

GOVERNMENT OF ANDHRAPRADESH

ABSTRACT

ITE&C Department - Promotion Wing - Andhra Pradesh Data Center Policy (4.0)
2024-29 - Orders -Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS [ITE&C]
(PROMOTION WING) DEPARTMENT**

G.O.Ms.No.6

Dated: 14.11.2024

Read the following:

1. GO Ms No.68 I&C (P&I) Department dated 26.10.2024
2. G.O. Ms. No. 6, IT, E&C (Promotions) Department, dated: 16.07.2021
3. G.O. Ms. No. 2, IT, E&C (Promotions) Department, dated: 15.03.2024
4. Efile No: ITC01-ITOPROM(ITPR)/24/2024-PROMOTIONS - Data Center Policy from ITE&C (Promotion Wing) Department, Government of Andhra Pradesh.
5. U.O.No.230/2024, G.A.(CABINET) Dept., dated: 08.11.2024.

ORDER:

Vide reference-4 cited, considering the evolving needs of investors, climate change practitioners, and the necessity to create employment opportunities for the indigenous workforce, the State has brought the Andhra Pradesh Industrial Development Policy (4.0) 2024-29 and has also initiated the process of bringing various sectoral Policies, in alignment with the AP Industrial Development Policy (4.0) 2024-29.

2. The "Data Center" is a physical facility, and comprises of a network of computing and storage resources that enables the departments of the Government to share applications and data. The key components of a data center include routers, switches, firewalls, storage systems, servers, and application-delivery controllers. The data center supports email and file sharing, host e-Government applications, manage databases, create virtual desktops, and enable big data storage. The contemporary data center is very different from those which existed five years ago. The modern data center must be able to communicate across on-premises physical servers, and virtual servers with workloads in a multi-cloud environment. The financial sector, the health sector, social media, content streaming services, internet penetration, cloud computing, video streaming, internet-of-things applications, and artificial intelligence (AI)-based applications like vision analytics, and natural language processing which require massive data storage are some of the key drivers of data center growth. Data centers' usage of water and power are ever increasing, and there is a need for sustainability in operations by shrinking their environmental footprint.

3. In alignment with these multiple trends and ever-expanding demand for data storage, the Government of Andhra Pradesh introduced the Andhra Pradesh

(P.T.O)

::2::

Data Center Policy (4.0) 2024-2029 to promote the data center industry within the state. This policy aims to add 200 megawatts (MW) of additional data center capacity, with a focus on attracting investment from advanced AI-enabled data centers and positioning Andhra Pradesh as a preferred destination for large-scale data embassies and data center parks.

4. The remarks of the Finance Department on the proposed Andhra Pradesh Data Center Policy (4.0) 2024-2029 was received in the e-File No: ITC01-IT0POOM(ITPO)22422024-POOMOTIONS (C.NO. 2610072). The Finance Department informed that since Land allotment for private individuals or entities is managed through the Andhra Pradesh Land Management Authority (APLMA), any proposals to allot land at a discounted rate should adhere to APLMA's guidelines and procedures.

5. Hence, the Government, after careful examination of the proposal, hereby accords the approval for the Andhra Pradesh Data Center Policy (4.0) 2024-29. This policy is an additional quiver to the Andhra Pradesh Industrial Policy (4.0) 2024-2029, and the Andhra Pradesh Green Energy Policy 4.0 (2024-2029). Taken together, the incentives and forward-looking ecosystem created by the simultaneous operation of these policies is expected to catapult the economic growth trajectory of the industry sector in the Andhra Pradesh state by orders of magnitude. The Policy Document, enclosed as an Annexure, is appended to this order.

6. This Policy shall be valid for a period of five (5) years from the date of the policy notification, or till a new Policy is announced, whichever is later. The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy. The Government of Andhra Pradesh may extend the period of this Policy as required.

7. The Incentives mentioned in the policy will be extended to eligible Industries as per the operational guidelines to be notified separately. The IT, E&C Department shall take necessary action for implementing operating guidelines for this Policy.

8. This order is issued with the remarks and concurrence of the Finance (FMU-I&I, Energy and I&C) Department as mentioned above.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**N YUVARAJ
SECRETARY TO GOVERNMENT**

To:

All the Departments of Secretariat

The Secretary to Govt., Industries & Commerce Department, Government of Andhra Pradesh

The Commissioner and I.G., Stamps and Registration

The Vice Chairman and Managing Director, APIIC, Mangalagiri

(P.T.O)

::3::

The Director, Industries & Commerce, Andhra Pradesh
The Commissioner, Information and Public Relations, Andhra Pradesh
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh
The Chairman & MD, AP TOANSCO
The Managing Director, APCPDCL/EPCPDCL /SPCPDCL
The Commissioner, Labour, Andhra Pradesh
The Vice Chairman, VUDA/TUDA/VGTMUDA
All the District Collectors & Magistrates, Andhra Pradesh
All the Municipal Commissioners, Andhra Pradesh
The Managing Director, APTS, Vijayawada
The Development Commissioner, VSEZ, Visakhapatnam
The Director, STPI, Andhra Pradesh
The Group CEO, APEITA

Copy to:

The Secretary, Ministry of Electronics & Information Technology (MeitY),
Government of India
The Chief Minister's Office, Government of Andhra Pradesh
The PS to Chief Secretary to Government of Andhra Pradesh
The PS to Prl. Finance Secretary, Government of Andhra Pradesh
The OSD to Minister for HRD, IT, E&C, RTGs, Government of Andhra Pradesh
The PS to Minister for Finance, Government of Andhra Pradesh
The PS to Minister for Revenue, Government of Andhra Pradesh
The PS to Minister for MA&UD, Government of Andhra Pradesh
The PS to Minister for Energy, Government of Andhra Pradesh
The PS to Minister for Labour, Government of Andhra Pradesh
The PS to Secretary Planning Department, Government of Andhra Pradesh.

//FORWARDED :: BY ORDER//

SECTION OFFICER

Annexure

(Annexure to G.O.Ms.No.6, ITE&C (Prom Wing) Dept., Dated:14.11.2024)



Andhra Pradesh Data Center Policy (4.0) 2024 – 2029

1 INTRODUCTION

- a) The India data center market is experiencing rapid growth, driven by increasing digitalization, cloud adoption, emerging use cases for Artificial Intelligence and government initiatives.
- b) There are over 130 data centers in operation in the country, with over 12.5 million square feet (sq.ft) of space and over 1,180 mega watts (MW) of IT load capacity.
- c) An additional 35+ data centers with 5.7+ million Sq.ft and 987+ MW capacity have been announced for 2024-2026 and beyond by various investors.
- d) The concentration of data centers remains prominent in seven cities, including Mumbai-Navi Mumbai, Chennai, Delhi-NCR, Bengaluru, Pune, Hyderabad, and Kolkata.
- e) Despite the current concentration in the above locations, the emergence of co-location and edge computing facilities is expected to shift the dynamics, with edge data centers expanding into Tier 2 cities in 2024.
- f) Additionally, India's extensive coastline is home to undersea fiber optic cables, connecting the country to global data centers and boosting international data transfer speeds.
- g) The Indian government has been advocating for increased investment in digital infrastructure through several initiatives, such as "Digital India" and "India Stack".
- h) The "India Stack" enables the creation of digital public goods and services accessible to businesses and individuals.
- i) Recently the government has allowed 100% foreign direct investment (FDI) ownership of data centers, and lowered the barriers of entry, which has seen an influx of global players, financial institutions, and private capital coming in.
- j) Given the strategic importance of Data Centers for the country, it is imperative to support creation of large-scale data centers and fully leverage the digital transformation unleashed at a global scale.

2 ADVANTAGES IN ANDHRA PRADESH

Data center needs a reliable power supply, regular backups, clear communication paths for data connections, environmental control, and security measures. A well-developed data center system will offer smoother business operations and better data management.

2.1 LOCATION

Andhra Pradesh boasts a coastline of around 975 kilometers, the second longest in India. This extensive coastline offers several strategic advantages for data centers:

a) Proximity to Submarine Cables

The long coastline allows easy access to international submarine cable networks, ensuring high-speed and reliable data connectivity.

b) Cooling Solutions

Coastal locations can leverage natural cooling solutions, such as seawater cooling systems, to reduce the energy required for cooling data centers, thereby enhancing energy efficiency.

c) Port Facilities

The presence of numerous ports facilitates the import of advanced data center equipment and technology, reducing logistical challenges and costs.

2.2 POWER AVAILABILITY

a) Power Generation Potential

Andhra Pradesh has a significant surplus in power generation capacity. The surplus power capacity ensures a stable and continuous power supply, which is critical for data centers to maintain uptime and operational efficiency.

b) Diverse Energy Mix

The mix of thermal, hydro, renewable, and storage sources provide flexibility and reliability in power supply, reducing the risk of outages and ensuring sustainability.

c) Renewable Energy Integration:

With a significant portion of power generated from renewable sources, data centers can leverage green energy, reducing their carbon footprint and aligning with global sustainability goals.

3 POLICY VALIDITY & APPLICABILITY

- a) The Andhra Pradesh Data Center Policy 4.0 (DC 4.0) shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced.
- b) The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy.
- c) The policy shall be applicable to the territories situated within the geographical boundaries of the state of Andhra Pradesh.
- d) This policy shall be applicable to following categories of enterprise(s) and investment(s):
 - i. New and existing enterprises investing and establishing new units.
 - ii. Existing enterprises investing in expansion/diversification of units.

4 OBJECTIVES OF THE POLICY

- a) The rise of big data and internet of things (IoT) fuels data center market growth. Data centers are crucial for storing, managing, and analyzing massive amounts of data generated by devices and applications. The surge in eCommerce and digital content drives data center demand.
- b) The Government of Andhra Pradesh is proactive in supporting the Knowledge economy and deep-tech innovation ecosystems. The state is aspirational in creating ecosystems driven by data, innovation, and domestic value creation.
- c) With this Data Center Policy, the state envisions to create a secure environment for data centers and leverage the benefits of co-location to propel its growth aspirations.

5 TARGETS OF THE POLICY

The policy is targeting to add few hundred MWs (upto 1 GW) of additional data center capacity in Andhra Pradesh during the policy period with the following focus:

- a) To attract investments from advanced data centers with artificial intelligence (AI) capabilities
- b) To become an attractive destination for large scale data embassies and data center parks

6 **FINANCIAL INCENTIVES**

6.1 FINANCIAL INCENTIVES

#	Category	Incentive
1	Capital subsidy	100% Net state goods and services taxes (SGST) reimbursement on capital goods (OR) 10% Capital subsidy on Plant and Machinery
2	Stamp duty	100% exemption on first sale
3	Power subsidy	Industrial tariff will be applicable
4	Other Benefits	Relaxation in parking requirement in Designated data center facility
5	Data Center Parks	As per provision under “AP Policy for establishment of private Industrial Parks with Plug and Play” notified vide GO 67 dated 26-10-2024.

Additionally, the following incentives will be provided on a case to case basis *post* review of the proposal and feasibility:

- i. Reducing Parking space requirement
- ii. Stacking of Diesel Generator sets
- iii. Requirement for Windows/Openings in buildings
- iv. Common area requirements
- v. Relaxation on floor to ceiling height requirements
- vi. Chillars on the facility rooftop
- vii. Dual Grid provision in Public Private Partnership (PPP) mode with Viability Gap funding (VGF)
- viii. Transmission and Wheeling Charges

6.2 TAILOR MADE INCENTIVES FOR MEGA DATA CENTER PROJECTS

- b) Projects with following committed Fixed Capital Investment size (OR) storage capacity will be eligible for Tailor made incentives:

#	Criteria	Requirement
1	Data Center Capacity (MW)	More than 50 MW
2	Fixed Capital Investment (Only Plant and equipment)	More than INR 5,000 Crore

- c) **Tailor made benefits:** The Government of Andhra Pradesh will extend tailor-made benefits to above projects to suit particular investment requirements on a case-to-case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the state.
- d) The benefits could consider the following, based on the proposal and due diligence by the Government:
- Reducing Parking space requirement
 - Stacking of Diesel Generator sets
 - Requirement for Windows/Openings in buildings
 - Common area requirements
 - Relaxation on floor to ceiling height requirements
 - Chillars on the facility rooftop
 - Dual Grid provision in Public Private Partnership (PPP) mode with Viability Gap funding (VGF)
 - Transmission and Wheeling Charges
 - Discount of Land cost
 - Development of infrastructure such as water, roads and other requirements in PPP mode.

- e) The benefits will be extended after considering various parameters of the proposal after due process by the Government of Andhra Pradesh.

7 POLICY IMPLEMENTATION

7.1 STATE INVESTMENT PROMOTION BOARD (SIPB)

- a) As per G.O. Ms. 73, dated 5th November, 2024, the SIPB has been reconstituted.
- b) For creating an enabling structure to expedite decision making pertaining to investments, SIPB has been constituted with the Honorable Chief Minister as the Chairman and the Chief Secretary to the Government as Member Convener.
- c) The SIPB shall meet regularly for taking final decision on investments/promotion activities and for approval of Mega projects.

7.2 STATE INVESTMENT PROMOTION COMMITTEE (SIPC)

- a) As per G.O. Ms. 72, dated 5th November, 2024, the SIPC has been reconstituted.
- b) On case-to-case basis, SIPC shall advice SIPB on any changes, amendments, recommendations for tailor made incentives for eligible investment proposals. However, the final decision to approve any change will rest with SIPB.
- c) On case-to-case basis, SIPC shall advice SIPB on any changes and amendments.

7.3 CONSULTATIVE COMMITTEE FOR INFORMATION TECHNOLOGY & ELECTRONICS INDUSTRY (CCITEI)

- a) The CCITEI constituted under G.O.Ms.No.4 dated 01.04.2021 will be suitably modified and used for implementation of various policies and specific issues to IT/ITeS/Electronics investments.
- b) The CCITEI will consist representatives from both Government as well as Industry and will enable faster decision making and rapid disbursement of incentives.

7.4 OPERATING GUIDELINES

The operating guidelines for this policy will be issued separately detailing the definitions of various terminologies and procedures for availing incentives under this policy.

N YUVARAJ
SECRETARY TO GOVERNMENT