

AP sees GROWTH in secondary cities

WHILE Tier I cities continue to remain a hot favourite with investors, the future growth, it seems, will be driven by developments in Tier II cities like Vizag, Vijayawada, Coimbatore, Mysore and Kochi. These cities are becoming a hunting ground for IT, ITES, retail and textile companies. The boom in these cities is fuelled by low cost land, presence of a large, educated talent pool and state incentives. Besides, the new SEZ policy is also helping these cities to come up in a large way.

Technology sector in Andhra Pradesh is set to get a leg up thanks to the new IT SEZs coming up in the state. The state has already received approvals for setting up about 48 SEZs in the state of which IT sector bagged 27 projects. "Tier-II cities like Warangal, Visakhapatnam, Kakinada, Vijayawada, Guntur, Nellore and Tirupati have been identified as the future IT hubs and we are promoting them in a big way. These regions are also going to house many SEZs in the IT and ITES sector," said a state government official.

The Andhra Pradesh Industrial Infrastructure Corporation is setting up two IT SEZs in Tirupati on 169 acres of land. In Guntur, 100 acres has been acquired by a private developer for an IT SEZ and Guntur Urban Development Authority is setting up another in 40 acres. Vijayawada will also house two SEZs - L&T's 30-acre venture and Bhavana Sai's 60-acre IT park.

Visakhapatnam seems to be the clear winner as far as development works are concerned. The city and its surroundings will be housing about 10 SEZs including over 20,000-acre multi-product SEZ, the largest SEZ project in the south.

The state government and the Software Technology Parks of India (STPI) are also working with other organisations such as Andhra Pradesh Industrial Infrastructure Corporation to ensure that companies take to Tier-II cities. "Visakhapatnam has already become a base for some large companies including Satyam, Wipro and HSB. This financial year, the city has attracted investment of over Rs 390 crore in the IT sector," said Andhra IT secretary K Ratnaprabha.

The state government's initiative to offer

The boom in secondary cities is fuelled by low-cost real estate, presence of a large, educated talent pool and state sops.

By Sreekala G



Rs 1,200 crore and Chennai-based

Loyal Textiles Mills is planning to pump in Rs 100 crore in Nellore. While Noida-based Vrindavan Ltd is setting up a project in Chittoor with an investment of Rs 500 crore, Sri-Lanka's Mas Holdings has signed an MoU with the state for a Rs 1,500-crore park in Nellore," said a government official.

Brandix Lanka is setting up a 1,000-acre garment special economic zone in Visakhapatnam at an investment of Rs 2,500 crore and Secunderabad-based DPM textiles has committed an investment of Rs 332 crore in Guntur.

Organised retailing is also spreading its wings wings to tier II cities. The Rs 25,000-crore Reliance Retail venture, which launched out of Hyderabad, has plans to dot 784 towns in India. Hyderabad-based Rs 292-crore dairy company Heritage Foods, where former Andhra Pradesh chief minister N Chandrababu Naidu's immediate family members own over 30% stake, is also looking at entering tier II cities including Visakhapatnam and Vijaywada. "We are planning to ramp-up our fresh food and grocery retail chain, Fresh@, to 100 stores in the next six months. We are also looking at entering tier II cities in AP," said Nagaraj, managing director of Heritage Foods.

incentives to IT companies that plan centres in Tier-II cities, has begun to yield results. Vizag has over 40 units and accounts for over Rs 100 crore in exports while Vijayawada has about 18 companies.

Textile is another sector, which is spearheading the growth of tier II cities in AP. If the recent developments are anything to go by, Nellore would soon replace Coimbatore as the textile hub of the South. "Coimbatore-based Southern India Mills Association (SIMA) is investing