in the successor State of Andhra Pradesh, and take an expeditious decision thereon.***

Petrochemical complex to be setup by HPCL or IOC in Andhra Pradesh did not materialize because of Government of India's insistence on Government of AP providing interest-free loan of Rs. 1,438 crores per annum, for 15 years, or one time capital grant of Rs. 7,330 crores towards the project viability gap, rather than supporting the project from funds of Government of India. Government of AP had further offered power subsidy of Rs. 577 crores per annum and water subsidy of Rs 51 crores per annum that had helped reduce project viability gap to an interest-free loan of Rs. 975 crores per annum for 15 years, or one time capital grant of Rs. 5,615 crores. In spite of this offer from Government of AP, Government of India has not come forward to help setup the plant with the reduced requirement for viability gap funding.

### **3.2.4 Set up of an Integrated Steel plant in YSR Kadapa district**

#### **Provisions in the Act (Schedule XIII) – Section 93 (3)**

***SAIL shall, within six months of the appointed day, examine the feasibility of establishing an integrated steel plant in YSR district of the successor state of Andhra Pradesh***

SAIL was supposed to conduct a feasibility study and examine the financial viability of setting up an integrated steel plant in YSR Kadapa district. In November 2014, SAIL submitted feasibility report indicating weak feasibility, with the Pre-tax IRR (Internal Rate of Return) estimated at 8.07% through the Blast Furnace – Basic Oxygen Furnace (BF-BOF) route. However, a Task Force was constituted, chaired by the Joint Secretary, Ministry of Steel, GoI, to evaluate ways and means to improve feasibility of the steel plant in AP. The task force decided that MECON would rework feasibility of the plant considering inputs provided by GoAP. MECON presented their draft feasibility report, based on which the preliminary IRR for the BF-BOF route was estimated to be 18.95% (pre-tax), which is extremely encouraging. However MECON has not yet submitted the final feasibility report, in spite of repeated communication from the Hon'ble CM to the Hon'ble PM and Hon'ble Minister of Steel.

Due to the lack of proactive action by the Government of India on this particular assurance in the Act, the State Government has decided to establish the integrated steel plant in Kadapa district through the Rayalaseema Steel Corporation, which is a government owned entity, with private participation, set up to execute the project. The foundation stone for the steel plant has been laid by the Hon'ble CM on 27<sup>th</sup> December 2018

## **4. Economic development initiatives**

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***In spite of challenges faced from the legacy of previous Government, and lack of committed support from Government of India, the State Government proactively worked towards economic development, growth of industrial & service sectors, and building a strong brand of 'Sunrise Andhra Pradesh' to attract investments***

### **4.1 Industry Mission**

To promote accelerated industrial development through domestic & global investments, and enable gainful employment opportunities, the State Government had to focus on structural shift in economy through a mission-based approach. The Industry Mission targeted to:

- i. Increase contribution of manufacturing to GSDP from 9.95% (in 2013-14) to 15% by 2020
- ii. Increase contribution of industries to GSDP from 20.7% (2013-14) to 25% by 2020
- iii. Attract Rs 2 lakh crores cumulative industrial investments by the year 2020 to align with the State's vision targets

## 4.2 Increase in Annual Budget for industries sector

The Government's emphasis on developing the industries sector and ensuring wide-scale job creation in Andhra Pradesh, is clearly highlighted by the increase in annual budget provided to the Industries Department since June 2014.

During the period 2014-19, the average annual budget provided to the Industries Department was Rs 1,593 crores, which is 2.25 times the average annual budget of Rs 707.58 crores during the two years prior period (2012-13 and 2013-14) in the combined State.

## 4.3 Enabling policy environment

To position the State as the most preferred destination for investors and spur industrial and service-sector growth, there was an urgent need to create a consistent and enabling policy environment, which provided best-in-class fiscal and non-fiscal incentives, to make enterprises based in Andhra Pradesh globally competitive.

**Industrial Sector:** With target to attract Rs. 2 lakh crores in manufacturing investments and create employment for 10 lakh people by 2020 in the manufacturing sector across key focus sectors, the State Government released following policies:

- i. AP Industrial Development Policy 2015-20
- ii. AP Single Desk Policy 2015-20
- iii. AP MSME Policy 2015-20
- iv. AP MSME Parks Policy 2015-20
- v. AP Stressed Enterprises Policy 2018-20
- vi. AP Aerospace & Defence manufacturing Policy 2015-20
- vii. AP Automobile & Auto-Components Policy 2015-20
- viii. AP Backward districts Ultra Mega Integrated Automobile Policy
- ix. AP Biotechnology Policy 2015-20
- x. AP Food Processing Policy 2015-20
- xi. AP Electric Mobility Policy 2018-23
- xii. AP Textiles & Apparel Policy 2015-20
- xiii. AP Textiles, Apparel and Garments policy 2018-23 (revised policy)

**ITE&C:** With an intent to promote innovation in IT and Electronics sectors, and create 1 lakh jobs in the IT sector, and 2 lakh jobs in the Electronics sector, the Government released following policies:

- i. Consolidated AP IT Policy 2018-2020
- ii. AP Electronics Policy 2014-2020
- iii. AP Innovation and Startup Policy 2014-2020

- iv. AP Global In-House Centers (GIC) Policy 2017-2020
- v. AP Designated Technology Park (DTP) Policy 2017-2020
- vi. AP Integrated Innovation and Technology (IIT) Policy 2017-2020
- vii. Artificial Intelligence Cloud Hub Policy 2018-2020
- viii. Animation, Visual effects, Gaming and Comic (AVGC) Policy 2018 – 2020
- ix. AP Cyber Security Policy 2017

**Tourism:** Similarly, to develop AP as one of the most preferred tourist destinations through sustained investments, robust tourism infrastructure projects & services, and create 5 lakh additional jobs in the tourism sector, the State Government released the following policy:

- i. AP Tourism Policy 2015-20

#### **4.4 Ease of doing business**

In Andhra Pradesh, the commitment has always been to provide the best business environment in India. The Government's efforts towards creating the most stable business environment in India has been built on consistency in policies, end-to-end technology initiatives, several business reforms, decentralization, and investor outreach. The State Government took up various initiatives towards this endeavor.

##### **4.4.1 Single Desk Portal**

The **Single Desk Portal (SDP)** is an initiative taken up by Government of Andhra Pradesh to establish a one stop portal for Government to Business (G2B) services offered across the business cycle. Launched in April 2015, the **SDP offers 69 services cutting across 19 departments**. All approvals for setting up an industry in Andhra Pradesh are provided online within a maximum of **21-days**.

SDP has greatly improved service delivery to businesses. Physical visits to the departments are eliminated and timelines for service delivery are monitored through the CORE Dashboard by Hon'ble Chief Minister's office. To support the SDP, the Government released the Single Desk Policy, 2015, that provides the framework for monitoring functioning of the online SDP system. Further, Single Desk Bureau (SDB), headed by the Commissioner of Industries, was also set up to regularly monitor the functioning of SDP. All concerned departments have been made part of SDB to review the approval process on SDP.

As of 21<sup>st</sup> December 2018, a **total of 33,565 approvals** have been provided, with service level **compliance of 99.85% in the last six months**. **SDP is rated as a best practice** by Government of India and World Bank in 2016.

#### **4.4.2 Public Service Delivery Guarantee**

The Government enacted the **Public Service Delivery Guarantee (PSDG) Act 2017** to provide time-bound delivery of public services for industry. A total of 74 services are covered under the PSDG, out of which 44 are delivered through SDP. PSDG is expected to set higher standards of service delivery and build a culture of performance in the State.

#### **4.4.3 Business Reforms**

To simplify processes for the industry, the Government undertook many business reforms including:

- i. Central inspection system for joint inspections
- ii. GIS system for industrial land availability
- iii. Online system for instant scrutiny of building plans
- iv. Self-certifications for inspections (medium-risk industries)
- v. Third party verifications of certificates issued by departments
- vi. Automated tools for monitoring electricity outages
- vii. Online system for incentives processing and sanctions
- viii. On-the-spot allocation of raw materials
- ix. Online system for Industrial Infrastructure Development Fund (IIDF)

**Global benchmarking:** The Government is also benchmarking with global EODB best practices from countries such as Singapore, New Zealand, UK, Denmark, Korea etc. and has partnered with Lee Kuan Yew School of Public Policy, National University of Singapore and World Economic Forum for improving business reforms and competitiveness.

#### **4.4.4 Advisory Committees for ease of doing business**

The Government has also constituted Advisory Committees at the State level chaired by the Hon'ble Minister for Industries, and at District level, chaired by the District Collector, for monitoring and effective implementation of ease of doing business service delivery in the State.

### **4.5 Incentives released to industry**

To ensure a conducive business environment in the State, and facilitate release of industrial incentives, the Government increased the budget for industrial incentives from an average of Rs 312 crores per annum during the period 2009-14, by nearly 4 times to an average of Rs 1,218 crores from 2014-15 onwards.

From June 2014 - December 2018, the State Government has released Rs 3,675 crores (28,083 claims) towards industrial incentives, including entire inherited incentive backlog. Out of these, Rs 1,816 crores (26,597 claims) has been released as industrial incentives to MSME units. The ITE&C

Department has also disbursed Rs 31.12 crores as incentives to 68 IT/ ITeS and Electronics companies since June 2014.

#### **4.6 Investment promotion**

The Government has worked in a concerted manner to build a new brand for Andhra Pradesh, with the tagline '**India's Sunrise State**'. Focused investment promotion activities were undertaken through domestic and international roadshows across countries such as China, Japan, Singapore, South Korea, UAE, UK etc. The State was also aggressively promoted in domestic events such as World Food India, Textiles India, Make in India, India Chem, Aero India, as well as international events such as World Economic Forum (Switzerland), Innoprom (Russia), Taitronics (Taiwan), Bio USA, Make In India (Sweden) and Hannover Messe (Germany).

**Partnership Summit:** GoAP, in partnership with CII and DIPP, organized Partnership Summit and Sunrise Andhra Pradesh Investment Meet, for 3 consecutive years – 2016, 2017 & 2018 - at Visakhapatnam. The Summits were intended to showcase investment opportunities in Andhra Pradesh, while highlighting investor friendly policies of Andhra Pradesh across various sectors. Each of the Summits attracted delegates from 40 – 50 countries, witnessed cumulative participation of over 10,000 delegates, and served as the platform for execution of cumulative 1,437 MoUs with committed investment of Rs 13.35 lakh crores (USD 200 billion) and committed employment of 24.60 lakhs (2.46 million).

**Promotion of Fintech sector:** Further, to promote the Fintech sector, GoAP hosted Asia's largest Blockchain conference in 2017, which was attended by 1,000+ delegates from 20+ nationalities. In the 2018 Vizag Fintech Festival, Fintech companies from across the globe pledged investment of over Rs 500 crores. The conference hosted an exclusive group of corporates, startup entrepreneurs, and decision makers, as well as government think tanks with a footfall of over 2,500 visitors. Over 1,400 students participated in the Finathon, a Fintech hackathon. Additionally, the '1 Million Dollar Challenge' initiative was organized as a part of the Festival. This initiative was highly successful in generating visibility for Andhra Pradesh among growth stage startups and investors from around the world. To further its efforts to attract Fintech companies, a FinTech policy is being drafted to cater to specific needs of the industry

#### **4.7 MSME development**

The MSME sector helps in industrialization of rural & backward areas, thereby reducing regional imbalances, and assuring a more equitable distribution of income. Given contribution of the MSME sector to the economy and employment generation, the State Government formulated dedicated policies for development of MSME sector, MSME Parks, as well as for reviving stressed MSME units through a Stressed Enterprises Policy 2018-23.

**MSME Units established:** Since 2014, there have been a total of 30,349 MSME units established with total investment of Rs 14,292 crores and employment generated for 3.3 lakhs people.

**MSME Credit flow:** Between 2014-18, Rs 82,097 crores has been disbursed as credit to MSME sector (organized & unorganized)

The Government is establishing MSME Parks in each of the 175 assembly constituencies. A **dedicated MSME Development Corporation** is also set up to provide necessary advisory and facilitation support on product quality, marketing, exports, warehousing and skill development for the MSME sector.

#### **4.8 Development of infrastructure towards economic growth**

The Government is developing strong industrial infrastructure to ensure economic growth regions are spread across the State.

##### **4.8.1 Quality power supply for industry**

For industry to flourish, it is critical to provide access to quality power supply. As on 31st May-2014, State had a power deficit of more than 10%, and power supply was erratic. Under the leadership of the Hon'ble Chief Minister, the State is now power surplus, and is providing 24\*7 reliable, affordable and quality power to industry, which has greatly boosted investor confidence in the State. This is clearly witnessed by the increase in consumption of power by industry sector in the State, which has nearly doubled from 1,784 MU in 2014-15 to 3,321 MU in 2017-18.

##### **4.8.2 Industrial land allotments**

The Andhra Pradesh Industrial Infrastructure Corporation (APIIC) is vested with the objective of identifying, developing and allotting suitable land parcels for industrial use, and developing industrial Infrastructure for robust industrial growth in Andhra Pradesh. Since June 2014, APIIC has allotted 14,213 acres of industrial land to 1,945 units.

##### **4.8.3 Industrial Corridors**

Andhra Pradesh is implementing two large Industrial Corridors:

- i. Visakhapatnam – Chennai Industrial Corridor (VCIC)
- ii. Chennai – Bengaluru Industrial Corridor (CBIC)

**Visakhapatnam - Chennai Industrial Corridor (VCIC)**, part of East Coast Economic Corridor, is the first coastal economic corridor in the country. VCIC covers more than 800 km of the state of Andhra Pradesh's coastline. Under VCIC, four industrial nodes are to be developed, namely Visakhapatnam (7,680 acres), Srikalahasti (11,000 acres), Machilipatnam (12,145 acres) and

Donakonda (17,117 acres). Out of these, the Visakhapatnam and Srikalahasti industrial nodes are being developed in Phase 1, and master planning for these two nodes has been completed.

The VCIC development program is being implemented through a loan of USD 615 million (Rs 4,170 crores) from the Asian Development Bank, while Government of AP, on its part, is investing USD 215 million (Rs 1,434 crores). Various industrial infrastructure, urban infrastructure, roads and power projects are being executed under the VCIC program.

Under Tranche-1 of VCIC development, 13 infrastructure projects worth Rs 1,958 crores are being undertaken by agencies such as Andhra Pradesh Industrial Infrastructure Corporation (APIIC), AP Road Development Corporation (APRDC), Transmission Corporation of AP (APTRANSCO), and Greater Visakhapatnam Municipal Corporation (GVMC).

Road Connectivity projects					
SI No	Project Details	Project implementing unit	Location	Project cost (Rs crores)	Status
	Total Cost			717.1	
1	Widening and strengthening of Samarlakota–Rajanagaram	APRDC	East Godavari	377.5	Work awarded; To be completed by June 2019
2	Widening of road from Neleballi to Routhusuramala and formation of two lane road from SrikalahastiYerpedu to Pallamala	APRDC	Chittoor	56.3	DPR submitted to ADB
3	Greenfield approach road to Nakapalli Cluster	APRDC	Nakapalli (Visakhapatnam)	42.8	DPR submitted to ADB
4	Widening of 6.1 km road from ThimmajiKandriga to NH-5 (AH-45) near Pandlur Railway gate	APRDC	Chittoor	59.0	DPR submitted to ADB
5	Internal infrastructural (viz) roads, storm water drains	APIIC	Naidupeta (Nellore)	181.5	Under execution; To be completed by March 2019

Utility projects					
SI No	Project Details	Project implementing unit	Site	Project cost (Rs crores)	Status
	Total Cost			1,240.9	
1	Augmenting power distribution capacity for meeting Industry demand at Kapuluppada, Nakkapalle / Chandanada and Achutpuram	APTRANSCO	Visakhapatnam	276.9	Under execution; To be completed by June 2019
2	Augmenting power distribution capacity for meeting Industry demand at Rachagunneri, Naidupeta and Yerpedu	APTRANSCO	Chittoor, Nellore	337.8	Under execution; To be completed by March 2020
3	1 MLD CETP at MPSEZ	APIIC	Naidupeta (Nellore)	130.0	Under execution; To be completed by July 2019
4	Bulk water supply	APIIC	Naidupeta (Nellore)	75.2	Under execution; To be completed by June 2019
5	Distribution Network improvements for NRW reduction and 24x7 supply in GVMC area.	GVMC	Visakhapatnam	390.1	Under execution; To be completed by Dec 2019
6	Watershed Development and Rejuvenation of Mudasarlova	GVMC	Visakhapatnam	9.5	Technical evaluation of bids
7	Developing a 3 MW Solar Energy Park at Mudasarlova / Meghadri Gedda	GVMC	Visakhapatnam	14.5	Contract awarded in Oct 2018
8	Converting 3 streets into non-vehicular zone	GVMC	Visakhapatnam	7.0	Technical evaluation of bids

**Under Tranche-II of the VCIC program, projects worth Rs 2,846 crores have been sanctioned:**

Sl. No	Description of the Sub – Project	Sector	Estimated Value	
			USD Mn	INR Cr.
<b>Chittoor Node – Chittoor South Cluster</b>				
1	Providing water supply to Industrial Clusters / NIMZs in southern region (Chittoor & Nellore)	Utility	104.50	689.70
2	Development of Major infrastructure and utilities in Start-up area of 1335 acres	Utility	100.00	660.00
<b>Visakhapatnam Node – Atchuthapuram Cluster</b>				
3	Widening to 4 lane of Atchuthapuram - Anakapalli Road	Road	26.06	172.00
4	95MLD Bulk Water Supply	Utility	46.00	303.60
5	Development of Major infrastructure and utilities in Start-up area of 610Acs.	Utility	30.00	198.00
<b>Visakhapatnam Node – Nakkapalli Cluster</b>				
6	Development of Major infrastructure and utilities in Start-up area of 975Acs.	Utility	57.00	376.00
<b>Visakhapatnam Node</b>				
7	Internal infrastructure development in AP Med Tech Zone (AMTZ)	Utility	16.07	106.06
<b>TOTAL</b>			<b>431.21</b>	<b>2,846.00</b>

**Chennai – Bengaluru Industrial Corridor (CBIC):** Under CBIC, there are three industrial nodes to be developed, namely Krishnapatnam in Nellore district, Orvakal in Kurnool district and Hindupur in Anantapur district. Out of these 3 nodes, the Krishnapatnam node (15,975 acres) has been taken up for development. Master planning of the node has been completed. CBIC has been included under National Industrial Corridor Development and Implementation Trust (NICDIT).

#### **4.8.4 Industrial parks and clusters**

The Government has been committed to ensure equitable and decentralized industrial development in the State. Through spread of industrial and MSME parks, Government is keen to promote industry development across the State, including the backward districts. The

Government is also developing various large industrial and sector-specific industrial parks & clusters.

- i. **Food Parks:** AP is the first state in India to sanction food parks with State Govt. funding (5 Mega Food Parks and 5 Integrated Food Parks). Each Food Park will have core and enabling infrastructure with an average investment of Rs 150 crores for processing various commodities grown in the area. Integrated Food Parks are under construction in Vizianagaram, Kadapa and Chittoor districts. One Mega Food Park is operational in Nellore district, and another Park is under construction in Prakasam district. The remaining Food Parks are in the process of obtaining licenses.
  
- ii. **Electronics Manufacturing Clusters (EMC):** To boost the electronics ecosystem, GoAP has adopted a cluster development approach. The State has set up two (2) clusters for electronics manufacturing at Tirupati (EMC-1 and EMC-2 catering to mobile, consumer electronics and automotive electronics), and another EMC was set up in Nellore by a private company (Sri City).  
  
Further, the State is developing '**Silicon Corridor**' near Tirupati, with the aim to provide impetus to the Electronics ecosystem in the State. The Silicon Corridor will have essential infrastructure, including road connectivity to all major cities, international airport, and proximity to ports, developed local city infrastructure, and industry 4.0 skilled work force.
  
- iii. **MSME Parks:** Government is establishing state-of-the-art MSME Parks with plug-and-play facilities in each of the 175 assembly constituencies. Currently, land is identified for MSME parks in 98 constituencies. Out of these, 31 MSME Parks are being developed on priority basis. The total area under possession for these 31 MSME Parks is 1,317.97 acres, with plotted area of 635.41 acres (7,246 plots). Over 2,000 applications have already been received within 3 weeks of inviting applications, and allotments are under progress.
  
- iv. **Orvakal Mega Industrial Hub, Kurnool:** The Mega industrial hub in Orvakal is being developed over a land extent of 12,203 acres with all infrastructure facilities. Companies such as Jairaj Ispat have already been allotted land for their project.
  
- v. **Mega Seed Park, Kurnool:** Government is constructing a state-of-the-art mega seed park, leveraging technical know-how of Iowa University, USA, at Thangadancha in Jupadu Bungalow Mandal in Kurnool district. The Park is spread over an extent of 650 acres, and will attract investments from reputed seed companies.

- vi. **Kopparthy Mega Industrial Park, Kadapa:** Government is developing Mega Industrial Park at Kopparthy in an extent of 6,553 acres. Tremag Alloys, which is setting up a manufacturing unit for magnesium ingots, has already been allotted land at the Park
- vii. **MSE Cluster Development:** Under the MSE-CDP program, the State is implementing eight **Industrial Infrastructure Development projects** worth Rs 42.60 crores, across Gandrajupalli (Chittoor), Peddapuram (East Godavari), Singarayakonda (Prakasam), Vedayapalem (Nellore), Kopparthy (Kadapa), Amudalavalasa (Srikakulam), Kanuru (Krishna) and Visakhapatnam.

Four **Common Facility Centre projects** worth Rs 41.43 crores have been sanctioned at Guntur (steel fabrication and beverages cluster), Nellore (gold) and Chittoor (printing cluster)

- viii. **Fintech Valley:** With limited resources available to create a strong IT/ITeS ecosystem in Andhra Pradesh, the Government has laid focus on promoting the fintech sector. The Fintech Valley in Visakhapatnam, is creating an ecosystem to help identify and nurture financial technology institutions and start-ups. The objective is to bring together the fintech community and catalyze the sector's growth by hosting global business competitions and awarding innovation.

#### **4.8.5 Industrial water supply and CETP facilities**

The Government is working on supplying water to industrial clusters in Hindupur, Orvakal and Chittoor district. Around 10 TMC of water is planned to be supplied to these industrial clusters.

Common Effluent Treatment Plants (CETP) are currently under execution at Atchutapuram (1.5 MLD at cost of Rs 72 crores) and Naidupeta (1 MLD at cost of Rs 31.4 crores). Further, CETPs have been planned in industrial areas of Srikalahasti South (1.2 MLD at cost of Rs 44.8 crores), Nakkapalli (1.5 MLD at cost of Rs 66 crores), Rambilli (1.5 MLD at cost of Rs 58 crores) and Mallavalli (0.3 MLD at cost of Rs 4 crores). A Sewage Treatment Plant (STP) is planned in Tirupati (1.6 MLD at cost of Rs 4.39 crores).

### **4.9 Tourism sector development**

**Campaigns:** The Government has leveraged various forms of activities like events and campaigns to promote both domestic as well international tourism in the state to boost economic development in the sector. Some of the major marketing campaigns undertaken by the State include:

- i. Let's Vizag Campaign: To promote Vizag as an ideal summer destination
- ii. Konaseema Monsoon Campaign: To promote Konaseema as a family holiday

- destination, and experience the backwaters of the state.
- iii. Festive AP Campaign: To promote festivals celebrated in the State

**Festivals:** To increase tourism footfalls, the Government undertook aggressive marketing and branding of the State across B2B and B2C Fairs. Additionally, 21 festivals were conducted on a large scale:

- i. Amaravati F1H2O Grand Prix, Vijayawada
- ii. Amaravati Air Show, Vijayawada
- iii. Social Media Summit & Awards, Vijayawada
- iv. Tour De Heritage – Across the state with closing ceremony at Visakhapatnam
- v. Amaravati Shopping festival, Vijayawada
- vi. Buddha Jayanthi Festival, Amaravati
- vii. Flamingo Festival, Nellore
- viii. World Wind Festival, Visakhapatnam
- ix. International Kuchipudi Convention, Vijayawada
- x. Lepakshi Festival, Ananthapuram
- xi. Visakha Utsav
- xii. Full Moon Purnami Orvakal Mega Festival, Kurnool
- xiii. Godavari Dance and Lantern Festival, Kakinada
- xiv. AP Crafts Mela, Tirupati
- xv. Sounds on Sand, Visakhapatnam
- xvi. Araku Balloon Festival, Araku Valley
- xvii. Amaravati Theatre Festival, Vijayawada
- xviii. AR Rehman live concert, Kakinada
- xix. Gandikota Festival, Kadapa
- xx. The Indian Performing Arts Show, Visakhapatnam
- xxi. Konaseema Sankranti (Konaseema Utsav)

**Promotion of Andhra cuisine:** The State organized 3 regional level culinary competitions in Tirupati, Vijayawada and Visakhapatnam in 2016, and extended the competitions across the State through “The Hindu” under the “Our Taste Our State” initiative in 2017 and 2018. Fourteen food festivals were organized across the State. A book on “Recipes of Andhra Pradesh” was published containing 30 recipes of the state, which were identified and altered by NIN (National Institute of Nutrition), to suit nutritional and health requirements.

#### **4.9.1 Tourism infrastructure**

**Development of tourism spots and circuit development:** The Government undertook development of various destination development projects through expenditure of Rs 148 crores from CFA funds, and Rs 122 crores from SFA funds. Some of the prominent projects include:

- i. Development of Kakinada Hope Island Konaseema as world-class coastal & Eco-Tourism circuit in Andhra Pradesh under Swadesh Darshan Scheme
- ii. Development of Coastal Tourism Circuit in Nellore district under Swadesh Darshan Scheme
- iii. Upgradation of approach roads to heritage sites and development of heritage walk at Amaravati
- iv. Development of Tribal Eco-Tourism circuit at Araku Valley under Swadesh Darshan
- v. Development of Erramattidibbalu, a notified national Geo-heritage Monument
- vi. Development of Belum Caves
- vii. Beach development at Dindi, Antarvedi, Uddanam, Konada
- viii. Development of Ropeway, Jagatpalli resort at Srikakulam District
- ix. Kondapalli Fort project, including open air museum, primary amenities for accommodation and food etc.
- x. Naval surveillance aircraft TU-142, one of the fastest turboprop aircraft in the world decommissioned by Indian Navy, has been converted into museum in Visakhapatnam

**Tourism signages:** To provide an efficient information system, coordinated tourism oriented directional signages are being put up, to meet requirements of tourism operators as well as travelling public. Currently, signages on NH-16 are completed, and works on 4 more identified State and National Highway road stretches are under progress.

**Rural tourism:** Andhra Pradesh Tourism Authority initiated Rural Tourism Development with a brand name **PROJECT – SANSKRITI** with an objective of promoting villages which are specialized for art, culture, handicrafts, Kalamkari and handlooms. The four clusters identified under the project are:-

- i. Ananthapuramu Hub: Lepakshi, Veerapuram, Nimmalakunta
- ii. Chittoor Hub: Srikalahasthi, Madhavamala, Venkatagiri
- iii. Chittoor Hub: Prakruti Vanam Agro Farms, Horsley Hills, Angallu
- iv. Rajahmundry Hub: Narasapur, Dindi, Uppada

#### 4.10 Economic cities

The Government has planned to develop Economic Cities encompassing economic, housing, commercial and social activities, across the State. Such clusters will be developed based on inherent strengths and positioning of each district.

- i. **Jakkampudi Economic City:** Jakkampudi Economic City (JEC), the first of the 100 Economic cities has been grounded, with land levelling being completed, and footings/foundation in progress. The first block is set to be completed by January 2019, and the first phase is set to be completed by June 2019. JEC has a confirmed demand for 29.5 lakh sq.ft and has

already received firm commitments for 3.5 lakh sq. ft. Two phases of allotment has also been completed. Once completed, JEC is going to accommodate 'light' and 'green' industries, generate jobs for 3,000 people and create demand for 6,500 houses.

- ii. **Private Economic cities:** A total of 6 developers have come forward and submitted proposals for 6 economic cities. These cities are expected to attract an investment of Rs. 22,000 crores, create employment for more than 1.60 lakh people and develop more than 90,000 housing facilities. These economic cities are set to be completed in 18-24 months.
- iii. **Pharma City, Orvakal:** Orvakal in Kurnool is planned as a Pharma city in phase 1. Phase 2 of Pharma city is planned in Prakasam district. Pharma cities are expected to attract an investment of Rs 10,000 crores and create more than 15,000 jobs. At present nearly 100 companies are ready to setup MSMEs in phase 1.

## 5. Skill development

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To complement efforts on industrialization, economic development and driving large-scale employment, Government set up Andhra Pradesh State Skill Development Corporation (APSSDC) and Society for Employment Generation and Enterprise Development in Andhra Pradesh (SEEDAP) to impart skill development trainings and ensure that skill base in the State are work-ready.

Similarly, the International Institute of Digital Technologies (IIDT) and Andhra Pradesh Information Technology Academy (APITA) have been established to provide industry ready talent pool, equipped with knowledge of latest technologies.

### 5.1 Skilling initiatives by APSSDC

Since 2014, **APSSDC has provided training to 8.66 lakh unique beneficiaries**, across social welfare & tribal welfare schools, degree colleges, engineering colleges etc.

	Students	Unemployed youth through short term trainings programs	Entrepreneurship Development Program / Competitive exams coaching	Up-skilling (for those who are already in job)	TOTAL
Trainings	7,42,309	77,495	19,677	26,914	8,66,395

**Unemployed Youth:** To address the need of unemployed youth, placement linked training programs such as skilling for tribal youth (YTC), SCs, Minorities and PMKVY are being implemented. So far, 77,495 were trained and 34,269 placed under these training programs.

**Tribal youth:** Structured programs are offered through 23 YTCs of TRICOR by skilling and providing placement assistance to ST youth. So far, 20,406 have been trained and placed 10,840 under these YTCs.

**SC, BC and Minority Training Programs:** Special training programmes have been planned for SC and Minority youth of the state, which are placement linked with standardized certification process. So far, 12,895 have been trained with 70% placements.

**Number of Placements facilitated so far: (2015-2018)**

	Through various courses for final year Degree College/ Engineering College Students	Through Placement linked short term skill development courses	Through job facilitation Activities (job fairs, udyogaritham etc.)	TOTAL
Students	48,428	-	-	48,428
Unemployed youth	-	34,269	95,952	1,30,221
<b>TOTAL</b>	<b>48,428</b>	<b>34,269</b>	<b>95,952</b>	<b>1,78,649</b>

APSSDC plans to scale up programmes with focus on certification courses for improving employability skills in Information Technology offered by global companies such as Google, Amazon, Dassault, HP, Udacity, Adobe, Autodesk etc. Further, certification courses in finance/accounting are being offered directly through major companies such as ZOHO, Coursera, Tally, Insta EMI, NSE etc.

Tie-ups with corporates such as Siemens and Dassault Systems is also ensuring strong skills are being developed.

- i. Siemens state-of-Art training centres with a capacity to impart industry relevant skills to 1 lakh students over 3 years has been launched by setting up 6 Centres of Excellence (CoE) and 34 Technical Skill Development Institute (TSDI) in 40 identified engineering and polytechnic colleges. So far 67,246 students have been trained.
- ii. Virtual learning 3-D Experience Centers have been set up in ANU, JNTU Anantapuram, AU, SVU and 53 Engineering Colleges, in partnership with French multinational Dassault

Systems, to train students in design, manufacturing and analysis in the domains of aerospace, automotive and ship-building.

APSSDC is also working closely with various industries such as Kia Motors, Ashok Leyland, Asian Paints, Jain Irrigation Systems, Apollo Tyres etc. to understand their manpower requirements and assist them with training and recruitment.

## 5.2 Skilling initiatives by IIDT

**International Institute of Digital Technologies (IIDT) has been setup in Tirupati**, to offer courses on emerging technologies such as Cyber Security and Data Analytics. The first batch of IIDT graduated in 2018, and presently the institute is catering to its second and third batches.

## 5.3 Skilling initiatives by APITA

Andhra Pradesh IT Agency (APITA) has conducted numerous trainings and job fairs across the State. It has also designed and implemented the LEAP (Look for Employment in Andhra Pradesh) program, with the aim of providing immediate impetus to employment generation in the State. In FY 2018-19, APITA conducted 73 LEAP drives, which have witnessed registration of 85,860 and 12,973 offers being rolled out.

As a part of LEAP, few of the eminent industry players who have participated include Mphasis, Byjus, Policybazaar, Flipkart, Zoho, Paytm, Walmart, Medplus, Concentrix, Patra Corp, ICICI Bank, Kotak Mahindra Bank, Foxconn, Muthoot Group, Mahindra Group etc. On similar lines, APITA has trained 9,252 students in 11 courses such as animation training, Autocad, Oracle Database etc.

## 5.4 Skilling initiatives in Tourism sector

To create a competent and specialist pool of employable youth in the tourism industry, the Government is focusing on developing training infrastructure and tourism specific courses.

The State Institute of Hotel Management Catering Technology & Applied Nutrition, Tirupati is fully operational, with intake of 120 students. SIHM at Kakinada is currently under construction. The Indian Culinary Institute has started undergraduate courses on culinary programs at SIHM Tirupati, while its permanent campus is under construction. The Indian Institute of Tourism and Travel Management (IITTM), Nellore is functional with both undergraduate and postgraduate courses being offered. Around 4,050 trainings have been completed in courses for tourism, hospitality & culinary trainings (1,230), guides (600) and cab drivers (2,220).

## 5.5 Mukhyamantri Yuvanestham

Providing livelihood to the youth of the state is at the core of the Hon'ble Chief Minister's agenda of economic development. The "**Mukhyamantri Yuvanestham**" program was rolled out in October

2018 in order to provide financial support of Rs 1,000 monthly allowance to educated youth in the State, while they find employment or start their own venture. The scheme has been designed to upgrade the skillsets of unemployed youth to make them employable workforce for the industry, or become entrepreneurs.

The scheme also provides internship /apprenticeship/ ‘on the job’ training in a public sector or a private sector enterprise in conjunction with the GoI Apprenticeship Scheme. Additionally, the scheme also helps youth in preparing and facing competitive examinations conducted by various recruitment agencies. Similarly, the scheme helps youth in setting-up of suitable self-employment ventures by providing financial assistance through respective corporations and commercial banks.

APSSDC identified 522 colleges/centres for imparting Employability Skills Enhancement Module (ESEM) of 40 hours of duration. Domain training will be facilitated by APSSDC post the completion of the ESEM module. Efforts are under progress to start Apprenticeship/Internship/On Job training in coordination with Labour and Industries Department. The Industries Department has planned to campaign at district level to ascertain data of industries available, trades, intake etc., in consultation with some of the companies to start the programme shortly.

As of 26<sup>th</sup> December 2018, more than **3.3 lakh youth have enrolled under the Scheme**, and have been paid monthly allowance of Rs. 1,000 each. The total amount of disbursement by the State Government from the launch of the Scheme till 26<sup>th</sup> December 2018, is Rs 81 crores.

## 6. Achievements

### 6.1 Industry growth

Based on the efforts of the State Government, growth of industry and manufacturing sector in AP has outpaced industrial growth in India over past 3 years. This is in contrast to the 10-year period prior to 2014 when industrial growth in AP lagged behind India.

Growth rates of industrial sector (constant prices 2011-12)			Growth rates of manufacturing sector (constant prices 2011-12)		
	India	AP		India	AP
2017-18	4.40%	8.49%	2017-18	4.60%	8.36%
2016-17	5.60%	7.40%	2016-17	7.90%	8.56%
2015-16	8.80%	9.61%	2015-16	10.80%	13.89%

## 6.2 Tourism growth

Andhra Pradesh saw significant increase in tourist footfall since the state bifurcation. This growth was built upon a focused strategy to promote the State and its varied tourist locations comprising of pristine beaches, hill stations, scenic backwaters and religious locations. Increase in tourist footfalls is also a result of aggressive marketing and branding by GoAP across B2B and B2C Fairs and also conduct of 21 large scale festivals.

State	2013	2014	2015	2016	2017	2018 (Till Nov)
<b>Tourist Footfall (in crores)</b>	9.80	9.33	12.18	15.35	16.57	16.90
<b>% Growth</b>		-4.81 	30.48 	26.00 	8.00 	15.00 

## 6.3 Ranked number 1 on EODB

The State Government's commitment to provide the best business environment in India is evident from the consistency in rankings earned by Andhra Pradesh over the past 3 years. In 2015, AP was ranked 2<sup>nd</sup> behind Gujarat. Today, Andhra Pradesh is ranked No. 1 amongst all Indian states on ease of doing business for two consecutive years (2016 and 2017) by DIPP and World Bank.

**Industry feedback:** During this year's rankings, a key component was to incorporate industry feedback on the efficacy of the business reforms undertaken by states. AP scored highest marks (86.5%) based on feedback from industry, which is a testament to the confidence and strong faith of the industry in the efforts of the Government.

## 6.4 Investments and employment

The Government has taken significant steps to attract private sector investments and generate employment opportunities across the State. Based on the intensive promotion activities, the Government has been able to attract over 2,622 large & mega investment projects cutting across various sectors, with committed investment of Rs 15.48 lakh crores, and committed employment of 32.35 lakhs.

Departments	No. of Projects	Committed Investment (in Rs. Cr.)	Committed Employment
18	2,622	15,48,743	32,35,916

These projects are being facilitated and tracked by 18 departments/agencies of the State Government. A State Investment Tracker has been put in place to monitor progress of projects across various stages of approvals and implementation.

Out of these, 810 large & mega projects have already gone into production, with committed investment of Rs 1.77 lakh crores, and committed employment of 2.51 lakhs. Further, 1211 projects, with committed investment of Rs 5.27 lakh crores and committed employment of 7.66 lakhs, are in stages beyond civil works<sup>6</sup>. Further, since June 2014, the MSME sector, with 30,349 units have provided employment to 3.3 lakh people. For mega projects such as Kia Motors, the Government has stipulated the condition of atleast 80% employment being provided to local people of the State, which will greatly boost local employment.

Various agencies of the State Government such as APSSDC, APITA, Youth Affairs, are investing efforts in identifying, skilling and placing youth in the industry. Tie-ups with Corporates are also helping in customizing courses to meet requirements of the industry. APSSDC has helped in placements of 1.78 lakh youth already, and the APITA has facilitated roll out of 12,973 job offers. The Mukhyamantri Yuvanestham program will further support unemployed youth, and provide opportunities for skill development and job creation.

Many focus sectors of the State have witnessed significant progress in terms of investment, and are providing opportunities for job creation.

#### **6.4.1 Automotive sector**

Automobile sector in the state has attracted proposals worth USD 3.7 Billion (Rs 24,600 crores), over the past 4 years. Andhra Pradesh is fast developing into a large Automobile manufacturing hub.

Isuzu motors, located in Sri City, has been setup with committed investment of Rs 1,500 crores, and is estimated to create employment for about 1,200 people. The plant has annual production capacity of 50,000 vehicles. Isuzu's vendors such as NHK Springs, Tata Toyo, ALF Engineering etc. have started operations, and companies such as Mahabal Metals, Wheels India, RSB Transmissions, are under development around the Isuzu Motors plant location.

Last year, the Government released the "Backward districts Ultra Mega integrated Automobile Policy" to attract investments of over USD 1 billion. This policy helped attract one of the largest FDI investments in recent years in India, in form of a USD 2 billion investment from Kia Motors, along with its subsidiaries and ancillaries, in Anantapur district. The plant, with production

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<sup>6</sup> State Investment Tracker; Data as on 21<sup>st</sup> December 2018

capacity of 3 lakhs vehicles per year is expected to generate permanent employment for over 4,000 people and temporary employment for over 7,000 people. At the same time, Kia's vendors are going to generate employment for more than 6,600 people. Construction of the Kia Motors facility is progressing at a fast pace, and is expected to start trial production in January 2019.

Additionally, the State has been able to attract investments in the automotive sector from marquee companies such as Apollo Tyres, Ashok Leyland, Bharat Forge and Hero group. The State Government has also released a dedicated '**Electric Mobility Policy**', and is geared up to attract investments in the electric mobility sector.

### **6.4.2 Food Processing**

Given the strong production capabilities in the State across agriculture, horticulture, aqua and dairy, Andhra Pradesh had high potential to become a food processing hub. Through a dedicated and focused approach, the State has seen 202 food processing units going into production, and 125 units under various stages of construction, with realized investment of Rs 6,278 crores and committed employment of 57,250 personnel. Some of the marquee investments that have gone into production in the food processing sector include Emami, Mondelez, Kellogg's, Pepsi, Nekkanti, Big Basket, Sumeru, Capricorn, Lavazza, Avanti Seeds, Podaran and Everton. Further, the sector has a strong pipeline with investments from companies such as Patanjali, Jain Irrigation, Parle, Jersey, Indus Coffee, Future Group, Continental Coffee, International Flavours & Fragrances, Godrej, SH Group, Tata Foods, ITC, ConAgro and Manpasand, amongst many others.

### **6.4.3 IT & Electronics**

Since bifurcation, the State is tracking 376 leads in the IT/Electronics sector, with committed investment of Rs 25,461 crores, and estimated employment opportunities for 2.20 lakh people. Some of the marquee IT/ITeS companies that have setup operations in the State include Conduent, Pi Data Centers, Franklin Templeton, Wipro Technologies, Miracle Software etc., with HCL in the pipeline.

Efforts of the Government in enabling investments in electronics sector continue to bear dividends. The State has gained significant traction in mobile manufacturing sector. Today, one in every 5 mobile handsets produced in India is made in Andhra Pradesh, all centered around Tirupati and Sri City. Over 3-3.5 million phones are produced every month in AP today.

**Foxconn** (Rising Star Mobiles) has setup their facility in Sri City, where brands such as Xiaomi, Gionee, One Plus, Lumina, Asus and InFocus are now manufactured. At this facility, more than 13,000 people, primarily women, have been provided employment. **Celkon Mobiles** has also started production near Tirupati, with capacity to produce **1 million** smartphones/tablets every

month. **Flextronics**, the world's 3<sup>rd</sup> largest electronics company has set up a manufacturing facility in Sri City to build a diverse range of intelligent products. **Dixon Technologies**, one of the largest home grown electronics companies is producing LED TVs, washing machines, LED lighting products and CCTVs at its plant in Tirupati.

Further, companies such as Reliance, TCL, Voltas have committed to setup operations in the State. GoAP is confident of securing investments worth Rs 8,750 crores by 2019; including investment from PSA, Sunny Optical Technologies, Mages, East India Company and second phase of Foxconn. These investments are expected to create over 1 lakh jobs in Tirupati, which the State is developing as the '**Silicon Corridor**' of India.

#### **6.4.4 Pharmaceuticals**

Andhra Pradesh is among top 3 states in Pharmaceuticals exports. The State is home to 192 pharmaceuticals companies, with strong concentration in districts of Visakhapatnam, Vizianagaram and Srikakulam. Post bifurcation, investments in pharmaceuticals sector have picked up pace in the state. The sector has seen investment proposals worth more than Rs 21,000 crores.

The Government has so far received Rs 21,573 crores worth investment proposals, which can potentially generate employment for over 0.43 lakh people in the state. Out of these investment proposals, Rs 5,180 crores worth of investments have gone into production, generating committed employment for 12,217 people. Additionally, Rs 12,563 crores of investment are in advanced stages of implementation, and will generate 13,144 jobs.

Some of the marquee investments in the pharmaceuticals sector that have gone into production include Hospira Healthcare, Dr. Reddy's labs, Lupin, Laurus Labs, Aurobindo Pharma, West Pharma, and companies such as Divi's Labs and Natco Pharma etc. are in the pipeline. Out of the total proposals received, proposals worth more than Rs. 17,000 crores are in advanced stages of development, and have potential to create employment for more than 25,000 people.

#### **6.4.5 Textiles**

Andhra Pradesh is amongst the largest producers of cotton in India, with around 19 lakh bales per year. It is also the 2<sup>nd</sup> largest raw silk production in India (4,730 metric tonnes). Additionally, the presence of a well-developed spinning and processing sector in the state, makes Andhra Pradesh attractive for various lines of activity such as garments, knitting apparel, fabric manufacturing, spinning, jute Products, mattresses, cotton products etc.

The Government has so far received investment proposals worth Rs 16,370 crores, which can potentially generate employment for over 1.72 lakh people in the state. Out of these investment proposals, Rs 2,381 crores worth of investments have gone into production, generating committed employment for 45,367 people. Additionally, Rs 2,891 crores of investment are in advanced stages of implementation, and will generate 35,662 jobs.

Given the inherent strengths of the textile ecosystem in the state, the State has attracted number of marquee investments in Textile sector since June 2014 including Toray, Texport, Mohan Spintex, Indian Design, Shahi Exports, Sri Govindaraja Textiles, SAR Denim, Kallam Spinning Mills, Page Industries, (Jockey), Arvind Group, Nisha Designs, Guntur Textile Park, Tarakeswara Textile Park etc.

#### **6.4.6 Tourism**

The AP Tourism Department is currently tracking 198 investment projects across sub-sectors such as hotels, resorts, amusement parks, adventure activities, water sports etc. with investment potential of Rs 15,282 crores and employment potential of 82,692. Out of these, 57 projects with committed investment of Rs 1,792 crores have started operations with committed employment of 10,723. A cumulative total of 97 projects with investment potential of Rs 5,110 crores have started civil works.

Some of the marquee tourism projects include Novotel Hotel in Vijayawada, Holiday Inn and Taj Gateway in Tirupati, ITC My Fortune in Guntur, JW Marriott and Sun Ray Resort in Visakhapatnam.

### **6.5 Awards and Recognition**

#### **6.5.1 Industries**

- i. AP has been ranked number 1 on Ease of doing business amongst all State as per assessment conducted by DIPP and World Bank in 2016 & 2017
- ii. Skoch Order of Merit Award, APIIC GIS for Industrial Land Enquiry (AGILE), December 2017
- iii. Skoch Silver Technologies for Growth Award, APIIC GIS for Industrial Land Enquiry (AGILE), December 2017
- iv. Skoch Order of Merit Award, Third Party Monitoring of Industrial projects, May 2018
- v. Skoch Platinum Award, Third Party Monitoring of Industrial projects, May 2018
- vi. Skoch Order of Merit Award, End to End ICT-based transformation, September 2018

#### **6.5.2 IT & Electronics**

- i. MeeSeva - Nihilent e-Governance Awards received on 3<sup>rd</sup> Dec'15

- ii. Meeseva - Skoch order of merit award received on 22<sup>nd</sup> Sep'15
- iii. MeeSeva App - Digital Trailblazer award received on 30<sup>th</sup> Sep'16
- iv. MeeKosam - Skoch order of merit award received on 16<sup>th</sup> Dec'16
- v. MeeSeva - Gems of Digital India Awards -2017 received on 7<sup>th</sup> Jun'17
- vi. CORE Dashboard - Gems of Digital India Awards -2017 received on 7<sup>th</sup> Jun'17
- vii. MeeSeva - Porter Prize Strategy Award 2017
- viii. APITA - Autodesk Business Appreciation Certificate award in 2015
- ix. APITA - NI LabVIEW Academy School award in 2016
- x. ePragati - Open Group India Conference Awards - 2017
- xi. Hon'ble Minister of IT - BW Digital India Awards – Digital Leader of the Year, 2018
- xii. ITE&C Department - Skoch Awards - State ICT of the Year Award under National Significance, 2018.
- xiii. ITE&C Department - Skoch Gold Award 2018
- xiv. MeeSeva, eOffice, eCabinet, eProcurement - 4 Gold Skoch Awards for Individual Projects, 2018

### **6.5.3 Tourism**

- i. Best State for Comprehensive Development of Tourism Award from Gol, received twice consecutively in 2017 and 2018.
- ii. Awarded as “Emerging Tourist Destination” by PATWA during ITB, Berlin.
- iii. “Riverine Destination of India - Konaseema” award from Safari India.
- iv. Most promising destination award received from Travel and Trade Fair at Mumbai.
- v. Pilgrimage destination of the year award received from India International Travel Mart at Kolkata.
- vi. Tourism Policy Leadership Award was received from Fourth edition of the World Travel and Tourism Council – India Initiative HVS state ranking survey.
- vii. Best Print Promotional Award for Tourism publications - from BLTM
- viii. Best Heritage State award from IITM (Hyderabad)
- ix. India's Favourite City, Visakhapatnam 2017” award from Holiday IQ - India's Largest Community on the eve of Better Holiday Awards.
- x. “Wellness Destination of the Year 2017” award from India International Travel Mart (IITM) in Bangalore.
- xi. “Hill Station Resort of the Year 2017” award from India International Travel Mart (IITM) at Kochi.
- xii. “Best Video for Tourism Promotion by State Government” award by IATO at 33rd Annual Convention in 2017.
- xiii. Partnership Excellence Award” from 21 Gun Salute on the eve of 7th 21 Gun Salute International Vintage Car Rally & Concours Show.

- xiv. "Best Managed Tourist Destination" award from International Tourism Conclave & Travel Awards (ITCTA) towards the Award for Excellence in Tourism.
- xv. "Religious Destination of the Year for 2017" from IITM (Mumbai)
- xvi. Andhra Pradesh Tourism received "Award for Excellence" from OTM - Mumbai on 20 Jan 2018.
- xvii. Andhra Pradesh Tourism received "Award for Beach Destination of the Year-2017" from IITM - Kolkata on 25 Feb 2018
- xviii. Andhra Pradesh Tourism received "India's best Tourism Destination Award" at TTE (Mumbai) on 11 May 2018

#### **6.5.4 Skill Development**

- i. AP has been awarded the Best State in Skill Development by ASSOCHAM for last two years (2017 & 2018).
- ii. AP secured No.1 position with 'highest population with employability skills' as per CII's India Skill Report-2019.
- iii. Out of 15 members who participated at the National level skill competition in 10 skills, 3 candidates have received Gold and Silver Medals. 2 candidates in RAC and Mobile Robotics skills are under training by NSDC to compete for the World Skills Competition in Kaizan, Russia.
- iv. Under the University Innovation Fellow Programmes offered by Stanford University, 258 students from Andhra Pradesh have been selected out of 679 participations from 30 countries across the world.
- v. Highest number of youth (30,000) trained in Amazon Web Services across all states in India
- vi. 25,000 students have been covered in Entrepreneurship and Venture Development Programs offered by Northeastern University, Boston, USA. 32 Ideas were converted into startup companies.
- vii. 500 students trained in Gaming & Animation course offered by Kajaani University Finland and 13 games developed by trainees have been published in Google Play Store.

## 7. Glossary

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Abbreviation	Full Form/ Definition
ADB	Asian Development Bank
AP	Andhra Pradesh
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APITA	Andhra Pradesh Information Technology Agency
APRDC	Andhra Pradesh Road Development Corporation
APSSDC	Andhra Pradesh State Skill Development Corporation
APTRANSCO	Transmission Corporation of Andhra Pradesh
CBIC	Chennai – Bengaluru Industrial Corridor
CDP	Cluster Development Programme
CETP	Common Effluent Treatment Plant
DMIC	Delhi-Mumbai Industrial Corridor
DIPP	Department of industrial Policy & Promotion
EODB	Ease of doing business
ESEM	Employability Skills Enhancement Module
GoAP	Government of Andhra Pradesh
GoI	Government of India
GVMC	Greater Visakhapatnam Municipal Corporation
IIDT	International Institute of Digital Technologies
IITTM	Indian Institute of Tourism and Travel Management
JEC	Jakkampudi Economic City
LEAP	Look for Employment in Andhra Pradesh
ITE&C	Information Technology, Electronics & Communication
MoU	Memorandum of Understanding
MSME	Micro, Small, Medium Enterprise
NICDIT	National Industrial Corridor Development and Implementation Trust
PSDG	Public Service Delivery Guarantee
SEEDAP	Society for Employment Generation and Enterprise Development in Andhra Pradesh
SDB	Single Desk Bureau
SDP	Single Desk Portal
SIHM	State Institute of Hotel Management Catering Technology & Applied Nutrition
VCIC	Visakhapatnam-Chennai Industrial Corridor