
Promotion of Start-Ups - Lessons from the Experience of the New State of Andhra Pradesh

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ABSTRACT

The erstwhile State of Andhra Pradesh was reorganized to form a new State of Telangana and thus the old State of Andhra Pradesh was now left with 13 districts, and thus called the residual State of Andhra Pradesh. The new arrangement came into effect from June 2, 2014. The new Government also took oath of office on June 8, 2014. Deprived of even the minimum facilities, the new State is to be built from the scratch. Realizing the stupendous task involved, the new Government came out with the policy of promoting Start-ups and Innovation as early as in September, 2014; just after three months of assuming the office. As a part of the policy, the Government has taken several initiatives such as single-window clearance, setting up of Incubation Centres, creation of a start-up fund and special focus on IT, Electronics and Communications. In addition, the Government has also been keen on creating a congenial environment for doing business, conducting partnership summit, creation of a land bank and signing collaboration Agreements with many national and international organizations. In this context, the present paper is an attempt at deliberating on the initiatives of the New Government with a critical focus on the merits and demerits of these initiatives as pointers to the other States; best upon promoting industrialization through Start-up mechanism.

Keywords: *A.P. Reorganisation Act, 2014, Gross State Domestic Product (GSDP), Confederation of Indian Industry (CII), Atal Innovation Mission (AIM), and Self Employment and Talent Utilisation (SETU)*

1. The Context:

The objective of this paper is to discuss the novel initiatives conceived by the Government of the New State of Andhra Pradesh. It is true that there had been an alround enthusiasm generated in the context of three flag-ship programmes of the Government of India, viz., Make in India, Digital India and the Skill India. As a part of this larger mandate, the Government of India announced its Start-up policy on January 15, 2016. Much before this announcement by the Hon'ble Prime Minister, the Government of Andhra Pradesh has drafted an 'Innovation and Start-up Policy 2014-2020' and issued a relevant order on 09-

09-2014. This is truly a commendable step taken by the New Government of Andhra Pradesh in encouraging the entrepreneurial activity. In addition, there are many other initiatives put in place by the Government in its drive towards achieving greater industrialization of the State. The present paper in question is about these initiatives that can serve as a guide to many other States of India. Attempt has also been made to evaluate critically all these measures for the merits, demerits and the expected outcomes. It is thus hoped that this write up would serve as a pointer for discussions in enriching the 'literature on Start-ups'.

2. The Formation of the New State of Andhra Pradesh:

Going by the history, major parts of the present Andhra were in the Madras State. There were 140 seats from Andhra (out of 375 seats) in the Madras Legislative Assembly. Feeling about the injustice done to them by the Government of Madras and the Government of India, people of Andhra stouted agitating for a separate statehood. As early as in 1948, the Government of India appointed a Commission under the Chairmanship of S.K. Dave and this Commission did not recommend for the creation of States on the basis of linguistic considerations. Then again, the Congress (Indian National Congress) has appointed an unofficial Committee with Jawaharlal Nehru, Vallabhai Patel and Pattabhi Sitaramaiah (popularly known JVP Committee) and this Committee recommended the creation of separate Andhra State, provided the Telugu people agree to give up their claim on Madras. Thus this also did not work. At this time (September 1951), Gollapudi Sitaramaiah Sastry (Swamy Sitaram) undertook a fast unto death for 35 days and gave up the fast at the suggestion of Vinoba Bhave. Later, on 19th October 1952, Potti Sriramulu began his fast unto death and attained martyrdom on 15th December 1952. On 19th December, 1952 Jawaharlal Nehru, the then Prime Minister announced the formation of Andhra State with eleven undisputed telugu districts and three Talukas of the Ballary district, but excluding Madras City. Thus Andhra State came into existence on 1st October 1953. Kurnool was made the capital of the new state in terms of the Sri Bagh pact of 1937 between the leaders of the coastal Andhra and Rayala Seema.

Encouraged by the formation of the New State of Andhra, raised slogan for the creation of 'Visalandhra' with the telugu speaking people, wherever they are located. During that time telugus are present in Orissa, Madhya Pradesh, Mysore and Madras. This led to the constitution of the First States' Reorganisation Commission (SRC) under the Chairmanship of Syed Fazl Ali. This Commission, though convinced with the argument for 'Visalandhra', recommended the formation of a separate State for Telangana. This created furore among telugus and finally the Congress High Command favoured the formation of Visalandhra with 20 districts on 1st November 1956.

But the demand for separate State of Telangana did not die with the formation of the new State. Surprisingly both the people agitated for the creation of Telangana (1969) and Andhra (1972). Keeping this in view and the long pending demand for separate statehood for Telangana, the Government of India appointed a Committee under the Chairmanship

of Justice Sri Krishna. The Committee, after detailed examination, of the issues, presented the report with six alternatives, including the formation the State of Telangana. The Government of India chose the alternative of forming the State of Telangana with 10 districts including Hyderabad. Accordingly, it passed A.P. Reorganisation Act, 2014, paving way for the creation of Two States, Andhra Pradesh and Telangana on June 2, 2014. It is about two years by now, after these States are made independent.

3. Profile of the State at the Time of Formation:

The new State of Andhra Pradesh is an agrarian economy, just like many other States located on the East and West coasts of India. Of the total geographical area of 27 million hectares, about 39 per cent is the net sown area, with a cropping intensity of 124 per cent. The net irrigated area of the State is 4.4 million hectares, while the area under rainfed agriculture is 6.4 million hectares. The State receives an average rainfall of 940 mm. Out of the State's 11.5 million landholdings, 61 per cent are marginal and another 22 per cent are small. The combined State of Andhra Pradesh accounted for 12.24 per cent of the country's rice production and stood third among the rice producing States. The State's share in the groundnut production was to the tune of 17.32 per cent and was next only to Gujarat and Tamil Nadu. In the production of sunflower and cotton, Andhra Pradesh stands second with share of 30 and 18.5 per cent, respectively in the production of mango, chillies and turmeric. It is also ranked first in the production of coarse cereals like sorghum, maize and also in chickpea.

At the macro-level, the Gross State Domestic Product (GSDP) of the State at the time of bifurcation for the year 2013-14 stood at Rs.4,75,859 crore as against Rs.4,19,391 crore during the previous year, 2012-13. This has resulted in an increase of 13.46 per cent over the previous year. In constant terms (2004-05 prices), the GSDP worked out to Rs.2,50,282 crore over Rs.2,3,930 crore for 2012-13; an increase by just 6.08 per cent. During the year 2014-15, the GSDP stood at Rs.5,20,030 crore in current prices (12.03 per cent increase over the previous year) and Rs.2,64,521 in constant prices (an increase of Rs.7.21 per cent over the previous year). Whereas the per capita income of the people for 2014-15 stood at Rs.90,517, as against Rs.85,797 recorded for 2012-13. The new Government has set an ambitious target of achieving Rs.7,64,000 by 2029. It has declared the vision that it wants the state to be one of the three developed states in India by 2022 and the top most State by the year 2029. It has also been drawing plans to convert the new State as one of the most prosperous and well developed States of the world by 2050. The State has also set an ambitious target of growing at double digit to around 20 per cent (19.54 per cent of growth projected for the year 2016-17).

A cursory look at the contribution of different sectors to the GSDP of the State reveal the fact that service are dominating the other two sectors, viz., agriculture and industry. During the year 2014-15, the share of services sector stood at 51.79 per cent; whereas agriculture registered a share of 27.59 and industry 20.62. There are many measures being

contemplated to improve upon the share of agriculture and industry. It has been estimated that even at the present reckoning the people dependent on agriculture and allied activities is hovering at 63 per cent. It is for this reason, the State has been laying equal emphasis on the manufacturing and agri and agro-based industries. A few basic statistics about the new State of Andhra Pradesh are presented in Table-1 to enable the reader to gain a minimum understanding of the profile of the new State.

4. The Innovation and Start-up Policy:

Much before the Government of India came out with its own policy on Start-ups, the Government of Andhra Pradesh, just six months after taking over charge, has framed an exclusive policy titled 'A P Innovation & Start-up Policy 2014-20', vide the G.O.Ms.No.17 dated 09-09-2014 of the Department of Information Technology, Electronics & Communications (Promotions), Government of Andhra Pradesh. The vision envisaged through the policy is to create a world class '*technology Start-up eco-system*' by fostering entrepreneurship and a culture of innovation. The twin objectives proposed to be achieved through this mission is to increase knowledge base and employment opportunities. The avowed pledge taken by the Government is '*to produce one entrepreneur in every family*'. The objective though appears to be quite laudable, may be taken as a dream coming true. Almost two years three months have lapsed and only about half the time left for implementing the policy. All said and done, the policy had been well thought of and neatly drafted. The Five focus areas of the policy are:

- ◆ Creating of world class Shared Infrastructure.
- ◆ Establishment of at least one world class Accelerator/ Incubator.
- ◆ Strengthening the base of Human Capital.
- ◆ Creation of an Initial Innovation Fund of Rs.100 crore.
- ◆ Instituting a system of Good Governance.

As an immediate Action Plan, the Government had laid out the following targets for realization by June 30, 2019 (just two years left).

- ◆ Establishment of 100 Incubators/ Accelerators.
- ◆ Incubation of 5,000 companies / Start-ups.
- ◆ Creation of Incubation space to the extent of about 1 million sft.
- ◆ Mobilization of venture capital of Rs.1,000 crore.
- ◆ Creation of at least one home grown billion dollar technology Start-up.

Of late (dated 28.06.2016), the Government has (vide its G.O. RT. No.101, dated 28.06.2016) (IT, E & C Department, Government of Andhra Pradesh) constituted a Committee with: (1) Secretary, (ITE&C), (2) Secretary (HE), (3) Secretary (Skill Development), (4) Prof. Srinivasula Naidu (Member, Planning Board), (5) CEO, APIS, (6) Any other person of repute which the Chairman decides to vet the proposals seeking infrastructure and financial

support to start and run an incubator. On the same day, the Government has issued a G.O. Ms. No.14 dated 28-06-2016 fixing the operational guidelines and application proforma for ensuring transparency in the extension of various fiscal and non-fiscal incentives declared as part of the policy. The said G.O. has also included the State run Universities, private Universities and technical institutions located in Andhra Pradesh to take up responsibility for setting up the incubators and to partner in the whole process. It is appreciable that the Government has also taken care to list out different types support proposed to be extended to the collaborating institutions, viz., Universities and Technical Institutions (see Table-2). It is evident from the information contained in the Table that the Government is all out to finance the public Universities with full funding in establishing the Incubators in terms of infrastructure and upto 75 per cent regarding operational expenses. This could definitely serve as a 'Model' to the Government of India and other States; bent upon promoting entrepreneurship through innovation.

5. Other Significant Measures: There were many other significant initiatives taken up by the new Government for promoting industrialization in general and through Start-ups in particular. A brief account of such measures is provided below:

5.1. Macro Industrial Policy of the State: The undivided State of Andhra Pradesh has come out with an exclusive Industrial Policy of its own for a period of five years from 2010-15. The policy was aimed at the creation of quality infrastructure coupled with congenial industrial environment and to make Andhra Pradesh an attractive destination for domestic and foreign investors. As a part of the policy, the State has taken several measures; significant of them include the following:

- Enactment of Single Window Clearance Act, 2002 and targeting to reduce the clearances time to 21 days.
- Reimbursement of interest subsidy to eligible industrial units.
- Providing financial assistance for the development of infrastructure facilities at the doorstep of the industrial units.
- Setting up of a series of Bio-Technology parks to provide high quality infrastructure at reasonable cost to industrial units.
- Development of National Investment and Manufacturing Zones (NIMZ) as integrated industrial townships.
- Strengthening of the concept of Special Economic Zones (SEZs)

The new Government after its assumption of the Office has declared that it would continue the spirit of the policy and strengthen the same with further initiatives and incentives.

5.2. Focus on Information Technology and Communication: Realising the fact that the undivided State of Andhra Pradesh is vibrant with software units at Hyderabad, wanted to transform the new State also as the IT Hub. It has set a target of achieving 5 per cent share in the National Export of Software (i.e., about Rs.43,000 crore from the present level

of Rs.1,280 crore). To achieve this ambitious target, the new Government has formulated the following three new policies:

- (i) IT Policy, 2014-2020.
- (ii) Electronics Policy, 2014-2020.
- (iii) Innovation & Start-up Policy, 2014-2020.

All these three policies are intended to realize the following targets:

- Creation of a direct employment of 9 lakh (5 lakh in IT and 4 lakh in Electronics).
- To be known as the '*silicon corridor of India*' in terms of quantity and quality of e-services.
- Making at least one person e-literate in every household.
- To attract investment of Rs.30,000 crore in Electronics and Rs.12,000 crore in IT.

A detailed account of the policy initiatives in respect of Innovation and Start-up Policy was already provided in the preceeding text.

5.4. Single Window Clearances: Andhra Pradesh is the first State in India to have passed a special legislation called 'Industrial Single Window Clearance Act (Act 17 of 2002)' for speedy processing of applications of industrialists seeking permissions/ approvals under various departments of the Government. Andhra Pradesh was also the first State to implement the 'eBiz' project of the National E-Governance Plan of the Government of India. As a member of this project, the Government of Andhra Pradesh has included 40 services that form part of the window. This is truly a remarkable achievement by the State Government. the Government has set an objective of bringing down the time required to extend permissions and approvals from the existing 45 days to 21 days initially through this new mechanism of 'single window' and is proposing to bring it down further to 14 days by the end of this fiscal.

5.3. Ease of Doing Business: Yet another significant achievement of the New State of Andhra Pradesh is the creation of a conducive environment for entrepreneurs to establish their units in the State. As a part of the New Industrial Policy, the Government has paid attention in taking necessary steps in that direction. The efforts became fruitful and the State has occupied the second place among the States of India in the ranking of States on 'The Ease of Doing Business'. The World Bank as a part of its special focus on India has conducted a special study for the first time on the aspect with about 98 parameters. Andhra Pradesh secured the Second Rank with 70.12 per cent of score, next only to Gujarat which scored 71.14 per cent. Even those States which were considered industrially forward like Maharashtra (49.43 per cent), Tamil Nadu (44.58 per cent) and West Bengal (46.90 per cent) had significantly lower scores. The interesting aspect of the study is that the newly formed States like Andhra Pradesh (70.12 per cent), Jharkhand (63.09 per cent), and Chhattisgarh (62.45 per cent) are on the top of the list. This clearly exhibits the enthusiasm of the new States in achieving speedy development through industrialization.

5.5. Partnership Summit at Visakhapatnam: The Government of Andhra Pradesh has collaborated with the Confederation of Indian Industry (CII) and Government of India to organize the 22nd Partnership Summit at Visakhapatnam to attract investments for the development of the new State during January 10-12, 2016. The summit was well attended by the representatives of the industry numbering about 1,400 from 41 countries. The summit is considered a runaway success by virtue of the outcome; resulting in 328 MOUs for setting up of industrial units at an estimated investment of Rs.4.67 lakh crore. A major portion of these MOUs have come from important sectors like Engineering, Energy, Infrastructure, Construction and Food Processing, which are destined to create large scale employment opportunities. Among all these, there is vast amount of scope for First Generation Entrepreneurs, having innovative ideas. As per the information available latest, already 50 of the 328 MOU projects have been initiated with an approximate investment of about Rs.10,000 crore. This could be treated a great leap forward in the process of industrialization with new and innovative ideas.

5.6. Readymade Projects: MOU with Performance Management and Delivery Unit (PEMANDU) of the Malaysian Government for purpose of identifying suitable projects that can be taken for the speedy development of the State. As a part of this exercise, PEMANDU is organizing certain lab sessions to provide training to the staff of various departments of the Government. The objective of these sessions is said to be revitalizing public services, reform education, and attract foreign investment into the private sector, thereby transforming Andhra Pradesh into a high income economy. The Government has been trying many other such initiative, which include the following:

- A. MOU with Dredging Corporation of India & Inland Waterways Authority of India as part of 'Sagarmala' to development of sea ports and Inland Waterways. The MOU with DCI is meant to establish 'dredging harbour' at Antarvedi (East Godavari district) and the MOU with IWAI is for the development of canal route between Kakinada and Pondicherry.
- B. The Government of Andhra Pradesh has signed (April 2016) another MOU with the Sichuan Province, China to facilitate hassle-free investments to Andhra Pradesh in industry, trade, education, agriculture, agro-allied industries, petroleum chemicals, science and technology and infrastructure.
- C. NASSCOM has signed an MOU with the Government of Andhra Pradesh to encourage Start-up and incubation centres in Andhra Pradesh. Under this MOU, NASSCOM will set up a warehouse in Vizag where technology entrepreneurs with innovative ideas will be nurtured, mentored and funded by venture capitalists and investors. The warehouse will provide a co-working space for start-ups to be housed for 6 month incubation terms, create a co-working space for entrepreneurs to use on a daily/weekly basis. The MOU has also provided for certain events that encourage entrepreneurs and venture capitalists to come together and work on the proposed projects.

One of the key features of these initiatives is to organize lab sessions in the chosen field of activity. In case of PEMANDU, the Government of Andhra Pradesh has requested the partnering institution to focus on Education and Retailing with deliverable outcomes. In case of the MOU with NASSCOM, the latter is obliged to set up a warehouse at Visakhapatnam to nurture technology entrepreneurs having innovative ideas.

5.7. Land Bank Scheme: The New Government of the New State has come out with a novel idea of creating a “Land Bank” for allocation of land to the prospective entrepreneurs. The Government has devised a new scheme of ‘Land Pooling’ as opposed to the process of Land Acquisition under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (Act 30 of 2013). This is a system of collecting land on voluntary basis from the land owners willing to part with their land. In return the land owners are promised to be given a ‘developed piece of land’. This system was tried in the area of Andhra Pradesh, covering Krishna and Guntur Districts. In the other districts, the Government has instructed its officials to identify the lands owned by the various Government Departments. All these lands are pooled to form something like a Bank, and after demarcation and identification of the purposes for which land is required, allotments will be made by the Government. The Government is also working on the method of allotment of the land required for industrialists/ promoters. The two prominent methods being tried are: (1) Outright sale; (2) Leasing out for a considerable period of 99 years.

The Government has fixed an ambitious target of creating a Bank with about 15 lakh acres. Out of this, 8.25 lakh acres (55 per cent) is said to have been already identified by the Government. The Government has designated the ‘A.P. Industrial Infrastructure Corporation (APIIC), the official Nodal Agency for all industrial promotion activities. As per the information of the Corporation, there is already an extent of 7,36,349.53 acres identified for these purposes and out of which 35,381.6 acres are earmarked for SEZs and Industrial Parks, about 5,189 acres for PRIDE Project, and 26,807 acres for NIMZ Project. It is feared that all these measures would reduce the land under cultivation in Andhra Pradesh by about 10 per cent, having a deleterious effect on the production of pulses, fruits and vegetables. As a matter of fact, there is a strong criticism from the opposition that the Government is pooling very fertile lands (where three crops are grown in a year) for creating an industrial land bank; instead of focusing on the collection of ‘waste, unproductive and fallow lands’.

6. Juxta position with the Centre’s Policy:

With an intention to build strong eco-system for nurturing innovation and promoting startup culture in India, the Prime Minister has unveiled an Action Plan on January 16, 2016. The Action Plan has set out the following three as the areas of focus:

- ◆ Simplification and Handholding.
- ◆ Funding support and Incentives.
- ◆ Industry – Academic Partnership and Incubation.

Being a policy at the Macro level, it did concentrate on the simplification of Labour and Environment Laws. Similar attempt need to be done by the Andhra Pradesh State as regards the laws operating in its domain. The other great thing imagined by the Centre is with respect to 'self certification on the compliance requirements'. Though single window legislation is passed and meant to streamline the procedures to bring to book the delays; there is no clause on this self certification by the State. It appears that the Central Government is intending to go about the startups on a 'Mission Mode', thus proposing to create a 'Startup India Hub'. It is true that the State Government also has issued guidelines roping in the Universities and other private players. But a 'Special Purpose Vehicle (SPV) may be of some help in this regard.

Another significant move by the Centre is that it proposes to set up a corpus with Rs.10,000 crore over a period of four years and initial amount of Rs.2,500 crore being already earmarked. The State Government has not come out any specific commitment on this account; but proposed a corpus of Rs.100 crore only. Further, specific action is proposed to show case the start up talent and innovation across the country and world. The schemes like Atal Innovation Mission (AIM) and Self Employment and Talent Utilisation (SETU) are identified to aid in this process. Incubation Centres' development is also on the priority of the policy; wherein the role of premier Educational Institutions is envisaged. A similar attempt is also contemplated at the State's Policy. It is thus high time for the State Government to take cue from the Centre in preparing and releasing an 'Action Plan' for promoting 'Start-up Culture' in the new State of Andhra Pradesh.

7. Critical Evaluation and the Lessons from Experience:

It is evident from the developments taking place around that a new model of industrialization is set to roll on in the country. Independent India has experienced many shifts in the Industrial Policy, beginning with the large scale industrialization to that of present day Micro, Small and Medium Enterprises (MSME). Creation of a separate Ministry for the development of small enterprises is quite laudable. The on-going focus on the promotion of individual initiative, innovation and entrepreneurship is much more welcome. Investments in these enterprises, even by industrial doyens like Tata go to exhibit the prominence of the emerging startup culture in India. It is in this context, the efforts of the newly formed State of Andhra Pradesh need to be examined in the right earnest. The following are the observations on the entire programme launched by the State.

- It is a matter of gratification that immediately (just after 3 months) after taking change, the new Government could come out with a specific point of view and policy on the 'road to industrialization of the State'.
- However, a closer examination of the set of policies declared by the State appear to be too ambitious, not only in terms of the targets, but also in terms of the institutions and mechanism contemplated to be created. Examples that can be quoted are:

- The Vision declared by the State poises for putting the State as one of the three developed States by 2022. A period of just 5 years is left to meet this objective.
- Preparing a perspective plan (vision Document) for 2050 and trying to place Andhra Pradesh as one of the most prosperous State in the world is too general and can be imagined only in fiction writings. As the famous Development Economist Lord J.M. Keynes said “in the long run, we are all dead’.
- As regards the Innovation and Startup Policy, many targets like the establishment of 100 Incubators was scheduled to be completed by June 2019. Guidelines for setting up of the same are published a few days ago (on 28-06-2016).
- The State Government organized the ‘Partnership Summit’ at Visakhapatnam with much fanfare. An awful sum of Rs. 4.67 lakh crore worth of investments are said to have been committed. In had been the earlier experience with these summits that a greater part of the commitments do not turn into actual projects. Industry experts opine that even 10 per cent of realization on this account could be considered a good success. Captains of the industry in Andhra Pradesh felt that the Government may be able to attract about Rs.10,000 to 20,000 crore investments in the near future. Going by the applications submitted seeking different types of approvals from the Government as at the present quantum of investment actually realized was estimated to be around Rs.6,000 crore.
- The State Government has been frantically trying for foreign collaborations both for the development of the new capital of Andhra Pradesh, named ‘Amaravati’ and for the creation of all kinds of infrastructure and industrialization. The Chief Minister has been busy in making trips to countries like Singapore, Malaysia, South Korea, China, Japan, UK and USA. Significant number of MOUs are being signed leading to various types of collaborations. The Government is all out in extending various types of concessions, including the allotment of precious land. Of late, the Government has issued an ordinance extending the period of lease of the Government land from the existing 33 to 99 years. There is a strong criticism from the opposition parties that the Government is subsuming the sovereignty and self-respect of the State in preference to foreign corporate world.
- The Land Bank Scheme of the Government has also come under severe criticism. The Government has proposed to create a Bank with about 15 lakh acres. In addition, it has been ‘pooling’ the land from farmers for the construction of New Capital. Under this initiative, it has already pooled about 33,000 acres and proposing to pool another 17,000 acres. In addition, it has been also trying with the Central Government to get the Forest Land denotified to the extent of about 30,000 acres. Thus vast tracts of land is collected to place at the disposal of the industrial units. The other issues involved in this regard are the procedure adopted to allot land among prospective entrepreneurs

(domestic and foreign) and the price at which it is allotted. The criticism is that the Government is allotting these pooled lands at an unbelievable low prices (several times lower than the market price) to those near and dear and to those in the power of the State. Those opposing this attempt are quoting the example of allotments made to the entrepreneurs under the Special Economic Zones (SEZs). The issues that came to the fore in this regard are those relating to the size of the land allotted and the price at which it was allotted. Examples are that several hundreds of acres were allotted to even software companies, where a few acres are suffice. The irony of the situation in the State is that not even 10 per cent of the units that got the precious land allotted in their favour had started their operations. Thus vast amount of land is drawn into real estate and not for the genuine industrial activity.

- Another doubt pertains to the success of the Government in attracting investments for the development of the State. The reality is that the State is newly formed with 13 districts and does not possess any facility in terms of infrastructure. There is no international Airport, not many sea ports, not many major or even minor industries. The question then is, what attracts the entrepreneurs to set up industrial units in the State. The positive aspects of the State are: It has a long coastline of 972 km; very good grade mineral deposits, and intelligent human resources. Basing on these, the State is designing a model of development centering around 'land and concessions'; something like 'All free model'. It only remains to be seen to what extent this model yields the desired results.

8. Agenda for Action by the State Government:

It is appreciable that the newly formed Government of Andhra Pradesh has become highly conscious of the new development models and encouraging the youth to join the 'Army of Start-ups'. While welcoming the initiative, the author suggests the following measures for realizing the dream of the new Government.

- ◆ The Government shall make allotment of the land on a priority basis, taking into account the previous experience with its own undivided State and of the other States. The allotment shall be only at the market price. There shall also be proper assessment relating to the requirement of land by each applicant. Committing the land under 99 years lease also does not appear to be wise enough. There shall also be equity in the sharing of consideration (proceeds) received on account of allotment between the Government and the true owner/owners.
- ◆ Like the Central Government, State Government also shall earmark separate 'corpus' for encouraging persons with ideas. This may be like the 'Innovation Fund' created by many Governments and Corporates.
- ◆ Attempt shall be made to establish proper link between the skill development activity and the Start-up initiative. Besides helping in the 'capacity building', skilling activity would contribute in stepping up of the confidence of the first generation entrepreneurs.

- ◆ A novel idea could be to rope in 'Venture Capitalists and Associations' to collaborate with the various departments of Government to generate worthy project proposals for fund raising and implementation.
- ◆ Setting up of a 'separate Directorate' for Start-up promotion in the State is also worth considering. The services of the Directorate could be used for identification, monitoring and coordination of the various activities connected with the Start-up activity.
- ◆ Many of the State Governments, including the State of Andhra Pradesh are focusing much on the creation of an environment for setting of businesses; but not concentrating on the later harassment in the form of inspection, checkings and surprise visits. These issues also need to be examined. This, perhaps, be the reason for lifting all kinds of inspections for a period of three years, since inception and to get satisfied with 'self-certification'. Thus the Start-up policy of the State also need to be revised in some of these areas.
- ◆ It is gratifying to note that the Government of Andhra Pradesh has issued clear guidelines for making Universities, and private research organizations in the process of innovation. There shall be an exclusive section in the proposed Directorate to assist these organizations involved in the Research & Development to file for patents. Necessary financial help also needs to be extended, in addition to creating much desired awareness.
- ◆ It shall also be the responsibility of the Directorate to launch an interactive dynamic portal for sharing the ideas and information across various stakeholders. Budding entrepreneurs are greatly amused by the cross country experiences in the growth and working of Start-up units.
- ◆ The Government of Andhra Pradesh shall take special interest in attracting investments from private sector and industrialists. Personal investment by Ratan Tata himself in about dozen Start-ups is an indication of the euphoria. This may also encourage others to think seriously about the innovative ideas.
- ◆ Special attention also needs to be bestowed on the backward areas located in Uttar Andhra and Rayalaseema where education, health and services are a problem. Start-up companies may be directed to come to rescue of the Government in dealing with any of the problems faced by the people in these areas. Similar could be the treatment extended to people with disabilities, people living in hill areas and those living in tribal and forest areas. A case in point is the exemplary service rendered by '3 nethra' – a mobile eye clinic (a low cost portable pre-screening ophthalmology device) rendering services at Pavagada, one of the most backward places in Karnataka State. There are a myriad of such examples across the country to take cue from.

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**Table -1: Some Basic Statics pertaining to the
New State of Andhra Pradesh**

S. No.	Item	Particulars
1.	Area (in sq. km.)	160.2
2.	Population Census-2011 (in crore)	4.93
3.	Density of Population (per sq. km.)	257
4.	Coast Line (km.)	972
5.	Urbanisation (%)	24.0
6.	Male-Female Ratio (per 1,000)	979
7.	Literacy Rate (%)	63.0
8.	Per Capita (2010-11 data)	43,395
9.	Agricultural Labour (%)	65.2
10.	Number of Primary Health Centres	1021
11.	Number of Beds (per lakh population)	46
12.	Number of Doctors (per lakh population)	12
13.	Infant Mortality Rate (per 1000)	43.5
14.	Maternal Mortality Rate (per 1000)	134
15.	Number of General Hospitals	144
16.	Number of Universities	20
17.	Number of Colleges	1174
18.	Number of Students (Approx) (in Lakh)	4.0

Note: Since the information was collected from several sources, there is the problem of Uniformity.

Table – 2: Different Types of support available from the Government of Andhra Pradesh to Universities and Technical Institutions for establishing Incubators in Andhra Pradesh

S. No.	Type of Support from Government	Public State Universities/Technical Institutions	Private Universities/Technical Institutions
1.	Infrastructure (Computers, networking, hardware, software)	Full Funding	50% funding
2.	Expenses related to resource persons (incubation centre manager, technical support)	75% funding – Innovation Society, ITE &C Department 25% funding – Institution	50% funding
3.	Mentorship support	Through centralized system of mentorship on payment basis to be shared in the ratio of 75% (Innovation Society) and 25% (institution)	Through centralized system of mentorship on payment basis to be shared in the ratio of 75% (innovation Society) and 25% (Institution)
4.	Seed funding/Venture funding for the incubates	Through State Start-up Innovation Fund (SSIF)	Through State Start-up Innovation Fund (SSIF)

Source: G.O.Ms. No.14 of ITE&C Department, Government of Andhra Pradesh, dated 28-06-2016.