

News monitored for: Salarpuria Sattva Group

'Google investment will put Vizag on global map'



Fresh from clinching a \$15-bn commitment from Google in Vizag, Andhra Pradesh IT Minister **Nara Lokesh** tells **Asit Ranjan Mishra** about the state's new investment strategy

News monitored for: Salarpuria Sattva Group

'Google investment will put Vizag on global map, everyone else will follow'

Q&A Fresh from clinching a \$15 billion investment commitment from Google to set up its artificial-intelligence (AI) hub in Visakhapatnam (Vizag), **Nara Lokesh**, Andhra Pradesh's minister for human resource development, information technology and electronics, outlines the southern state's new investment strategy. Speaking to **Asit Ranjan Mishra** from the chief minister's residence on the banks of the Krishna on the Vijayawada-Amaravati Road, Lokesh says the government has shifted its focus from seeking "special-category status" for the state to building an investment-driven growth model. Edited excerpts:

Andhra Pradesh has adopted a cluster approach to regional development. Could you elaborate how it is working and how you have selected various regions for investment clusters?

■ We have looked at what the natural advantage of a particular area is and which industry suits it. If you look at the electronics industry, we said we should look at it from the other side, which is Chennai, because Tamil Nadu has done well in electronics. So it augments well in Kadapa and Chittoor.

Because of our wind and solar profile, the same can be said for renewable energy in North Anantapur and Kurnool. Kia in Anantapur made sense because we are on the other side of Bengaluru. Then we have aquaculture because it is East Godavari.

Quantum is here (Amaravati-Vijayawada region) because we have the intellectual powerhouse. Air conditioning and diverse industries are in Nellore because they augment themselves with good diversified manufacturing there. We have done a lot of work in compressed biogas in Prakasam district for the reason that there is much wasteland that can be rejuvenated and turned into a biogas project.

Then there is the Arcelor Mittal steel plant in North Andhra because of the Vizag steel plant (and Vizag is the second steel city of India). We have focused on manufacturing medical devices in Vizag because the pharma ecosystem exists there. So this is a vertical approach.

And then horizontal is where my department comes in — education, skill development, testing, and certification. So integration — vertical and horizontal — has to be tight. We are working with educational institutions, the best of the best, including aqua, quantum, and renewable energy.

The Google AI data centre in Vizag has got attention because of the commitment to invest \$15 billion. But do you think data centres can create the jobs you are looking at? I guess you have promised two million jobs by 2029.

■ Data centres alone won't create jobs. But states that will build the ecosystem around data centres will be able to create a multiplier impact. So it is about how I build a larger ecosystem. A data centre will bring energy opportunities and sea-landing cable opportunities, and will create compute opportunities. So these are computers that require to be refurbished every five years.

That will bring in a lot of manufacturing opportunities. And now that Google has landed, it will build its AI expertise. And other companies, including a lot of quant companies, will come.

When Microsoft came to Hyderabad, it put Hyderabad on the global map, and then came everyone else. So the Google investment in Vizag is going to put it on the global map and everyone will follow.

What else do you expect now to happen in Vizag?

■ We have signed 1.5 gigawatts (Gw) of data-centre capacity. There is another 4.5 Gw, which we will sign. We are going to finish our target of 6 Gw before the end of our term. And in parallel, we are working on various other investments in information technology. Tata Consultancy Services is building a campus in Vizag, and so is Cognizant. A few other players too have come. Real estate developers are landing, like Salarpuria Sattva and ANSR Group. Raheja is going to do a Mindspace (Hyderabad) type IT Park with 100,000 jobs. I have started talks with Brookfield to look at how it can make Andhra Pradesh its strategic launch pad, not only for India but also for the globe.

Did the Centre make tweaks in law to facilitate the Google data centre investment?

■ Definitely. The government of India has a larger role to play. But it is not for Andhra, it is for India. How will lawful interception work? So if data is non-Indian data, they bring it here, they do AI and machine learning and send it back.



“WE WILL CONTINUE TO INVEST IN CAPITAL AND ACCELERATE ECONOMIC GROWTH. SO ONCE YOU GIVE A PUSH TO ECONOMIC ACTIVITIES, THINGS WILL FALL INTO PLACE. THAT'S THE APPROACH WE TAKE AND IT'S PAYING DIVIDEND”

Nara Lokesh, Andhra Pradesh IT Minister

How do you treat it? How will taxes be imposed? Will there be retrospective taxation? All the conversation around that we have been able to resolve and get things done.

The fiscal health of Andhra Pradesh is not par-

ticularly encouraging. It has the highest revenue deficit — around ₹40,000 crore. And the debt to gross state domestic product and interest payments are rising. So what is the way out?

■ We will continue to invest in capital and accelerate economic growth. So once you give a push to economic activities, things will fall into place. That's the approach we take and it's paying dividend. If you look at goods and services tax, we've seen good growth rates. So it's helping us.

What are your expectations from the 16th Finance Commission, which will submit its report soon?

■ We expect a favourable additional grant.

The demand for special status for Andhra Pradesh has been there for some time. Do you expect some progress on that front?

■ We are looking at supplementing it through other formats like a devolution of funds recommended by the Finance Commission, Poorvodaya, SASCI (Special Assistance to States for Capital Investment), and various other schemes that we can tap.

So you don't insist on special status any more?

■ We (the Telugu Desam Party) didn't win on that platform. We didn't go to the public and say that if you vote for us, we'll get that. Our approach has changed. We have been practical in the way we get things done. And even without special status, we got investment worth \$120 billion and I look forward to getting more.