



## INDUSTRIAL ESTATE PROGRAMMES IN ANDHRA PRADESH –AN ANALYSIS

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### INTRODUCTION

Andhra Pradesh, the fifth largest state in the country with an area of 5.76 lakh sq. kms and accounting 8.4 percent of India's territory with 84.7 million populations has the longest coast line of 972 kms among all the states in India. Godavari and Krishna the two major perennial rivers with their extensive canal system provides assured irrigation. Andhra Pradesh is the only state with abundant energy sources and has progressed further in reforming its energy sector through privatization, the state has bountiful natural resources endowed with fertile land, water and conducive agro-climatic conditions and vast natural resources found in Krishna Godavari basin have further opened up immense potentialities for economic development of the region and in the state. As the economy of the state is agriculture oriented one the development of industries did not receive much attention during the first decade of plan periods. However an organized effort was made during the second decade of plan to give an impetus for the industrialization in the state particularly in the backward and rural areas. . The Government of India announced six point formulae in 1973 and as a part of this State Planning Board has been constituted and separate planning and development committee for each of the three regions were also formed for preparing regional perspective plans.<sup>1</sup>

It can be observed that to promote Andhra Pradesh as an attractive destination for industrial investments, to enhance quality of life in the state to suit the needs of the different types of investors, to alleviate regional disparities in economic growth, improving infrastructure by facilitating investment in industrial infrastructure in private sector, to encourage establishment of new tiny and small scale industries particularly in rural areas and to achieve the twin objectives of employment generation and utilization of local resources, the government Andhra Pradesh has also initiated various measures in consonance with the centre.<sup>2</sup>

Keeping in view the national objectives of development and dispersal of small scale industries in backward and rural areas the Andhra Pradesh Government also taken steps to implement the industrial estate programme in the state at the beginning of the second five year plan.<sup>3</sup> The first industrial estate was established at Visakapatnam in April 1957, Sanathnagar in May 1957. Later industrial estates were established at Vijayawada in December 1957, Nandyal in December 1958, Warangal in November 1958, Kadapa in December 1959 and at Chandelle Baradari in November 1960.

Under the pilot project scheme industrial estate was established at Sialkot in January 1958. Considering the overwhelming responses from the entrepreneurs for constructed sheds and shown interest to move into industrial estates, due to paucity of funds the Government has evolved a new scheme called '**Assisted Private Industrial Estate**' under this the government would purchase the land and develop into different plots with all common services facilities and leased out to private industrialists on long term basis the occupant industrialists which in turn on their part has to construct the factory buildings after availing financial assistance from the financial institutions. Assisted private industrial estates were established at Eluru and Guntur in November 1960. By the end of the plan period land to the extent of 320 acres of were acquired at various places and developed into 383 plots, 293 sheds were also constructed and all these were allotted to the entrepreneurs. Rs.253.25 lakhs were incurred for the programme as against the plan provision of Rs .237 Lakh.

During the Third Plan period (1961-66)<sup>4</sup> the government decided to establish at least one industrial estate in each district besides the consolidating and expanding the existing estates established under second plan periods and decided to establish assisted private industrial estates wherever not possible to involve directly under industrial estate programme. By the end of plan period, industrial estates were established at 10 places viz., Moulali, Chandulal Baradari, Nizamabad, Nirmal, Karimnagar, Mancherial, Suryapet, Kothagudem, Mahaboobnagar, Vikarabad and in 12 places assisted private industrial estates were established viz., Adoni, Vizianagaram, Amudalavalasa, Rajamundry, Palakole, Machilipatnam, Nellore, Chittoor, Tirupati, Prodtuttur, Anantapur and Jangaon, Rural industrial estates were also established at Sadlapalle, Patancharuvu and at Kisannagar. A sum of Rs.220 lakh was provided for the programme i.e., Rs.247.22 lakh for Andhra, 354.40 lakh for Telangana and Rs. 137.38 lakh for coastal. As against the plan provision, Rs. 639.62 lakh was incurred i.e., Rs. 345.67 in Andhra, Rs. 486.33 lakh in Telegana and Rs. 97.62 lakh for establishment of Rural Industrial estates.

Another important programme taken up by government during the third plan was establishment of Industrial Development Areas thereby to acquire and develop large areas of land at strategic places in the state, to attract the large and medium scale



industries by providing suitable accommodation with necessary infrastructure facilities. A sum of Rs.75 lakh was provided separately for this programme Rs.98 lakh for Andhra and Rs.125 Lakh for Telengana. Lands were acquired at Moulali (654 acres), Naacharam (1165 Acres), Uppal (766 acres), Kukatpalle (1265 acres), later this area was utilized for establishing autonagar, government encouraged establishment of co-operative industrial estate at Balanagar .

#### **DEVELOPMENT OF SOFTWARE PARKS –PART OF THE PROGRAMME<sup>5</sup>**

To boost, promote and encourage software industry and to provide integrated technology, under vision 2020, the government also established a special interest group to give guide lines for the development of software industry in the state, considering the growing importance of software industry in state the corporation established software parks at various places.

##### **1. Hi – Tech City – Hyderabad**

Hi-tech city (Hyderabad Information Technology and Engineering consultancy city) the ambitious project of the state government, the project was developed in joint venture with L & T Company with the equity participation of 89 percent and 11 percent by the corporation in the form of land equity. The Hi-tech city was developed in 158 acres of land near Madhapur and the total built up area is 18.08 lakhs sq. ft. This is the first major public-private partnership project. The co-promotor is expected to provide necessary technology, funding and marketing support and also identify suitable global companies with strong presence in the information technology market. The total built up area consists three modules i.e., Cyber Town consists 5.25 lakh sq. ft. Cyber Gate way 7.83 lakh sq. ft. and Cyber Pearl 5.00 lakh sq. ft. constructed buildings. Total investment on the project is estimated about 450 crores. The software city developed with the state-of-the-art-facilities with the dedicated power supply.

##### **2. Mind Space Cyber bad Project**

A special project conceiving to provide new standards of infrastructure for IT and IT enabled services units, namely Mind Space Cyberbad has been developed near Madhapur in 110 acres of land, jointly with K. Raheja Corporation with 89 percent equity and the corporation equity consists 11 percent in the form of land. Modular buildings with built up space of 4 million sq. ft. has been completed with the investment around 2000 crores and estimated employment generation of more than 45,000 persons reputed companies like IBM, Bank of America Centre, Computer Science Corporation, Qual Com & Accenture are located in this project.

##### **3. Hardware Park-Hyderabad**

The corporation to meet the needs of the hardware sector proposed to develop this hardware park in 8000 acres land in Ranga Reddy district, 20 kms from Hyderabad. The project work is in progress.

##### **4. Software parks in other parts of the State**

To develop and encourage the IT sector in other parts of the state, the corporation established IT parks at Madhurawada near Visakapatnam, Maheswaram Mandal in Ranga Reddy district; Sarpavaram village in Kakinada Mandal of East Godavari District, Madikonda village in Hanamakonda Mandal of Warangal district, Manikond and Raidurg villages in Ranga Reddy district, Kurikalva village in Renigunta mandal of Chittoor district, Gambivaram village near Visakapatnam District etc., later some of this IT parks has been converted into Special Economic Zones, the corporation under public-private equity participation established IT parks at various places also like Gannavaram near Vijayawada with L&T Company in 12 hectare Complex.

#### **DEVELOPING MEGA INDUSTRIAL PROJECTS-PART OF THE INDUSTRIAL ESTATE PROGRAMME<sup>6</sup>**

##### **Kakinada – Visakapatnam - Mega Industrial Project**

The Andhra Coast being the longest coast line with major and large number of minor ports, fertile hinter land, rich and vast natural resources of iron ore and coal deposits offers unlimited prospects for development of port and port based industries. Kakinada port located in the East Godavari district surrounded by giant fertilizer plants, forest based industries, gas based power projects one of the safest natural harbor on the east coast, is well connected for easy movement of cargo and is a potential gateway for export promotions particularly to the South East and far East Countries. To develop the Kakinada port into deep water port the Government of A.P. with the assistance of Asian Development Bank constructed 3 berths already with the estimated cost of Rs. 293 crores and handed over to International Sea Ports consortium for further development. These factors prompted the corporation and identified industrial potential land of about 20000 acres along the coast line from



Kakinada to Visakapatnam via., Uppada and nearby areas. In the first phase the corporation has acquired 635 acres of land near IDA Vakalapudi and allotted to IOCL, BPHL, Bharat Shell, Gujarat Ambuja Cements, Essar Gujarat and Nagarjuna groups companies etc., and 1500 acres of land were acquired at IDA Peddapuram out of which 730 acres was allotted to M/s. DGL Polyesters, M/s. MRR Industries for establishing Petro Chemical Plants. The corporation planned to develop this area into mega industrial project with all modern infrastructure facilities for benefit of port and port based industries.

#### **Mega Industrial Project at Krishnapatnam**

Krishnapatnam a minor port, located in Nellore District considering its strategic location and good hinter land, the State Govt. developed into deep water port under MoU with NATCO group keeping these factors in consideration, the corporation decided to establish Mega Industrial Infrastructure Project near Krishnapatnam port. Land to the extent of 54000 acres were identified along the coast line under the first phase 4000 acres of land were acquired and proposed to develop it with all modern infrastructure facilities with an estimated cost of 1000 crores.

#### **Mega Infrastructure Project at Parshamylaram**

The corporation proposed to establish Mega Industrial Infrastructure Project at Parshamylaram, 35 km from Hyderabad in 1600 acres of land and decided to develop this project in phased manner. Under the first two phases development work in 600 acres of land has already been completed. The park is well developed with internal roads, adequate and assured water supply, uninterrupted power system, telecom cable with OFC network and other social overhead facilities. The development work of third phase is going on, companies like M/s. Aurobindo Pharma, ITW sign node, BPL Refrigerator, Kirby Building products, Matrix Labs etc., are located in this park.

#### **Mega Industrial Project at Wadapalle – Nalgonda District**

The corporation proposed to establish this project near Wadapalle in Nalgonda district, 165 kms from Hyderabad. Land to the extent of 64000 acres were identified at Neruducherla, Damarecharla mandals in Nalgonda district and Dacheppalle mandal in Guntur district. The corporation decided to develop this project in a comprehensive module basis with an estimated cost of Rs. 1000 crores. The location of this project is strategically situated as it is close to river Krishna at a distance of 5kms. The location is also surrounded by large number of mineral based industries.

#### **Integrated Infrastructure Development Centre Tada**

The corporation developed this infrastructure centre at Tada in Nellore district in 110.86 acres of land, the centre was also provided with the infrastructure facilities like roads, water supply street lights and drainage etc. Large number of granite cutting, lubricants, marine based industries and mineral based industries, unit of M/s. Saint Gobain are located in this centre. Another Mega Industrial Infrastructure project were established at Ongole in 1300 acres of land, common facilities were already built up by the corporation like for housing, banks, post offices, telecom facilities, courier and internet hub etc.

#### **Mega Industrial Project at Parawada - Visakapatnam**

The corporation developed this Mega Industrial Project at Parawada in 6000 acres of land, Parawada already been declared as Intensive Industrial Development Area by the state government, located at 25 kms from Visakapatnam city limits, 34 kms from Visakapatnam port and close to many big industries like Vizag steel plant, BHPV, Hindustan Petroleum Products etc. Vizag export processing zone and Vizag airport are located nearby this project. The corporation appointed a project manager exclusively for executing this mega project.

#### **Hyderabad International Convention Centre**

The corporation in a joint venture with Emmar Holdings with equity participation of 26 and 74 percent by the later established this centre in 15 acres of land. Three Special Purpose Vehicles (SPVs) are formed for execution of this project. This convention centre is about 15 kms from Hyderabad city and developed with all modern facilities with seating capacity of 4000 persons. A 5 star business hotel with 300 rooms were also constructed. The corporation will receive 5 percent gross annual revenue as lease rentals. The corporation proposed to develop a Golf course, matching international standards at Manikonda village 15 kms from Hyderabad in 535 acres of land. The project includes construction of 18 hole international championship Golf courses and an integrated township with multipurpose business parks, 3 Star Hotel with all other amenities. The assets will revert to Government after 66 years of lease without any encumbrances.



**Table – 3.1, PARTICULARS OF INDUSTRIAL ESTATE PROGRAMME IN ANDHRA PRADESH**

(as on 31.03.2014)

S. No	Region / District	Lands Acquired (in Acres)	Lands Developed (in Acres)	Plots Developed (in Nos)	Plots Allotted (in Nos)	Sheds Constructed (in Nos)	Sheds Allotted (in Nos)
1.	<b>Costal</b>	20512	17715	1813	1700	213	212
	Visakapatnam	(20.18)	(19.96)	(6.42)	(6.63)	(6.85)	(7.17)
2.	Nellore	17550 (17.57)	16952 (19.10)	1282 (4.54)	1274 (4.97)	47 (1.51)	47 (1.59)
3.	Srikakulam	5315 (5.32)	3325 (3.74)	321 (1.13)	314 (1.22)	69 (2.22)	56 (1.89)
4.	E. Godavari	4278 (4.28)	3984 (4.48)	1606 (5.69)	1534 (5.98)	116 (3.73)	116 (3.92)
5.	Krishna	4059 (4.06)	2849 (3.21)	5049 (17.90)	4480 (17.49)	166 (5.34)	166 (5.62)
6.	Prakasam	1702 (1.70)	1702 (1.91)	1260 (4.46)	1149 (4.06)	68 (2.19)	68 (2.30)
7.	Viziyanagara m	1394 (1.39)	823 (0.92)	684 (2.42)	596 (2.32)	27 (0.86)	25 (0.84)
8.	Guntur	787 (0.78)	787 (10.88)	3808 (13.50)	3561 (13.90)	156 (5.02)	143 (4.84)
9.	W. Godavari	187 (0.18)	187 (0.21)	283 (1.00)	281 (1.09)	38 (1.22)	29 (0.98)
	<b>Sub-Total (a)</b>	<b>55784 (55.86)</b>	<b>48324 (54.45)</b>	<b>16106 (57.10)</b>	<b>14889 (58.13)</b>	<b>900 (28.98)</b>	<b>862 (29.19)</b>
1.	<b>Royalaseema</b>	11602	11129	1301	581	64	61
	Anantapur	(11.61)	(12.54)	(4.61)	(2.26)	(2.06)	2.06
2.	Chittoor	10325 (10.34)	8890 (10.01)	1478 (5.24)	1368 (5.34)	95 (3.05)	90 (3.04)
3.	Kadapa	2912 (2.91)	2049 (2.30)	536 (1.90)	535 (2.08)	71 (2.28)	69 (2.33)
4.	Kurnool	243 (0.24)	243 (0.27)	462 (1.63)	395 (1.54)	107 (3.44)	98 (3.31)
	<b>Sub-Total (b)</b>	<b>25082 (25.11)</b>	<b>22311 (25.14)</b>	<b>3777 (13.30)</b>	<b>2879 (11.24)</b>	<b>337 (10.85)</b>	<b>318 (10.76)</b>
1.	<b>Telengana</b>	482	482	1766	1756	571	545
	Hyderabad	(0.48)	(0.54)	(6.26)	(6.85)	(18.38)	(18.45)
2.	Ranga Reddy	8135 (8.14)	8127 (9.15)	2596 (19.20)	2580 (10.07)	600 (19.32)	597 (20.21)
3.	Medak	4572 (4.37)	4459 (5.02)	905 (3.20)	798 (3.11)	218 (7.02)	182 (6.16)
4.	Khammam	2447 (2.45)	2074 (2.33)	349 (1.83)	292 (1.14)	59 (1.90)	57 (1.93)
5.	Mahaboobnagar	1383 (1.38)	1169 (1.31)	626 (2.21)	475 (1.85)	73 (2.35)	63 (2.13)
6.	Nalgonda	674 (0.67)	650 (0.73)	389 (1.37)	341 (1.33)	53 (1.70)	50 (1.69)
7.	Nizamabad	595 (0.59)	584 (0.65)	640 (2.26)	626 (2.44)	117 (3.76)	107 (3.62)
8.	Warangal	524	388	746	703	79	79



		(0.52)	(0.43)	(2.66)	(2.64)	(2.54)	(2.67)
9.	Karimnagar	104 (0.10)	104 (0.11)	241 (0.85)	212 (0.89)	47 (1.51)	47 (1.59)
10.	Adilabad	68 (0.06)	68 (0.07)	62 (0.21)	62 (0.24)	51 (1.64)	46 (1.55)
	<b>Sub-Total (c)</b>	<b>18984 (19.01)</b>	<b>18105 (20.40)</b>	<b>8320 (29.50)</b>	<b>7845 (30.62)</b>	<b>1868 (60.16)</b>	<b>1773 (60.04)</b>
	<b>TOTAL (a+b+c)</b>	<b>99850 (100)</b>	<b>88740 (100)</b>	<b>28203 (100)</b>	<b>25613 (100)</b>	<b>3105 (100)</b>	<b>2953 (100)</b>
	Mean	4341.30	3858.26	1226.22	1047.58	135.00	128.39
	S.D	5680.31	5213.56	1204.28	1133.51	151.48	148.20
	C.V	130.84	135.13	98.21	108.20	112.21	115.43
	LGR	-11.05	-10.76	-6.16	-5.43	0.49	0.36
	t-Value	-3.203	-2.939	-2.154	-1.659	0.137	0.096
	Sig	0.004 **	0.008**	0.043*	0.112 NS	0.892 NS	0.924NS

**Source:** APIIC, Head office, Parishrama Bhavan Hyderabad – AP, [www.apiicld.com](http://www.apiicld.com) **Note:** \*\*Significant at 5 percent level

\*Significant at 1 per cent level, NS- Not Significant. Figures in the parenthesis are percentages to respective coloums total

#### Industrial Estates Programme in Backward and Non-backward Districts

Table shows the Progress of Industrial Estates programme (excluding autonagars) in backward and non-backwards districts in the state. Of the total, Non-backward districts accounts 53 and 52 percent in terms of land acquired & developed, 42 and 44 percent in plots developed & allotted and 48 & 49 percent in sheds constructed & allotted. Assessing the programme in non-backward districts Visakapatnam, Ranga Reddy and Guntur districts accounts 35 and 34 percent in lands acquired & developed, 23 and 24 percent in plots developed & allotted, 28 and 30 percent in sheds constructed & allotted shows even in non-back ward districts some districts are left over by the programme. In case of backward districts Kadapa, Chittoor, Nellore and Nizamabad districts accounts 21 percent each in land acquired and developed, 23 and 24 percent each in plots developed / allotted and 17 percent each in sheds constructed/allotted, in remaining backward districts the performance of the programme is not satisfactory. Paired Sample t-test has been applied to assess the progress of the programme in backward and non-backward districts in the state, shows not significant in lands acquired & developed, significant at 5 per cent level in plots developed & allotted and 1 percent level in sheds constructed & allotted.

#### CONCLUSION

Industrial development is the instrument for determining the economic prosperity of the country. for accelerating the industrial growth the government of India to plan, prepare, formulating the schemes for establishment of industrial estates, export zones, special economic zones, export promotion zones etc., create new dimensions in the society.

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