

Andhra Pradesh Tourism Policy (2024–29): A Roadmap for Private Investment and Destination Development

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Abstract

The Government of Andhra Pradesh (GoAP) has introduced the Andhra Pradesh Tourism Policy 2024–2029 with the objective of positioning the state as a leading national and global tourism destination. The policy marks a strategic shift towards mobilising substantial private investment and strengthening Public–Private Partnerships (PPPs) for the creation of world-class tourism infrastructure and innovative, theme-based tourism products. It envisions a significant enhancement of tourism’s contribution to the state’s Gross Value Added (GVA) and employment generation through a comprehensive framework of fiscal and non-fiscal incentives, simplified regulatory mechanisms including single-window clearances, and the focused development of key anchor destinations and thematic tourism circuits. This paper analyses the major provisions of the policy, examines its approach to attracting private sector participation, and assesses its potential implications for sustainable destination development in Andhra Pradesh.

Keywords: Tourism Policy; Private Investment; Public–Private Partnerships; Destination Development; Employment Generation; Andhra Pradesh

1. Introduction

Andhra Pradesh is one of India’s most diverse tourism destinations, endowed with a rich combination of natural landscapes, cultural heritage, and religious significance. The state features a long coastline of approximately 974 kilometers along the Bay of Bengal, renowned pilgrimage centres such as Tirupathi, Srisailem, Sri Kalahasthi, and Kanaka Durga Temple, vibrant urban centres, and scenic natural attractions including Araku Valley and Lambasingi. Despite this vast potential, tourism development in the state has historically remained underutilized due to constraints such as inadequate infrastructure, fragmented destination planning, and procedural bottlenecks.

Recognizing tourism as a strategic driver of economic growth and employment generation, the Government of Andhra Pradesh has accorded high priority to the sector. In this context, the Andhra Pradesh Tourism Policy 2024–29 has been introduced with the objective of transforming the state into a premier national and global tourism destination. The policy represents a paradigm shift from a predominantly public-sector–driven approach to a model that actively encourages private sector participation and Public–Private Partnerships (PPPs).

The policy provides a comprehensive framework of fiscal and non-fiscal incentives aimed at attracting substantial private investment in tourism infrastructure and services. It emphasizes the development of world-class, theme-based tourism products, strengthening of anchor destinations, and creation of integrated tourism circuits. Further, the policy seeks to streamline approval processes through single-window clearances and improve the overall ease of doing business in the tourism sector. By addressing earlier institutional and infrastructural challenges, the policy aspires to position Andhra Pradesh among the top three tourism destinations in India while ensuring sustainable and inclusive destination development.

Objectives of the Study

The present study aims to achieve the following objectives:

- To examine the role of the Andhra Pradesh Tourism Policy 2024–29 in transforming the state into a premier tourism destination
- To analyse the policy framework for attracting substantial private investment in tourism infrastructure
- To assess the potential impact of tourism development on the state's Gross Value Added (GVA) and employment generation
- To evaluate the policy's focus on the development of world-class, theme-based tourism products
- To study the policy's approach towards promoting sustainable and inclusive destination development

Need for the Study

The introduction of the Andhra Pradesh Tourism Policy 2024–29 marks a significant policy intervention aimed at accelerating tourism growth and attracting private investment in the state. Given the strategic importance of tourism as a catalyst for economic development and employment generation, it is essential to systematically evaluate the effectiveness of this policy framework. The study is necessary to assess whether the policy measures are adequate in addressing existing challenges such as infrastructure gaps, investment constraints, and implementation bottlenecks in the tourism sector.

Further, the policy places strong emphasis on Public–Private Partnerships (PPPs) as a mechanism for developing world-class tourism infrastructure. Examining the role and effectiveness of PPPs is crucial to understanding their contribution to destination development and service quality enhancement. The study also seeks to analyse the policy's potential impact on employment generation and Gross Value Added (GVA) growth, thereby evaluating tourism's role as an economic growth engine.

Additionally, the research aims to identify gaps and challenges in policy implementation and suggest areas for improvement to ensure sustainable, inclusive, and balanced tourism development. Such an evaluation is particularly relevant for policymakers, investors, and tourism planners seeking evidence-based insights for effective policy execution.

Roadmap of the New Tourism Policy of Andhra Pradesh

Policy Vision and Objectives

The Andhra Pradesh Tourism Policy 2024–29 articulates a clear vision of developing tourism as a sustainable and inclusive engine of economic growth while positioning the state as one of India's most preferred and competitive tourism destinations. The policy emphasizes the creation of world-class tourism experiences through the development of luxury resorts, integrated tourism infrastructure, and high-quality visitor services, aligned with global standards.

At the core of the policy is the objective of leveraging tourism to generate employment, enhance Gross Value Added (GVA), and stimulate regional development. Sustainability, community participation, and private sector engagement form the guiding principles of the policy framework.

Strategic Focus Areas

The roadmap of the policy is built around the following strategic pillars:

- **Transformation into a Global Tourism Hub**

The policy aims to position Andhra Pradesh as a premier global tourism hub by promoting sustainable destination development, high-end tourism infrastructure, and diversified tourism products. Emphasis is placed on experiential tourism, luxury hospitality, and unique theme-based offerings that can attract both domestic and international tourists.

- **Private Investment and Public–Private Partnerships (PPPs)**

A key feature of the policy is granting industry status to tourism, thereby improving access to finance and incentives. The policy actively promotes Public–Private Partnerships (PPPs) to bridge infrastructure gaps and accelerate project implementation. The government has set an ambitious target of mobilising approximately ₹25,000 crore in private investments during the policy period.

- **Anchor Destinations and Thematic Circuits**

To ensure focused and regionally balanced development, the policy proposes the creation of seven anchor tourism hubs, ten thematic tourism circuits, and twenty-five priority tourism projects across the state. These initiatives are designed to enhance connectivity, diversify tourism offerings, and increase tourist dwell time.

- **Sectoral Diversification and Product Development**

The policy places special emphasis on the development of coastal tourism, river tourism, pilgrimage tourism, eco-tourism, and wellness tourism. Sacred site connectivity, community-based tourism, and nature-centric tourism are prioritised to promote inclusive growth and environmental sustainability.

- **Institutional Support and Industry Endorsement**

The policy has received strong endorsement from industry stakeholders, particularly the Federation of Hotel and Restaurant Associations of India (FHRAI), which has welcomed it as a visionary initiative capable of transforming Andhra Pradesh's tourism landscape. Senior policymakers and institutional leaders, including the Tourism Minister and the Andhra Pradesh Tourism Development Corporation (APTDC), have highlighted the policy's focus on investment facilitation, employment generation, and long-term sectoral growth.

- **Economic and Employment Targets**

The roadmap outlines ambitious economic goals, including a significant increase in tourism's contribution to the state's GVA and employment share. By strengthening institutional mechanisms,

simplifying approvals, and improving infrastructure, the policy aims to position tourism as a major contributor to Andhra Pradesh's overall development strategy.

Investing in Andhra Pradesh Tourism under the Public–Private Partnership (PPP) Mode

The Government of Andhra Pradesh has introduced the Tourism Policy 2024–29 along with the Tourism Land Allotment Policy 2024–29 to actively promote private sector participation in tourism development through the Public–Private Partnership (PPP) model. These policy initiatives aim to enhance tourism's contribution to the state's economy by increasing its share in Gross Value Added (GVA) from 4.6 per cent to 8 per cent and its contribution to employment from 12 per cent to 15 per cent. The government has set an ambitious target of mobilising ₹25,000 crore in private investments and adding approximately 50,000 hotel rooms over a four-year period.

The PPP-driven investment framework is designed to combine public sector facilitation with private sector efficiency, innovation, and capital, thereby accelerating tourism infrastructure development and improving service quality across destinations.

Investment Opportunities in the Tourism Sector

➤ **Diverse Tourism Segments:**

Andhra Pradesh offers a wide range of investment opportunities across multiple tourism segments, including:

Religious and Pilgrimage Tourism (Tirupathi, Srisailem, Kanaka Durga, Sri Kalahasthi)

Beach and Coastal Tourism (Rushikonda, Bheemunipatnam)

Eco and Adventure Tourism (Araku Valley, Lambasingi)

Medical and Wellness Tourism

Cultural and Heritage Tourism

➤ **Tourism Infrastructure Development:**

The policy prioritizes the development of modern tourism infrastructure such as hotels and resorts, MICE (Meetings, Incentives, Conferences, and Exhibitions) facilities, wellness centres, amusement parks, Homestays, caravan tourism facilities, and tent cities to enhance destination competitiveness.

➤ **Thematic Tourism Circuits:**

Private investment is encouraged in the development of thematic circuits including Buddhist, Temple, Beach, River, Eco-Tourism, Sea, and Seaplane Circuits, aimed at improving destination connectivity and tourist experience.

➤ **Land Allotment for Tourism Projects:**

The Andhra Pradesh Tourism Development Corporation (APTDC) has identified 80 vacant land parcels with high tourism potential for infrastructure development under the PPP model, ensuring availability of land for investors at strategic locations.

Incentives and Support for Private Investors

▪ **Industry Status**

Tourism has been accorded industry status, enabling tourism enterprises to avail incentives and benefits on par with other industrial sectors.

▪ **Fiscal Incentives**

Key financial incentives include:

Capital investment subsidies ranging from 20 to 30 per cent for eligible projects

100 per cent reimbursement of stamp duty and land conversion charges

100 per cent reimbursement of State Goods and Services Tax (SGST) for a specified period

▪ **Infrastructure and Institutional Support**

The policy provides priority land allotment, power and water supply at industrial tariffs, and single-window clearance mechanisms to expedite project approvals and improve ease of doing business.

▪ **Special Incentives**

Additional benefits are extended to projects located in underdeveloped districts, as well as to MSMEs and women entrepreneurs, promoting inclusive and regionally balanced tourism development.

▪ **Land Lease Framework**

Tourism projects are offered long-term land leases of 33 years, extendable by another 33 years, subject to satisfactory project performance.

Recent Developments in Tourism Investment:

In the recent period, Andhra Pradesh has attracted ₹10,644 crore in tourism-related investments and signed 103 Memoranda of Understanding (MoUs) within 15 months. The state cabinet has also approved investment proposals worth ₹1.27 lakh crore, which include projects for the development of the Srisailem Temple and the construction of star-category hotels at major tourist destinations. Additionally, public consultations are underway to explore optimal utilization of the Rushikonda Palace, Visakhapatnam, under the PPP framework.

Key PPP Models and Implementation Mechanisms:

The Andhra Pradesh Tourism Land Allotment Policy 2024–29 outlines multiple PPP mechanisms to attract and sustain private investment:

- ❖ **Long-Term Land Leasing:** Government-owned land is leased to private developers for periods of up to 66 years, extendable by an additional 33 years, while ownership remains with the government.
- ❖ **Revenue-Sharing Models:** PPP agreements may involve fixed lease rentals or revenue-sharing arrangements based on annual gross revenue, whichever is higher, ensuring financial returns to the public sector.
- ❖ **BOT and Hybrid Models:** Projects may follow models such as Build–Operate–Transfer (BOT), Design–Build–Finance–Operate (DBFO), or Build–Own–Operate (BOO), enabling investors to recover costs through long-term operations.
- ❖ **Viability Gap Funding (VGF):** Eligible projects may receive VGF support from state or central governments to enhance financial viability.
- ❖ **Streamlined Approvals and EoDB Measures:** Institutional mechanisms such as the State Investment Promotion Board (SIPB) facilitate faster approvals for large projects, strengthening investor confidence.

Project Types and Investment Opportunities under PPP

Public–Private Partnership (PPP) models in Andhra Pradesh are applied across a wide spectrum of tourism projects to encourage diversified and regionally balanced development. Key project categories include:

➤ **Accommodation Facilities**

Development of premium, high-end, and luxury accommodation facilities such as beach resorts, jungle resorts, hill resorts, and destination hotels to cater to domestic and international tourists.

➤ **MICE Infrastructure**

Establishment of Meetings, Incentives, Conferences, and Exhibitions (MICE) centres to promote business tourism and enhance the state's competitiveness in the corporate and events tourism segment.

➤ **Wellness and Amusement Projects**

Investment opportunities in wellness tourism through spas, wellness retreats, yoga centres, and the development of amusement and theme parks to attract family and leisure tourists.

➤ **Niche Tourism Development**

Promotion of niche tourism segments including eco-tourism, spiritual and pilgrimage circuits (such as Ahobilam and Srisailem), golf tourism, adventure tourism, and experiential tourism activities.

➤ **Connectivity and Support Infrastructure**

Improvement of wayside amenities, last-mile connectivity, and development of supporting infrastructure such as airports, ports, helipads, and tourism-related transport facilities to enhance accessibility and tourist convenience.

Objectives of the PPP Model in Tourism Development

The adoption of the PPP model under the Andhra Pradesh Tourism Policy 2024–29 is guided by the following core objectives:

- **Attracting Private Investment:** Mobilising substantial private capital, with a targeted investment of ₹25,000 crore, to develop world-class tourism infrastructure and services.
- **Enhancing Tourism Infrastructure:** Efficient utilization of government land and private sector expertise to create diversified tourism products and improve service delivery.
- **Driving Economic Growth:** Increasing tourism's contribution to the state's Gross Value Added (GVA) and employment generation.
- **Promoting Sustainable Tourism:** Encouraging environmentally responsible and community-inclusive tourism practices to conserve the state's natural and cultural heritage.

Challenges and Opportunities

While the Andhra Pradesh Tourism Policy provides a comprehensive and investor-friendly framework, certain challenges persist, including regulatory compliance complexities, coordination among multiple stakeholders, and ensuring transparency in incentive disbursement and fund utilization. Land acquisition processes, environmental clearances, and long gestation periods of tourism projects may also pose implementation challenges.

However, these challenges are offset by significant opportunities. The granting of industry status to tourism, the availability of long-term land leases, a transparent operational framework, and institutional mechanisms such as single-window clearances are expected to enhance investor confidence. With strong government commitment and growing industry participation, the policy has the potential to unlock substantial investment, stimulate regional development, and generate large-scale employment.

Conclusion

The Andhra Pradesh Tourism Policy 2024–29 offers a clear and strategic roadmap for leveraging tourism as a driver of economic growth, employment generation, and sustainable destination development. Through a well-structured PPP framework, attractive incentive packages, streamlined approval processes, and a strong focus on diversified tourism products, the state is well-positioned to attract significant private investment. If effectively implemented, the policy can transform Andhra Pradesh into one of India's leading tourism destinations while making tourism a major contributor to the state's overall economic prosperity.

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