

# INFRASTRUCTURE IN ANDHRA PRADESH

Prospects, Challenges & Opportunities

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# INFRA DEVELOPMENT STRATEGY

Government of Andhra Pradesh (GOAP) intends to develop infrastructure in the State under the following modes:

- ❑ GOAP as Developer
- ❑ Government to Government initiatives
- ❑ Joint Venture with Private Sector / Institutions
- ❑ Public-Private-Partnerships in all its nuances

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## MISSION STATEMENT

Providing necessary impetus to the infrastructural growth on continuous basis for a buoyant economy

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## OBJECTIVES

- To stimulate growth through infrastructure development
- To create and sustain infrastructural facilities in the state of Andhra Pradesh
- To realize its full potential by doing value additions to both natural and human resources
- To enhance the overall economic growth of the state and the quality of life

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# STRENGTHS

- Internal
  - Involvement of competent staff
  - Equity Capital not a constraint
  - Experience in public private partnership mode
  
- External
  - Boom in the economy
  - Accent on infrastructure development both at the National & the State level

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## ADVANTAGE ANDHRA PRADESH

- AP Infrastructure Development Enabling Act 2001
- Infrastructure Authority is in place
- Agency for project identification - preparation and hand- holding formed
- Exceptional experience in delivering PPP projects
- Commercial format of infra projects accepted locally
- Presence of demand drivers and willingness to pay

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# GOAP INITIATIVES

- Department of Infrastructure and Investment created in February, 2005.
- Infrastructure Corporation of Andhra Pradesh Limited (INCAP) incorporated in May, 2005 as a Public Limited Company for commercial exploitation of Projects.
- To identify, conceptualize, promote and advice on Infrastructure Projects in Andhra Pradesh

# ROLE OF INCAP

- Project Conceptualization, Identification and Preparation
- Sharpening of framework for infrastructure development in the state
- Explore myriads of Project Financing Options.
  - G2G, PPP, Annuity, JV
- Focused Role of Government as Facilitator/ Sponsor / Developer
  - More Flexible / Adaptable for Current International / National Needs
- **Flexibility in Accessing long term funds like Trust Funds**
- Enhanced Administrative Support for investors
  - To utilize the best of Pvt and Public Sector Organizational strengths

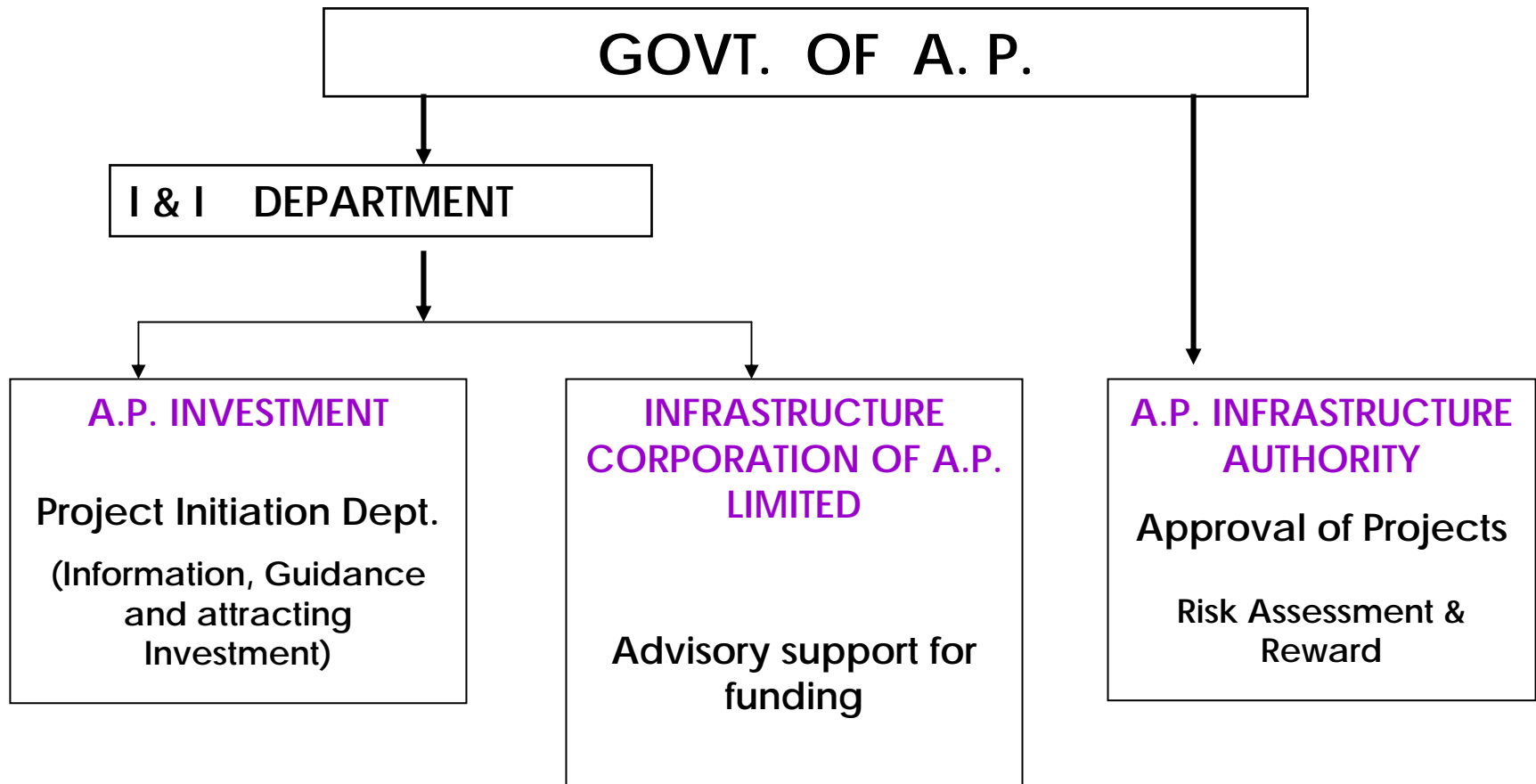
# INCAP's PERSPECTIVE

Activities	Role	Areas of Operation
Developer of Projects Catalyst for development of Projects Construction O&M	Developer	<b>Roads</b> – Toll roads, National Highways & Bridges <b>Energy</b> – Storage, Transmission and Distribution of Gas <b>Ports</b> – Inland Waterways and Ports <b>Power</b> – Generation ,Transmission and Distribution <b>Airports</b> – including Logistic hubs and Free Trade Zones
Consultancy Services (India & Abroad) Venture Management Services	Advisory	<b>Railways</b> – Railway systems including Urban Transit Projects <b>Telecommunication Services</b> – Hi bandwidth network
Investor / Financier Trustee of Funds	Financier	<b>Water</b> – Water Supply Projects and Water Treatment Systems <b>Industrial Parks</b> – Industrial Clusters, Special Economic Zones, Knowledge Corridors
Monitoring of Projects Management of Trust Funds	Manager	<b>Transport</b> – Terminals and Depots

	Information and guidance		Advisory support and funding				Approval
	Resource center (dissemination)	PPP guidance material	Intensive project-specific advice	Funding for PPP preparation <sup>a</sup>	Role as project developer <sup>b</sup>	Role in contract monitoring	De jure or de facto approval power over PPPs
Andhra Pradesh, India: AP infrastructure Authority	✓	✓	✓				✓ <sup>c</sup>
British Columbia, Canada: partnerships BC	✓	✓	✓		✓	✓ <sup>d</sup>	
Gujarat India: Gujarat Infrastructure Development Board	✓	✓	✓	✓	✓	✓ <sup>d</sup>	✓
United Kingdom: Partnerships UK	✓	✓	✓	✓	✓	✓ <sup>d</sup>	✓ <sup>h</sup>
Victoria, Australia: Partnerships Victoria	✓	✓	✓			✓ <sup>i</sup>	

# GOAP INITIATIVES:

Department of Infrastructure and Investment created in February, 2005.



# PARTICIPATORY INVESTMENT

## On Going Projects

- ❑ Transport Sector
- ❑ B2G (Local Body)

### Hyderabad Growth Corridor Ltd (SPV of INCAP (26%)& HUDA (74%)) Outer Ring Road Project for Hyderabad: (162 Kms)

- First of its kind in the country
  - Integrated Satellite Town ship
  - Access Control expressway with 120 km/s as design Speed
  - 6/8 Lanes, Service Road s, Radial Roads, Provision for Future Railway/ Elevated Tracks
- Phase I (24.00 Kms) Work in Progress
- Phase II (61.00 Kms ) Project Development Options Finalized
- Phase III ( 78.00 Kms) of the Project is open for participation.

# PARTICIPATORY INVESTMENT

## On Going Projects

- ❑ Energy Sector
- ❑ JV with Govt Co & VC

### KRISHNA GODAVARI GAS NETWORK LTD

(SPV of INCAP (26%) & IDFC (Pvt Equity) (48%) & GSPL (26%) (Gujarat State Petroleum Corporation Limited)

- Gas Distribution Network:
  - ❑ Optimal use of NG from KG Basin for Economic Development of State
  - ❑ Ensure Energy Security to State
  - ❑ Demand Assessment Study Completed by E&Y by March 2006
  - ❑ Sectoral Coverage Includes Industrial , Commercial and Domestic Users
  - ❑ For Transporting the Gas evacuated from K G Basin
  - ❑ Length 1500 Kms
  - ❑ ROW Clearence sought from MOPNG (GOI) for Pipelines
  - ❑ Estimated Capital Outlay Rs 3500 Crores
  - ❑ Start of COD June 2008
  - ❑ Equity and debt financing are potential areas

# PARTICIPATORY INVESTMENT

## On Going Projects

- ❑ Hospitality Sector
- ❑ B2B (PPP)

### A.P. Bhavan Modernization Project

- ❑ INCAP -Nodal Agency for Development of a Multi-Utility Complex
  - ❑ About 20.22 Acres of land given as Govt Share in & around A.P. Bhavan (National Capital Region) (NCR)
  - ❑ 5 Star Hotel
  - ❑ 5 Star Service Apartments
  - ❑ Convention Centre
  - ❑ Utility Space – About 800000 Sq ft.
  - ❑ Project Outlay Rs 1200 Crores
  - ❑ Start Date Dec 2007
  - ❑ COD DEC 2009

# PARTICIPATORY INVESTMENT

## Projects Conceived

- Energy Sector
- B2B (JV Planned)

## Exploration & Production of Natural Gas

- Partnering Options and risks are being assessed by M/s Ernst & Young (E&Y)
  - Business & Financial Due diligence with terms of participation is expected in next 3 months.
  - Similarly INCAP to take part in NELP VIII in E&P in this sector in 2007

# PARTICIPATORY INVESTMENT

## Projects Conceived

- ❑ Aviation Sector
- ❑ B2B (PPP)

### Regional Aviation Infrastructure Development

- ❑ INCAP as nodal agency of GOAP is in the process of finalizing an MOU for such development with Airports Authority of India.
- ❑ Revive commercial operations at:
  - Warangal
  - Cuddapah
- ❑ Techno- economic feasibility & site selection at:
  - ❑ Ramagundam (Karimnagar Dist)
  - ❑ Kothagudem (Khammam Dist)
  - ❑ Ongole (Prakasham Dist)
  - ❑ Nellore (Nellore Dist)
  - ❑ Kurnool (Kurnool Dist)
  - ❑ Anantapur (Anantapur Dist)

# Extract from Govt of India Website on PPP- Indicating Advantage of AP

## Andhra Pradesh

- [Introduction](#)
- [Executive Summary](#)
- [Economic Snapshots](#)
- [The State Economy](#)
- [Infrastructure](#)
- [State Policy](#)
- [Business Opportunities](#)
- [Key Players](#)
- [Doing Business in Andhra Pradesh](#)
- [Download Presentation](#)



### Introduction

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Andhra Pradesh is the fifth largest economy in the country. The state is a key player in the country's power sector with the highest hydel power generation. The state with its proactive policies ensures a good investment climate for investors. The state is the first to have a comprehensive ITES/BPO Policy and also the first to have data protection and a consumer act in the country.

### Advantage Andhra Pradesh

- Hyderabad is ranked as the No. 1 Indian ITES destination by NASSCOM
- Ranks second in the number of industrial estates in the country
- Only state with abundant energy
- Several world-class academic institutions with foreign collaborations
- Accounts for about 23 per cent of software professionals in India
- Second largest storehouse of minerals in the country

### STATES

- Andhra Pradesh
- Chhattisgarh
- Gujarat
- Haryana
- Himachal Pradesh
- Jammu & Kashmir
- Karnataka
- Kerala
- Maharashtra
- Punjab
- Rajasthan
- Tamil Nadu
- Uttaranchal
- West Bengal

### Public Private Partnerships

- ▶ [Projects](#)
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- ▶ [Case Studies](#)

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# Present Scenario

- Status of PPP Projects in India
    - Proposals already granted Final Approval
      - 19 Projects Costing Rs 8208 Cr
      - No Project from GoAP
    - Proposal Under Considerations
      - 12 Projects Costing Rs 10016 Cr
      - Only 1 Project from GOI- NHAI Rs 381.43
      - 1 project under Other proposal –Rly- Rs 587.49 Cr
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# Development of sectoral database

- Identification of sectors on priority for infrastructure development.
  - Identification of potential projects in the sector which conceive acceptable Return On Investment.
  - Preparation of model PPP document for any identified project.
  - Expert committee to clear the project for pre-feasibility.
  - Development of Detailed Feasibility Report (DFR).
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## IMPROVING - INSTITUTIONAL CAPACITY

- Procuring the services of Specialist manpower
  - Development of sectoral database.
  - Develop the resource persons and resource centers with the required knowledge base in the departments concerned dealing with the implementation of infrastructure projects.
  - Dissemination of information besides building up process and systems in the areas of PPP
    - Bid process management- Preparation of bid document.
    - Establishing the Bid process
    - Establishing the evaluation criteria
    - Preparation of necessary legal and commercial documentation.
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## Procuring the services of the SPECIALIST MANPOWER

- ❑ Identification of consultants / experts in the selected fields.
  - ❑ Empanelment of the experts / group.
  - ❑ Fixed cost for the specific project
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## Payment mechanism for the experts/ Consultants

- To be charged to the project expenses covered under the management fee levied by the organization (INCAP) from the project.
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## OPPORTUNITIES FOR INVESTMENT

### a. Equity participation:

- A.P would play a major role in infrastructure development
- Capital Outlay for INCAP is not a limiting Factor, for it to take up project of any magnitude.
- Present Authorized Capital is Rs.100 crores
  - Rs 80 cr. Equity
  - Rs 20 cr. Preference Capital
- INCAP may offer up to 49% of its equity for participation to reputed Institutions.
- INCAP may offer Pref. capital for subscription to reputed institutions at a pre-agreed rate of dividend.
- INCAP needs technical assistance and skills formation in project development & delivery

# OPPORTUNITIES FOR INVESTMENT

## b. Project Development Fund:

- INCAP is authorized by its Memorandum of Association to manage Funds and to accept Funds as Trustees.
- INCAP is competent Administrator / Fund Manager
  - for Private or Public Funds for development of Projects
- The Fund can be operated on commercial terms.
  - on continuous basis operating the Fund as a revolving Fund.
- INCAP to develop its technical expertise
  - for commercial exploitation as a Consultancy arm for projects development, evaluation and monitoring.

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**THANKS FOR UR  
VALUABLE TIME !!**

