GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Infrastructure and Investment Department - Andhra Pradesh Aviation Policy 2026 (APAP-2026) – Orders – Issued.

INFRASTRUCTURE AND INVESTMENT (AIRPORTS) DEPARTMENT

G.O.Ms.No.16 Dated:06.06.2026

Read the following:

1.G.O.Ms.No.4, I&I (Airports) Dept., dt.22.06.2015.
2.From the M.D., APADCL e-file No.BIAC-15027/1/2026-ENG-APADCL, Comp.No.3163437, dt.24.03.2026, dt.22.04.2026 & dt.25.05.2026.

****

O R D E R:

In the G.O.1st read above, Government have issued A.P. Civil Aviation Policy, 2015, for promotion and development of a comprehensive, future-ready aviation ecosystem in the State.

2. In the file 2nd read above, the Managing Director, A.P. Airports Development Corporation Limited has stated that the aviation market has witnessed significant growth in the past decade and is rapidly evolving with emerging technologies, new airspace users, regulatory, and market-driven changes. He has stated that in view of this, there is a requirement for a new comprehensive and future-ready Andhra Pradesh Aviation Policy, 2026 (APAP-2026) to address the evolving needs and challenges of the sector. The new policy proposes infrastructure expansion, connectivity enhancement, MRO and aerospace manufacturing ecosystem development, capability building through skilling and future-tech leadership in areas such as Advanced Air Mobility (AAM) and Sustainable Aviation Fuel (SAF). He has therefore proposed Andhra Pradesh Aviation Policy 2026 (APAP-2026) justifying that the policy is essential to accelerate the State's economic, industrial, tourism and logistics growth by transforming the aviation ecosystem into a globally competitive, future-ready and innovation-driven sector and that the policy addresses current infrastructural and institutional gaps, future needs and enables investment mobilization across the aviation value chain. The salient features of the Andhra Pradesh Aviation Policy, 2026 are:

(i) To position Andhra Pradesh as a leading aviation hub and the Eastern Gateway of India through development of integrated Airport infrastructure, enhanced air connectivity, air cargo and logistics facilities, aviation skilling infrastructure, aerospace manufacturing, Maintenance Repair and Overhaul (MRO) facilities, and emerging aviation technologies.

(ii) The Policy shall focus on development and expansion of airport infrastructure across the State, including international airports, regional airports, low-cost no-frills airports, water aerodromes and heliports, with an objective of providing airport access within approximately 150 kilometers across Andhra Pradesh.

(iii) The Policy envisages strengthening regional, national and international connectivity by facilitating airline operations, improving passenger and cargo movement, promoting helicopter and seaplane services, and enhancing multimodal connectivity with industrial corridors, logistics parks and tourism destinations.

(iv) Government shall encourage establishment of aviation-related industries including MRO facilities, aerospace and aircraft component manufacturing units, cargo hubs, cold-chain infrastructure, aerospace parks and other allied aviation services to attract investments and generate employment.

(P.T.O)

(v) The Policy also aims at creation of a skilled aviation workforce through establishment of Aviation Universities, Flight Training Organisations, Aircraft Maintenance Engineering institutions, simulator training centres, Centres of Excellence and other aviation skill development facilities.

(vi) Andhra Pradesh shall promote innovation and future technologies in aviation, including Advanced Air Mobility (AAM), Sustainable Aviation Fuel (SAF), vertiports, aviation testing facilities, research and development initiatives, and startup ecosystems in the aviation sector.

(vii) The Financial and non-financial incentives under the Policy shall be extended in accordance with the approved provisions of the Andhra Pradesh Aviation Policy, 2026-31 and applicable State policies, subject to Government guidelines and availability of resources. Tailor-made incentives for mega projects may be considered on a case-to-case basis.

(viii) Andhra Pradesh Airports Development Corporation Limited (APADCL) shall be the Nodal Agency for implementation of the Policy and shall function as a single-window facilitation agency for coordination, investor support, approvals and monitoring of aviation projects in the State.

3. Government, after careful examination of the proposal and in supersession of the orders issued in the G.O. 1st read above, hereby approve and adopt the Andhra Pradesh Aviation Policy 2026 (APAP-2026), annexed to this order, which comes into force with immediate effect.

4. This order issues with the concurrence of Finance (FMU-I&I, I&C) Department vide their U.O.No.FIN01-FMU0ASD(IIE)/20/2026-FMU-IC-IIE-Computer No.3235989, dt.07.05.2026.

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

MOVVA TIRUMALA KRISHNA BABU
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Managing Director, A.P. Airports Development Corporation Limited, Mangalagiri, Guntur District.
All the Secretariat Departments, A.P. Secretariat, Velagapudi.
All the Collectors & District Magistrates in the State.
Copy to:
The Secretary to Ministry of Civil Aviation, Government of India.
The OSD to the Secretary to the Hon'ble Chief Minister, Government of Andhra Pradesh.
The P.S. to the Hon'ble Minister (I&I).
The P.S. to Special Chief Secretary to Government, I&I Department.
The General Administration (Cabinet) Department, A.P. Secretariat, Velagapudi.
The Finance Department, A.P. Secretariat, Velagapudi.
The P.S. to Chief Secretary, Government of Andhra Pradesh, A.P. Secretariat, Velagapudi.
SF/SC. (C.No.INI01-APAD/23/2026 Computer No.3208662)

//FORWARDED :: BY ORDER //

SECTION OFFICER

(Annexure to G.O.Ms. No.16, Infrastructure and Investment (Airports) Department, Date: 06.06.2026)

Andhra Pradesh Aviation Policy 2026

Abbreviations

AAI	Airports Authority of India
AAM	Advanced Air Mobility
AI	Artificial Intelligence
AMEs	Aircraft Maintenance Engineer
AP	Andhra Pradesh
AP A&D Policy 4.0	Andhra Pradesh Aerospace and Defence Policy 4.0
APADCL	Andhra Pradesh Airports Development Corporation Limited
APAP 2026	Andhra Pradesh Aviation Policy 2026
APIDP 4.0	Andhra Pradesh Industrial Development Policy 4.0
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APIWA	Andhra Pradesh Inland Waterways Authority
APMB	Andhra Pradesh Maritime Board
APTDC	Andhra Pradesh Tourism Development Corporation
AR/VR	Augmented Reality / Virtual Reality
ASA	Air Service Agreement
ASEAN	Association Of Southeast Asian Nations
ATF	Aviation Turbine Fuel
AUH	Abu Dhabi International Airport
BBI	Biju Patnaik International Airport
BLR	Kempegowda International Airport
bn	Billion
BOM	Chhatrapati Shivaji International Airport
CAPEX	Capital Expenditure
CCU	Kolkata International Airport
CDP	Kadapa Airport
CO2	Carbon Dioxide
CoE	Centre of Excellence
D-D, D-I, I-D, and I-I	Domestic-Domestic, Domestic-International, And International-International
DEL	Indira Gandhi International Airport
DGCA	Directorate General of Civil Aviation
DPR	Detailed Project Report
EASA	European Union Aviation Safety Agency
eFCI	Eligible Fixed Capital Investment
eVTOLs	Electric-Vertical Take-Off Landing Aircraft
FAA	Federal Aviation Administration
FCI	Fixed Capital Investment
FTO	Flight Training Organization
GoAP	Government Of Andhra Pradesh
GSDP	Gross State Domestic Product
HEMS	Helicopter Emergency Medical Services
HYD	Rajiv Gandhi International Airport

I&I department	Infrastructure & Investment Department
ICAO	International Civil Aviation Organization
ICEP 4.0	AP Integrated Clean Energy Policy 4.0
INR	Indian National Rupee
IXZ	Veer Savarkar International Airport
KJB	Kurnool Airport
KLH	Chhatrapati Rajaram Maharaj Airport
LARR Act, 2013	Land Acquisition, Rehabilitation and Resettlement Act, 2013
LTAG	Long Term Aspirational Goal
MAA	Chennai International Airport
MEDP 4.0	AP MSME & Entrepreneur Development Policy 4.0
mn	Million
MRO	Maintenance, Repair, Overhaul
MSME	Micro, Small, And Medium Enterprises
OEMs	Original Equipment Manufacturer
pax	Passenger
PLI	Performance Linked Incentives
PPP	Public Private Partnerships
PYB	Jeypore Airport
R&D	Research And Development
RCS	Regional Connectivity Scheme
RJA	Rajahmundry Airport
RPR	Swami Vivekananda Airport
RQY	Shivamogga Airport
SAF	Sustainable Aviation Fuel
SGST	State Goods and Services Tax
SHJ	Sharjah International Airport
SIN	Changi International Airport
STEM	Science, Technology, Engineering, Mathematics
UDAN	Ude Desh Ka Aam Nagrik
UG, PG, PHDs	Undergraduate, Postgraduate, Doctor of Philosophy
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
VAT	Value Added Tax
VCA	Vertical Take-Off and Landing Capable Aircraft
VGA	Vijayawada International Airport
VGF	Viability Gap Funding
VTZ	Visakhapatnam International Airport

Contents

1 Preamble

1.1 Background

Andhra Pradesh is the seventh largest state in terms of geographical area and tenth largest by population. The Gross State Domestic Product (GSDP) of Andhra Pradesh for 2025-26 (at current prices) is estimated at ₹17.62 lakh crore, reflecting an average annual growth of about 10.75% over the past decade (2014-15 to 2025-26).

Following the administrative reorganization in 2025, which increased the number of districts from 26 to 28, the government of Andhra Pradesh has set ambitious targets for economic growth and enhancing the investment and business climate. Under the Swarna Andhra-2047 initiative, the state aims to accelerate its growth, significantly boosting the Gross State Domestic Product (GSDP).

Aviation sector is a key growth driver of economic development by providing connectivity, generating employment, stimulating economy, aiding industrial development, enabling tourism, and generating tax revenues across the value chain. Enhanced connectivity across the state is crucial for unlocking the economic potential and fostering inclusive growth. By establishing comprehensive air connectivity, airports can serve as catalysts for regional development, stimulating economic activities in their vicinity and ensuring balanced and inclusive growth throughout Andhra Pradesh.

Aviation is a complex sector covering multiple segments such as airports, airlines, MROs, manufacturing, cargo, skilling etc. In addition to conventional aviation, the sector is also undergoing rapid transformation led by emerging technologies such as advanced air mobility which provide an opportunity for progressive states to take a lead. These diverse segments require a comprehensive approach to be adopted towards development of aviation ecosystem in the state.

The potential to develop aviation ecosystem in Andhra Pradesh is substantial given business & industrial growth, access to skilled workforce, multi-modal connectivity, and upcoming infrastructure such as airports. Progressive policies of the state government will boost economic growth and tourism in the state significantly expanding demand for air travel. The state's focus towards industrial growth requires efficient multi-modal logistics including air cargo.

As part of Viksit Bharat@2047 the Government of Andhra Pradesh (GoAP) has set an ambitious target to transform the state into a $2.4 trillion economy by 2047 under Swarna Andhra@2047. To achieve this transformation, the state is aiming for an impressive annual growth rate of 15%.

The Andhra Pradesh government is accelerating growth and development of aviation ecosystem in the state to cater to the growing demand and opportunity. The 2026 aviation policy envisions Andhra Pradesh as a premier aviation hub in the country with seamless air connectivity across regional, national, and international destinations, airport infrastructure and a well-developed

aviation ecosystem. This vision aligns with the national objective, "Viksit Bharat @2047," to make India a global aviation leader.

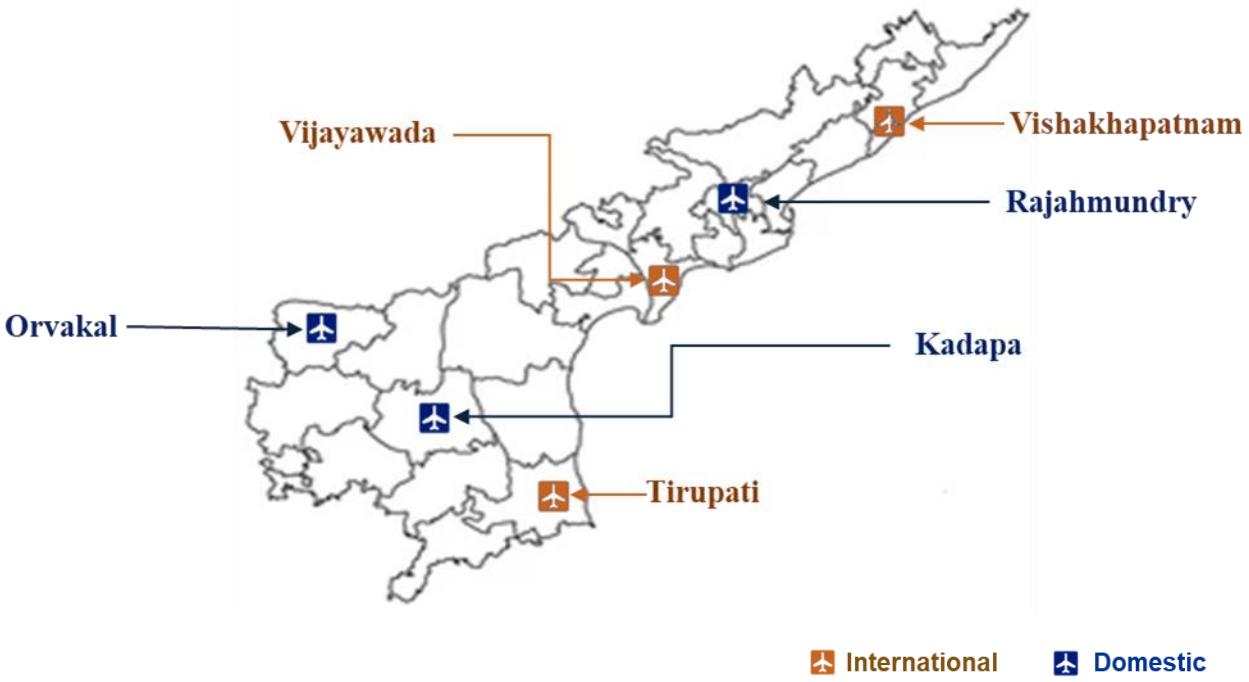
1.2 Overview of Aviation Sector in Andhra Pradesh

Airport infrastructure

Andhra Pradesh has 6 operational airports with Visakhapatnam airport as the largest airport handling ~3 mn traffic annually. It is followed by Vijayawada airport handling ~1.4 mn traffic and Tirupati airport handling ~1.2 mn traffic. Other airports such as Rajahmundry, Kadapa, and Orvakal handle less than 1 mn air traffic.

The following is the list of airports presently operational in the state:

S.No.	Airport	Type	Ownership	Runway dimensions
1	Visakhapatnam	International	Airside: Civil Enclave Terminal: AAI	• 3,050M x 45M • 1,829Mx 45M
2	Vijayawada	International	AAI	• 3,360M x 45M
3	Tirupati	International	AAI	• 3,810M x 45M
4	Rajahmundry	Domestic	AAI	• 3,165M x 45M
5	Kadapa	Domestic	AAI	• 2,515M x 45M
6	Orvakal (Kurnool)	Domestic	APADCL	• 2,150M x 30M



Passengers handled by the airports in the State:

FY26 Passengers (in lakhs)	Domestic	International	Total
Visakhapatnam	28.64	1.03	29.67
Vijayawada	13.7	0.41	14.01
Tirupati	11.96	-	11.96
Rajahmundry	5.62	-	5.62
Kadapa	0.7	-	0.7
Orvakal (Kurnool)	0.2	-	0.2

Source: AAI for 01 April 2025 – 31 March 2026

Air cargo infrastructure

Presently, air cargo handled by Andhra Pradesh airports is very limited. The State does not handle international air cargo at present. Existing cargo infrastructure in the state is inadequate and requires augmentation and improvement resulting in cargo leakage to neighbouring states:

- Poor road infrastructure and last-mile connectivity
- Limited Warehousing & Handling Space
- Insufficient cold chain, slow technology adoption
- Lack of dedicated road corridors

Cargo handled by the airports in the state:

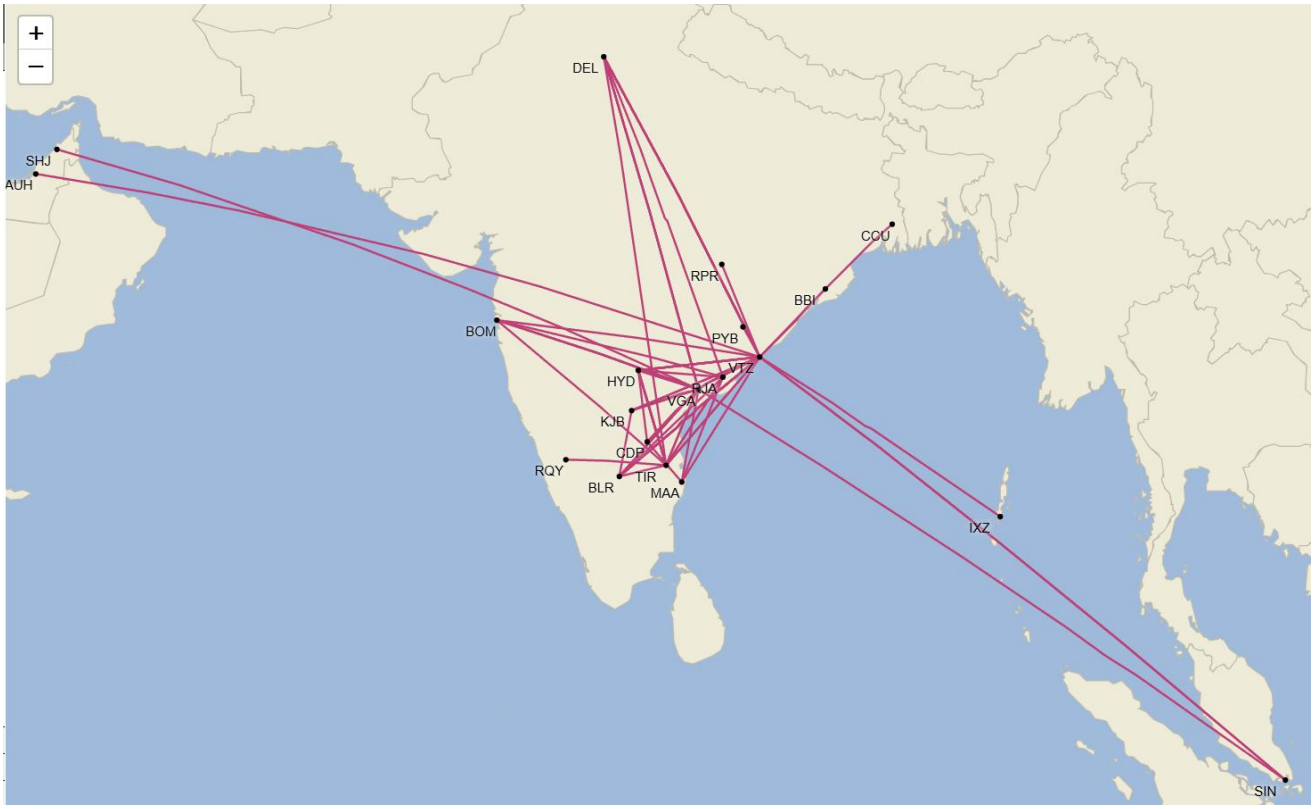
FY 26 Cargo (MT)	Domestic	International
Visakhapatnam	4,518	-
Vijayawada	1,324	-
Tirupati	333	-
Rajahmundry	65	-

Source: AAI for 01 April 2025 – 31 March 2026

Kurnool and Kadapa airports do not handle any cargo at present. *International cargo facility is operational at Visakhapatnam since 2025.

Air Connectivity

The present traffic at Andhra Pradesh airports is significantly lower than aviation hubs in the neighboring states. The State airports connect to 3 international destinations and 12 domestic destinations outside the state. The limited international connectivity at Andhra Pradesh airports necessitates citizens to travel to other airports for their international travel.



Source: Cirium, Schedule for February 2026

2 Policy Period and Applicability

This policy shall be known as the **"Andhra Pradesh Aviation Policy, 2026 (APAP 2026)"**. It shall come into effect on the date of its notification and will remain in force until a new or revised policy is notified. The policy shall be subject to periodic review every five (5) years and may be updated to reflect changing circumstances and evolving best practices. Any amendment to the provisions of APAP 2026 may be made with the approval of the Government of Andhra Pradesh (GoAP).

The Policy will apply to the state for development of entire aviation ecosystem and will cover the following subsectors:

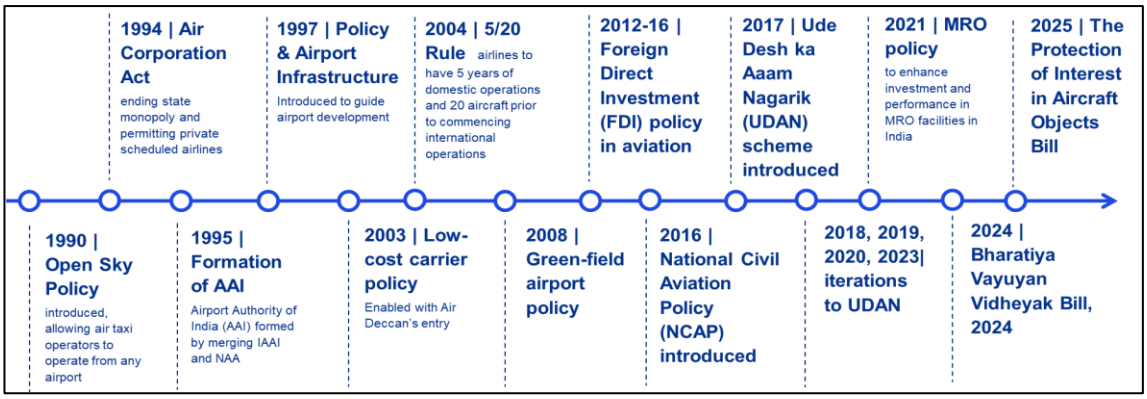
a. Airport development
b. Airlines and air connectivity
c. Air Cargo
d. Maintenance Repair and Overhaul (MRO)
e. Aerospace manufacturing
f. Helicopters, sea plane operations, aero-sports and general aviation
g. Waterdrome development
h. Aviation skilling
i. Advanced Air Mobility
j. Aviation sustainability
k. Aviation Research and Development
l. Maritime logistics integration
m. Inland Waterways Transport (IWT)

3 Policy Framework

3.1 Need for policy

India is the fastest growing major aviation market globally. India is the third-largest domestic aviation market globally and is on path to become the 3rd largest overall. The sector has shown a robust growth post-covid which is poised to further accelerate in the next decade. Progressive government policies and regulatory frameworks have enabled investments into the sector driving economic growth and fulfilling citizen's aspirations for convenient, safe and fast travel.

The Government of India has outlined ambitious priorities for aviation growth, aiming to help continue the explosive growth witnessed in the sector. These priorities are detailed in the National Civil Aviation Policy of 2016, the Vision 2047 roadmap and in a host of precision policy measures such as the Bharatiya Vayuyan Adhiniyam 2024, initiatives like Make in India, tax incentives for the sector, the incentives provided for setting up of aircraft leasing at the International Financial Services Centre located in the Gujarat International Finance Tec-City (GIFT city), and legislation such as the Protection of Interests in Aircraft Objects Act, 2025 (received Presidential assent on 16 April 2025; brought into force from 1 May 2025 vide notification S.O. 1937(E) dated 30 April 2025). Given below are the key central policies and schemes to boost Aviation in the country:



Key Priorities for Aviation Growth as highlighted by the government of India include:

1. Enhancing Regional Connectivity
2. Infrastructure Development and Modernization
3. Promoting Maintenance, Repair, and Overhaul (MRO) Industry
4. Boosting Air Cargo and Express Delivery
5. Sustainability and Carbon Neutrality
6. Safety, Security, and Regulatory Reforms
7. Economic and Employment Growth

These policy priorities are critical to continuing the exponential growth that Indian aviation has witnessed. Passenger volumes have seen consistent double-digit growth since 2010. India is well on its way to being the 3rd largest aviation market with 300 million domestic passengers forecasted to take to the Indian skies by 2030. The number of airports has increased rapidly from 74 in 2014 to 163 in 2025. The aim is to increase this number to 350-400 by 2047. Seats per capita, currently at 0.12 as compared to 0.50 in China, are forecasted to increase by 2X.

Over the years several efforts have been made via policy initiatives to foster aviation growth and connectivity. The policies are enacted by the Central Government and when complemented with state policies and state level incentives, these can make for an extremely competitive proposition in helping develop a comprehensive aviation ecosystem. Government of Andhra Pradesh recognizes the importance of the same and fully embraces this endeavor.

Government of Andhra Pradesh is responsible for aviation sector in the state. GoAP in 2015 had notified Andhra Pradesh Aviation Policy to enable growth of aviation in the state. However, the policy has run its course and there is a need to formulate a new comprehensive aviation policy to address the evolving needs and challenges of the sector.

The development of aviation ecosystem in Andhra Pradesh entails fulfilling state's growth aspirations, providing connectivity, generating employment, capitalizing on opportunities in India's aviation growth and Government of India's priorities under Viksit Bharat @ 2047. The Andhra Pradesh Aviation Policy 2026 takes a holistic approach to Aviation Development in the state with emphasis on integrated growth.

3.2 Vision

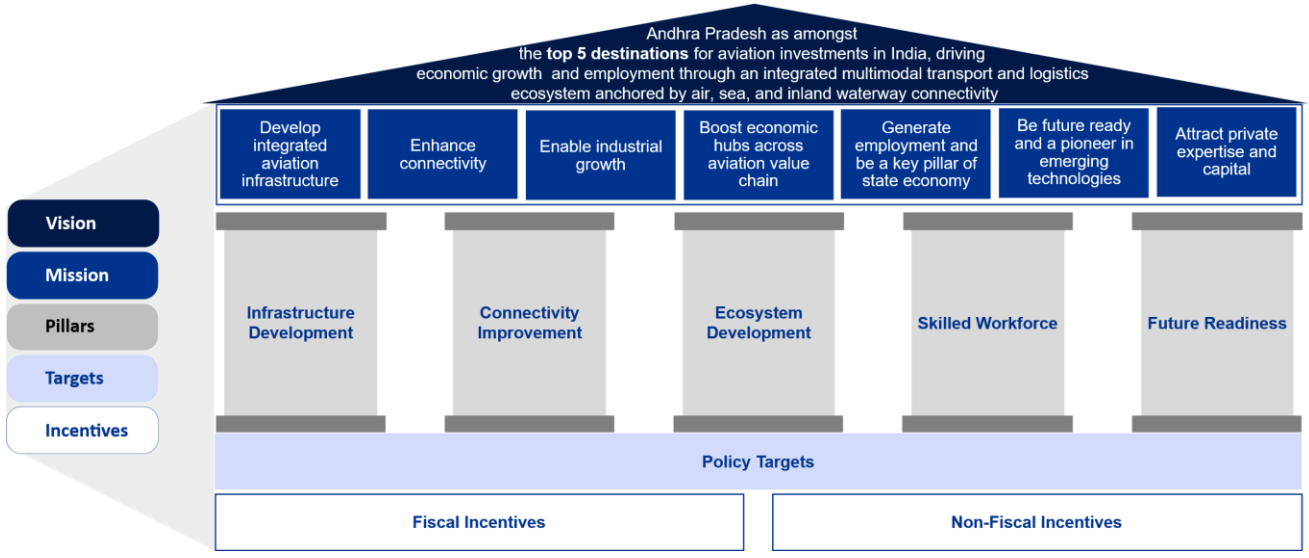
"Andhra Pradesh as amongst the **top 5 destinations** for aviation investments in India, driving economic growth and employment through an integrated multimodal transport and logistics ecosystem anchored by air, sea, and inland waterway connectivity."

3.3 Mission

Through this policy, GoAP envisions creating a conducive environment for aviation development by achieving the following mission statements:

a. **Develop integrated aviation infrastructure**: Develop, expand and modernize aviation infrastructure, integrating multimodal transport facilities.
b. **Enhance connectivity:** Enhance regional, national and international connectivity to airports in the state through airport infrastructure, attracting airlines and promoting allied segments such as helicopters and seaplanes.
c. **Enable industrial growth:** Enable industrial growth in Andhra Pradesh through efficient and globally connected air cargo with multi-modal connectivity.

d. **Boost economic hubs across aviation value chain:** Establish Andhra Pradesh as preferred destination for investments in India's aviation ecosystem propelling the state as a hub for MRO, aerospace manufacturing, skilling and allied segments.
e. **Generate employment and be a key pillar of state economy:** Develop a thriving aviation industry contributing significantly to the state's economy (aligned with Swarna Andhra 2047, @15% GSDP growth rate) and creating substantial employment opportunities.
f. **Be future ready and a pioneer in emerging technologies:** Develop Andhra Pradesh as a pioneering state for future technologies such as Advanced Air Mobility, Sustainable Aviation Fuel, creating an attractive environment for innovation, entrepreneurship, sustainability, research and industry such that it benefits all stakeholders and citizens across the state.
g. Attract private expertise and capital: Attract private capital and expertise to develop aviation sector in the state including development using PPP.
h. **Leverage maritime and inland waterways for multimodal logistics:** Coordinate with Andhra Pradesh Maritime Board (APMB) and inland waterway authorities to establish air-sea-river cargo corridors, integrating AP's 1,053 km coastline, major ports, and navigable rivers (Godavari, Krishna and Penna) with airport cargo infrastructure to create multimodal logistics hubs.



3.4 Policy Targets

The following are key targets to be achieved under this policy:

i. **Passenger traffic share:** Increase share in Indian passenger traffic from ~1.5% in 2026 (April 2025-March 2026) to 4% for airports in Andhra Pradesh by 2035 and to 7% by 2047

ii. **Cargo traffic share:** Increase share in Indian cargo traffic from 0.2% in 2026 (April 2025-March 2026) to 5% for airports in Andhra Pradesh by 2035.

iii. Develop Amaravati airport as a global aviation destination representing a **Swarna Andhra 2047**.

iv. Operationalize 9 additional airports in the state

a) Provide access to an airport within a distance of 150 kms across the state.

b) 3 international airports (North / Center / South) including expansion of Tirupati airport

c) 7 new low-cost no-frills airports to make aviation accessible to common citizens

v. Operationalize 10+ waterdromes and heliports in the state

vi. Develop green and sustainable airport infrastructure.

vii. **State connectivity**: Provide air connectivity to the state capital from all airports in the state which are beyond 200 kms from state capital.

viii. **Domestic connectivity**: Increase connectivity by over two-fold to 25+ destinations in India from airports in the state.

ix. **International connectivity**: Increase connectivity to 10+ destinations globally from airports in the state.

x. Increase Andhra Pradesh's share of MRO industry to 10% of the total industry size in India by 2035.

xi. Attract Fortune 500 Global OEM as anchor aerospace manufacturer in the state and develop aerospace manufacturing cluster.

xii. Attract INR 1 bn+ investments in aerospace manufacturing in the state by 2030

xiii. Train 5,000 professionals through establishment of Aviation University, Specialized aviation skill development centers, and Flight Training Institutions.

xiv. Develop sandbox, testing, and manufacturing facility for Advanced Air Mobility.

xv. Operationalize 2+ vertiports in the state

xvi. Develop SAF manufacturing facility to cater to 20% of the Indian demand.

4 Policy Pillars

The Policy identifies the following five key pillars to build the aviation ecosystem and make Andhra Pradesh as an aviation industry hub:

a. **Infrastructure Development** to

   i. Develop airports as economic growth engines with integrated multi-modal cargo and logistics

   ii. Make Andhra the gateway to Southern India through flagship aviation hub at Amaravati.

   iii. Develop waterdromes and heliports

b. **Connectivity Improvement** to Make Andhra air connected – within the State, Nationally, and Internationally including Air Cargo

c. **Ecosystem Development** to attract investors to make Andhra a manufacturing and MRO hub and establish global Aviation Centre for Excellence

d. **Skilled Workforce** by developing aviation skilling infrastructure for capacity building and skill development to create aviation workforce of the World

e. **Future Readiness** in advanced air mobility, sustainable aviation fuel and aviation innovation to make Andhra Pradesh a pioneer in innovation and trends of the Future. The Government of Andhra Pradesh has identified the following five pillars to foster the growth of Aviation sector in the state through a structured Policy support across the pillars:

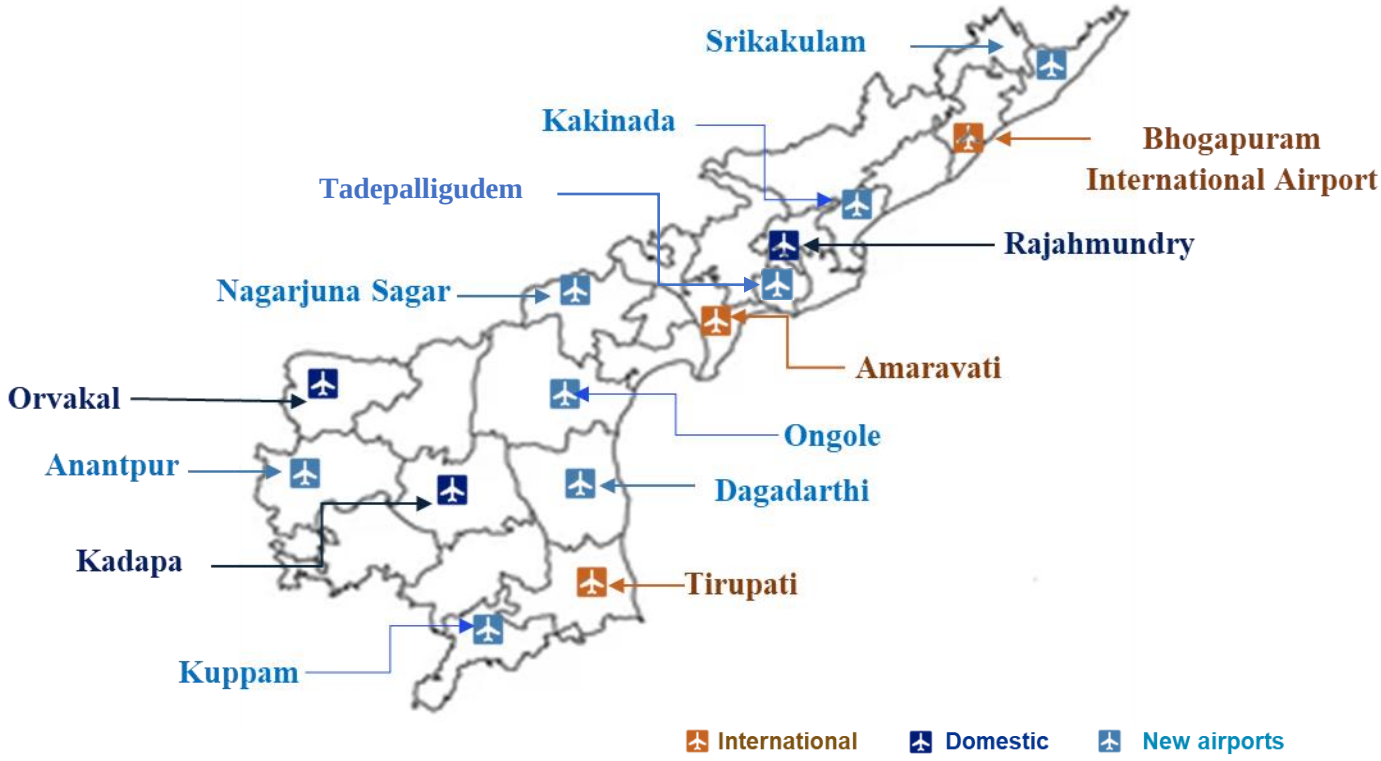
4.1 Pillar 1: Infrastructure Development

Airport infrastructure

Given the length of the state (> 1200 km distance between north and south points), there is a need to build extensive air connectivity in the state. APAP 2026 aims to provide travelers access to an airport within a distance of 150 kms across the state.

To facilitate regional air connectivity across the state, the government has identified the following locations for development of greenfield airports in the state.

S.No.	Airport	Remarks
1	Bhogapuram International airport, Vizianagaram	Operational by 2026
2	Dagadarthi, SPSR Nellore	Greenfield
3	Kuppam, Chittoor	Greenfield
4	Palasa, Srikakulam	Greenfield
5	Nagarjuna Sagar, Palnadu	Greenfield
6	Tuni – Annavaram, Kakinada	Greenfield
7	Ongole, Prakasam	Greenfield
8	Tadepalligudem, West Godavari	Greenfield
9	Amaravati, Guntur	Greenfield
10	Anantapur, Anantapur	Greenfield



1. **International airports:** The state presently has three international airports strategically located in the north, center and south of the state. The airports provide necessary airport access to international travelers from the state but require enhanced international connections. The policy has set an aspiration to connect 10+ international destinations from these airports. To support access to international travel from the airports, the state encourages development of international airports on a PPP basis to leverage private sector expertise in airport operations and route development:

    a. **North:** Operationalization of Bhogapuram International Airport, Visakhapatnam by 2026 being developed on a PPP basis. The airport would provide a strong impetus to economic development and employment in the region by catalyzing sectors such as logistics, tourism, real estate, and hospitality. Proximity to the strategic Vizag Port (<50 kms from the airport) would provide key multimodal linkages for development of cargo and logistics ecosystem in the region. The existing Visakhapatnam International Airport is a civil enclave and will be closed for commercial operations after operationalization of Bhogapuram International Airport.

    b. **Central:** Development of greenfield Amaravati Airport shall be pursued on a PPP basis. The proposed airport shall be developed as an aviation hub with efficient, seamless, and quick D-D, D-I, I-D, and I-I hub transfers using optimal processes, design and use of technology. Positioned between Europe, Middle East, and Southeast Asia, India is well placed to serve as a transit point for long-haul international routes. Major airports are

working towards creating necessary infrastructure to attract transfer traffic. Indian airlines with amongst the largest aircraft orders, including of widebody aircraft can now connect the world through India. Building transfer traffic also enhances connectivity to the airport and enables growth of the ecosystem. The commercial structure of the upcoming airport shall enable growth of transfer traffic. The State in coordination with AAI shall have the discretion to take decision on the existing Vijayawada International Airport after operationalization of the proposed Amaravati Airport.

c. **South:** Expansion of Tirupati airport.

In the interim period, the state shall pursue AAI to market existing Vijayawada and Tirupati airports for international route development.

2. **No-frills airports:** Airports with initial traffic of less than 1 mn pax (estimated for 1st five years) shall be developed as low-cost no-frills airports by use of technology including prefabricated structures.
3. **Sustainable airports:** The airport development and operations shall make use of sustainable practices including use of renewable energy sources, water harvesting, circular development practices etc.
4. **Airport cities:** The government shall promote development airport cities (aerotropolis) around major airports based on viability studies. Airport development shall be integrated into city master plans for effective planning and facilitate the development of necessary infrastructure connectivity with the airport as well as inclusive development of the area.

The State government shall pursue development of identified airport development projects based on individual project viability through:

a. Preferably on a PPP mode
b. Preferably on Revenue Share / Per pax fee model (Option for VGF grant, if required)
c. Seeking development by AAI directly or as a joint venture
d. Schemes of Government of India (RCS-UDAN)
e. Acquiring land preferably through a Land Pooling mechanism

The government shall facilitate developing major airports as **economic growth engines** in order to drive and derive synergies from the growth of manufacturing, tourism, trade, and other commercial activities in its vicinity. Commercial and infrastructure facilities such as offices, hotels, convention centers, medical facilities, trade centers, logistics facilities, business parks, manufacturing facilities and skill development centers will be encouraged to develop around the airport and its immediate zone as an economic hub. Towards this, areas around select airports will be delineated as exclusive zones to be developed as airport cities.

The state will adopt a strategic approach to land monetization and asset recycling to drive airport development and maximize the value of existing aviation infrastructure. Asset development models including long term leases and public private partnerships (PPPs) will be utilized for these developments.

Air strips

The state will pursue development of common use air strips. The two broad models for development of air strips are as follows:

(a) Model – I: Air strip development on PPP model by Private sector. The private developer shall allow use of air strip and related facilities and services on a commercial basis.

(b) Model – II: Air strip development with State – State shall develop the common use Air strip and ancillary facilities and infrastructure around it. The State shall allow use of air strip and related facilities and services on a lease basis/revenue share model

Air cargo infrastructure

Andhra Pradesh is the largest marine exporter in the country, accounting for about 32% of India's marine exports by value of ~USD 7.4 bn. Key exports include frozen shrimp (largest segment), frozen fish, squid, cuttlefish, octopus, lobster & dried fish items. The state also produces other perishable products such as mangoes and pharmaceuticals etc. The state has also emerged as a strong market for e-commerce.

Presently, most of the marine items are in frozen form and exported through sea and live produces through other neighboring large aviation hubs. There is a potential to move up the value chain for export of frozen form as well as live and fresh animals and Agri perishables which would require development of adequate cargo infrastructure in the state including cold logistics and compliance with IATA Live Animals Regulations (LAR). Additionally, the development of high-value manufacturing industry would open potential for export/ import of electronic and engineering goods. The state also offers excellent sea connectivity which would be leveraged for efficient logistics providing multi-modal connectivity.

Andhra Pradesh is planning to establish four state-of-the-art export hubs to drive its food export ambitions. These large-scale integrated hubs, each covering over 500 acres, are designed to serve as critical nodes in the export supply chain, offering end-to-end services such as aggregation, packing, cold storage, quality testing, phytosanitary certification, and export compliance. By concentrating key export-related infrastructure in these zones, the hubs will streamline logistics, reduce export lead times, and ensure compliance with global standards. APAP 2026 shall promote development of air cargo infrastructure at state airports to meet the state's food export ambitions.

To enable development of air cargo infrastructure to prevent leakage of air-cargo to neighboring states, the state shall promote development of:

a. Dedicated air-cargo infrastructure including mini logistics parks, warehousing, perishable / special cargo handling at all airports with an annual traffic greater than 1 million passengers.
b. Logistics Park near Orvakal airport (industrial node).
c. Customs handling and cargo processing facilities at all international airports.
d. Perishable handling facilities like cold storage chains that cater to end-to-end supply chain with connectivity to airports.
e. Fulfillment centers, increased warehousing and handling capacity and support to attract new trending e-commerce businesses.
f. Promote extensive use of technology for air cargo processing to reduce dwell times.
g. Parking facilities for trucks at major airports for efficient logistics.
h. Infrastructure to enhance last-mile connectivity.

In addition to development of cargo infrastructure at airports, warehouses, logistics parks etc. enhanced connectivity is required to build the air cargo system. The state shall encourage enhancement in scheduled air connectivity for development of air cargo (as detailed under Connectivity Pillar). The state will work with the industry to attract freighter aircraft which will provide an important medium while the scheduled air-connectivity is developed.

Heliports and waterdromes

The Government aims to create an ecosystem for heli-taxi services through development of helipads/ heliports at suitable locations for giving an impetus to heli-taxi operations. The State government shall provide support in identification of suitable locations for developing heliports/ helipads and expedite approval of heliports/ helipads. The State targets to develop at least one heliport/helipad in every district to boost regional and last-mile connectivity.

Andhra Pradesh, with its extensive 1,053.07 km coastline along with its rivers, offers substantial opportunities for seaplane operations. Implementing seaplane services in these regions would significantly boost connectivity and tourism, offering a distinctive travel experience and enhancing accessibility. Seaplanes provide a cost-effective approach as waterdromes required for seaplane operations do not require large land area or as much investment as in conventional airports.

The State's Inland Waterways cover (NW-4: Krishna & Godavari rivers canal systems, NW-79: Penna River & NW-104: Tungabhadra River). Present navigable inland waterway routes are:

a. River Godavari
    1. From Gandi Pochamma to Pochavaram (about 45 Kms)
    2. From Antarvedi to Razole (about 30 Kms)

3. From Dowleswaram Barrage to Kadiyam (about 5 Kms)
4. Either bank of river Godavari near Rajamahendravaram (Rajahmundry) (about 5 Kms)

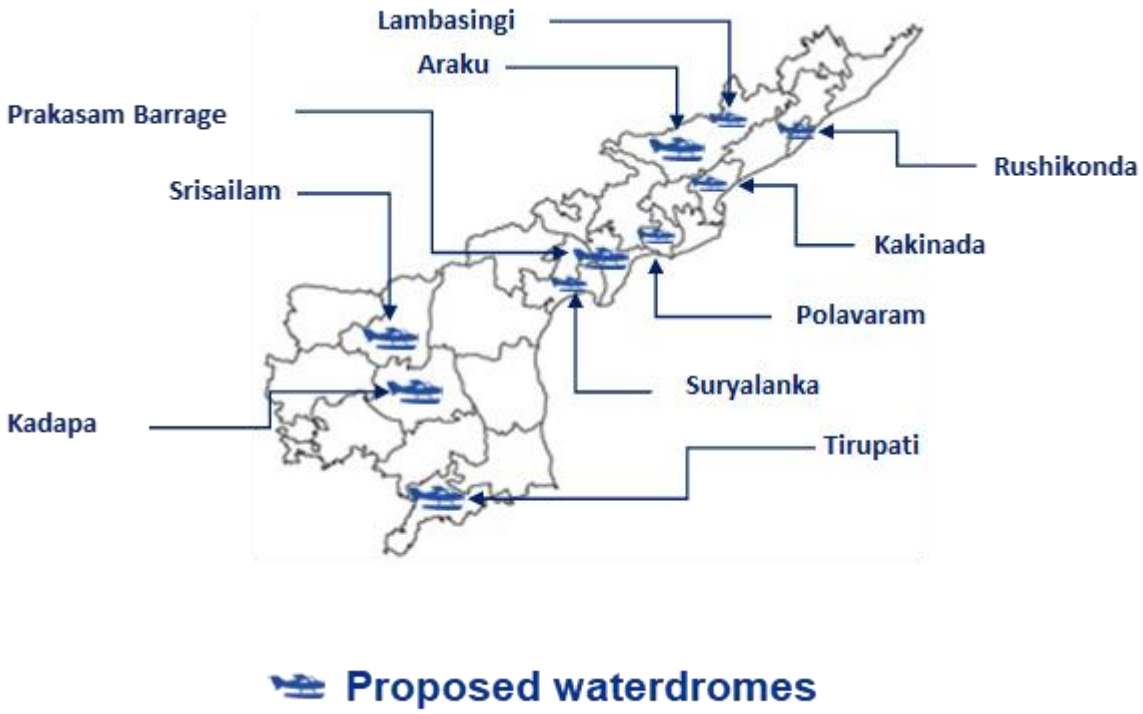
b. River Krishna
1. From Vijayawada to Amaravati (about 45 Kms)
2. From Muktyala to Putagudem (about 20 Kms)
3. From Nagarjuna Sagar to Srisailam – Lower Bank (about 97 Kms)
4. Srisailam reservoir to Somasila (about 84 Kms)

c. River Penna
1. From Gandikota to Mylavaram (about 10 Kms)

The above-mentioned State Inland Waterways can be leveraged as feeders to the proposed waterdromes and heliports and for waterdrome development in coordination with the Inland Waterways Authority of India (IWAI) and APIWA.

The government shall leverage Ministry of Civil Aviation's support for development of seaplane ecosystem in the country to provide economical air connectivity in the state. The following sites have been identified for development of waterdrome infrastructure for seaplane operations.

S.No.	Proposed Waterdrome locations
1	Araku, Alluri Sitharamaraju
2	Lambasingi, Alluri Sitharamaraju
3	Rushikonda, Visakhapatnam
4	Kakinada
5	Polavaram
6	Srisailam, Nandyala
7	Tirupati, Chittoor
8	Gandikota, Kadapa
9	Suryalanka Beach, Bapatla
10	Prakasam Barrage, NTR



To enable development of heliports and waterdrome infrastructure, the state shall:

a. Identify locations for developing heliports, waterdromes, and provide support to expedite approvals

b. Develop heliports / waterdromes, preferably on funded PPP mode

c. Facilitate development of platform for sale of tickets and publicity of flight schedules through APTDC / APADCL

d. Provide necessary security, fueling and regulatory infrastructure and services

Private investments: The government encourages the private sector to play a pivotal role in the growth of aviation infrastructure in the State. The state seeks and promotes private participation in the development of new airports, supporting facilities and allied industries. Selection of private developers or operators (other than those developed by APADCL / AAI) will be done through a competitive bidding process as per extant provisions.

Flexible Land procurement: The land acquisition would be undertaken considering long-term future requirements of land required for the growth of airport. The plans would take into account overall development of the airport zone including growth of industrial, commercial and residential areas around airports, urban development integrated with ports and industries.

a. **Land Pooling**: Airport projects require large parcels of land. In order to make the landowners partners in the development of airport development, land pooling option shall

be adopted, where feasible. Under Land Pooling mechanism, land parcels owned by individuals or group of owners shall be consolidated by transfer of ownership rights to the airport development authority, which later will transfer the ownership of a part of the land in airport city / alternative areas back to the landowners. The objective of the scheme is to make the families affected by the development / expansion of airports as partners in growth. Urban developments integrated with ports and industries will be explored on a land pool basis.

b. **Land Title Buyout**: In cases where Land Pooling mechanism may not feasible, the State shall pay upfront amount to acquire land title for the identified site for airport and waterdrome development.

c. **Land Lease:** State shall also explore procuring unutilized land from AAI on lease basis.

d. **Existing facilities**: The state will explore options of leveraging existing infrastructure for facilitating waterdrome operations.

e. **Land Acquisition:** In situations where land pooling or other collaborative mechanisms are not feasible, the State shall explore land acquisition in accordance with LARR Act, 2013 and other applicable laws and regulations.

4.2 Pillar 2: Connectivity Improvement

Enhancing air connectivity within the state, nationally, and internationally is a key aspect of aviation development. Air connectivity is crucial to enable Andhra Pradesh government's focus towards attracting global businesses.

GoAP has approved a new tourism policy with the aim to attract significant investments and transform the state into a globally renowned tourist destination. The tourism policy includes developing beach tourism, eco-tourism and spiritual tourism. It also set an ambitious target of positioning Andhra Pradesh among the top 10 states in India for Foreign Tourist Arrivals (FTAs), enhancing its global tourism profile.

Aviation plays an important role in development of tourism. The state recognizes aviation as a critical enabler for tourism growth and adopts measures to enhance air-connectivity to key tourist destinations. The policy takes a holistic approach to connectivity improvement – at regional, domestic, and international level. The connectivity targets for the policy, as provided earlier, are reproduced below:

a. **State connectivity:** Provide air connectivity to the state capital from all airports in the state which are beyond 200 kms from state capital.

b. **Domestic connectivity:** Increase connectivity by over two-fold to 25+ destinations in India from airports in the state.

c. **International connectivity:** Increase connectivity to 10+ destinations globally from airports in the state.

The state also recognizes the important role which non-scheduled operations including heli-taxi services, chartered operations, sea-plane operations and general aviation plays for enhancing connectivity.

To enable connectivity within the state, the government is planning to develop 9 new airports and 10 waterdromes in the state. This infrastructure would support development of air connectivity and provide access to airports within 150 kms across the state.

The state shall leverage Government of India's UDAN scheme to enhance air connectivity, as available.

State connectivity

Given the state's extensive span of over 1200 kilometers from north to south, it is essential to establish robust air connectivity to ensure efficient and effective transportation across the region. The policy envisages air connectivity from all airports within the state to the state capital which are beyond 200 kms from state capital. Additionally, all the airports within the state (existing and proposed) shall be connected through scheduled airline operations.

To achieve this vision, the government shall:

a. Leverage UDAN scheme to develop air connections within the state on unserved and underserved routes.

b. The government shall provide necessary support to startup and regional airlines to setup base in the state including coordination with airports, state and central clearances.

c. Develop no-frills airports where estimated annual traffic is < 1 million to keep airport charges low

d. Promote use of technology such as DigiYatra, self check-in, self-baggage drops, e-gates etc. in airport operations to lower the cost of airport operations.

Seamless travel: The government has adopted a citizen centric approach towards development of transportation in the state including air-travel. The state shall facilitate:

a. Road connectivity to airports suitable to handle traffic volume at airports.

b. Cost effective modes to travel between city-centers and airports such as airport shuttle services.

c. Integrated state bus schedules with flights for seamless transfers to key destinations.

d. Use of technology to pre-book tickets on airport shuttles/ buses / shared mobility options operating at airports.

Domestic connectivity

The government encourages connectivity to other Indian states from airports in Andhra Pradesh. As the state accelerates its growth vision, connectivity across India is crucial for growth of economy through easy movement of workforce and leisure travelers.

The policy aims to increase connectivity to 25+ destinations in India from airports in the state effectively covering all key areas of demand across the country. To achieve this vision, the state shall:

a. Leverage UDAN scheme to develop air connections on unserved and underserved routes from the state airports.

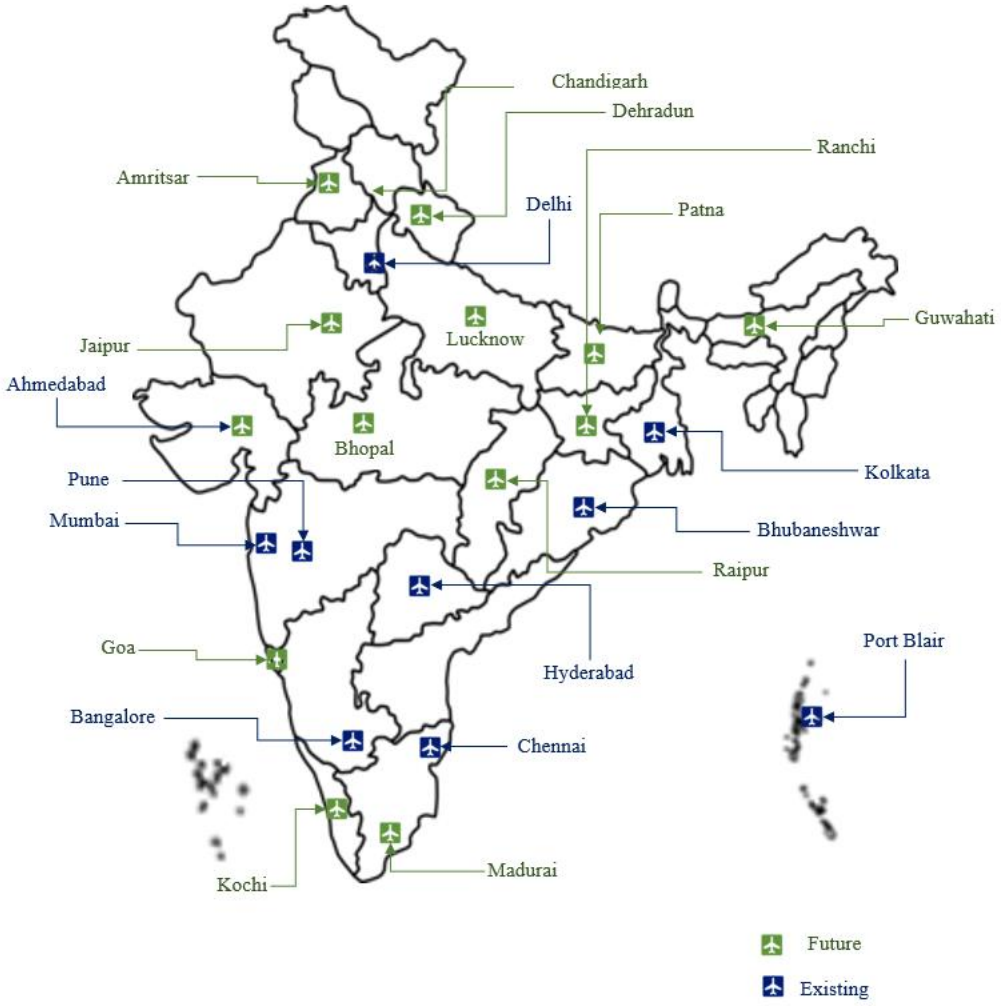
b. Work with AAI to market the state with airlines for enhancing air connectivity.

c. Seek private expertise in airport operations and airline marketing/ route development at state airports.

d. Coordinate with Tourism Department for joint marketing campaign of tourism locations in the state and for curating tourism packages with airlines / travel operators.

e. Coordinate with AAI/ airport developers within the State on **Variable Tariff Plan** to incentivize airlines to start new flights / destinations.

f. Provide incentives to airlines for domestic connectivity, on a case-to-case basis through a competitive bidding process.



International connectivity

Significant number of citizens from Andhra Pradesh work globally. In absence of extensive international connectivity, the travelers need to depend on airports in other states to travel to and from Andhra Pradesh. Additionally, the government is providing a strong impetus towards economic growth and to attract global manufacturing and services companies to the state. Enhancement of international connectivity thus is crucial for the state.

In addition to the demand, international connectivity is dependent on bilateral air services agreements (ASAs) signed by the Government of India with other nations. In addition to the limited capacity ASAs, agreements on Open Skies or those with ASEAN nations govern the connectivity on international routes.

The policy aims to increase direct connectivity to 10+ destinations globally from airports in the state covering key destinations and placing the state on global aviation map and enable the state to attract global talent, ease international travel needs of the citizens and boost air cargo movement. The policy also aims to ensure seamless international connectivity, a key requirement to attract global companies to invest in the state.

To achieve its vision on international connectivity, the state shall:

a. Facilitate development of Amaravati airport as new Gateway airport designed for hub operations. The State shall encourage Amaravati airport to be designed as an efficient transfer airport with seamless and quick D-D, D-I, I-D and I-I hub transfers.

b. Incentivize airlines to lower cost of operations. The state shall reimburse parking and landing charges for first 3 years for new international routes to the airlines

c. Support in inclusion of international airports in the state in bilateral air services agreements

d. Support in inclusion of international airports in the state in ASEAN open sky agreement in addition to current inclusion of Visakhapatnam airport.

e. Work with AAI to position the state with international airlines for enhancing air connectivity including route level discussions

f. Coordinate with AAI to promote the state in key airline forums and events such as Routes Conferences.

g. Promote the state in tourism events in collaboration with Department of Tourism.

h. Coordinate with Tourism Department for joint marketing campaign of tourism locations in the state and for curating tourism packages with airlines / travel operators.

Heli-taxi, seaplanes and general aviation

The helicopter sector in India, while presently modest, presents substantial opportunities for expansion and advancement. Helicopters are essential for connectivity in remote regions, particularly those with difficult terrain and inadequate infrastructure. They are vital for emergency medical services, disaster relief efforts, tourism, and corporate travel.

Andhra Pradesh's extensive 1,053.07 km coastline coupled with rivers and lakes presents significant potential for seaplane operations. Establishing seaplane operations would greatly enhance connectivity and tourism in these areas, providing a unique travel experience and improving accessibility. The Government of India has also issued comprehensive guidelines for seaplane operations, offering a supportive framework to foster growth in this sector. The state had recently undertaken a trial run of a seaplane service between Srisailam and Vijayawada’s Prakasam Barrage, marking the state’s first seaplane operation.

Helicopters play a key role in remote area connectivity, intra-city movement, emergency medical services (HEMS) law enforcement, disaster relief, search and rescue, etc.

The policy provides the following support for development of heli-taxi, seaplanes and general aviation in the state. The state shall:

a. Leverage UDAN scheme to develop heli-taxi and seaplane services in the state.

b. Develop a network of heliports and waterdromes in urban, underserved and tourist areas.

c. Streamline state approvals for heli-taxi and sea-plane operations to reduce delays and time taken for obtaining requisite clearances.

d. Simplify procedure for obtaining all necessary clearances required and intimation of flight plans to the concerned authorities for running heli-taxi and seaplane operations by creation of a single window cell for all such matters.

e. Facilitate online mechanism of booking, ticketing and passenger services for heli-taxi and seaplane services in the state in coordination with APTDC.

f. Facilitate seamless integration of heli-taxi and seaplane services with airports and existing transport systems to provide onward and last mile connectivity.

g. Facilitate development of emergency response protocols to utilize helicopter services for medical and emergency evacuations.

h. Collaborate with APTDC to promote heli-taxi and seaplane services to tourism destinations.

i. Facilitate pilot training and certifications for helicopters and seaplanes in the state.

j. Coordination with Government of India on initiatives to lower cost as provided under section on State Connectivity.

4.3 Pillar 3: Ecosystem Development

Maintenance, Repair and Overhaul (MRO)

The expansion of aircraft fleet in India, large aircraft orders and future traffic growth presents significant opportunity for growth of MRO industry in India. The Government of India has taken progressive steps to support the growth of MRO industry in India such as tax reforms and policy initiatives. Over the last 3 years, the segment has seen increasing interest from the industry with setting up of new MROs by OEMs and airlines.

Traditionally, Indian MRO service providers have provided airframe maintenance and Line maintenance accounting for only 20% of the total MRO services. With the progressive tax reforms and market opportunity, India is now attracting MRO investments in components and engines shops. Indian airlines have also scaled their in-house maintenance capabilities to cater to their growing fleet.

The state does not have civil aircraft MROs presently. Noting the opportunity in the sector, the Andhra Pradesh Industrial Development Policy 4.0 (APIDP 4.0) has identified MRO as a propelling sector for the state holding tremendous potential to link the state to global supply chains. In line with this opportunity, Andhra Pradesh aims to be a key player in the MRO ecosystem in India servicing 10% of Indian MRO market by 2035.

The government encourages all segments of MROs to setup maintenance shops in the state including:

a. Airlines for their captive maintenance units

b. Airframe including paint shops

c. Heavy maintenance

d. Components

e. Engines

f. Spares and parts warehousing

Location: The government has identified Orvakal airport, greenfield Bhogapuram airport, and proposed Amaravati airport for development of MRO ecosystem. Additionally, the government would facilitate development of MRO ecosystem near existing AAI airports in the state.

Anchor MRO: The government encourages leading global aerospace OEMs as anchor MROs to setup their MRO facilities along with their vendors to create an MRO ecosystem. The government shall facilitate anchor MROs and their vendors as per the APIDP 4.0. The anchor MROs (across MRO segments provided above) shall be strategic partners with capital investment of over INR 400 cr (excluding land) in setting up MRO in the state.

If any MRO player intends to shift their existing MRO facilities to an airport in Andhra Pradesh, such MRO players are encouraged to submit their comprehensive relocation proposals to APADCL for consideration on a case-to-case basis.

Aviation manufacturing

Aviation manufacturing is a key segment for Government of India considering the demand of aviation in India, large aircraft orders and current dependence on imports. The government of Andhra Pradesh has brought a progressive industrial policy to drive economic growth through manufacturing in the state.

The policy aims towards creating a globally attractive aviation manufacturing hub and attracting Fortune 500 companies to the state, in alignment with the objectives under Swarna Andhra 2047. Aviation manufacturing is a propelling sector for which the ecosystem needs to be developed in the state.

The government encourages Fortune 500 OEMs to invest in the state as anchor manufacturing companies and enable creation of a complete ecosystem of manufacturing in the state. The state will facilitate development of aviation manufacturing cluster drawing synergies across aerospace, defence, drones, Advanced Air Mobility, Electronics, and MRO to develop the aerospace ecosystem enabling shared use of infrastructure, technologies and talent pool.

Aerospace Parks: The state will identify and prioritize development of dedicated aerospace parks along with APIIC to serve as focal points for innovation, manufacturing and maintenance in the aviation and aerospace sectors. These parks shall be located near airports and industrial corridors to ensure seamless connectivity and efficient logistics. Designed to attract global and domestic investments, the parks will offer state-of-the-art infrastructure, including common facilities like testing labs etc. for development of integrated ecosystem. The state encourages private investment in development of Aerospace Parks.

Locations: Ananthapur, Sri Sathya Sai district, Kurnool which are along Hyderabad-Bangalore Industrial corridor and any other location near an airport/runway strip and identified locations within AP A&D Policy 4.0, APIDP 4.0, and AP Private Industrial Park Policy.

Developers can avail incentives under other State policies such as APIDP, APMEDP, or AP Private Industrial Park Policy, as applicable.

Aerospace Park at Kurnool will be undertaken as an integrated development. To enable enterprises, increase their retention rate of their employees, provisions for industrial housing, with common amenities shall be encouraged at the time of layout approvals for the parks. The park shall be developed on a PPP basis.

Drone City: The state shall leverage its upcoming Drone City for accelerating aviation manufacturing. By integrating drone manufacturing into the broader aerospace ecosystem, the government aims to foster innovation and collaboration between start-ups, established aerospace

manufacturers and research institutions. The Drone City will also serve as a testing ground for aerospace technologies catalyzing state's aerospace manufacturing capabilities.

Maritime Logistics and Port-Airport Synergies: Andhra Pradesh has 1 major port, 4 greenfield ports and 5 operational ports which offers a unique opportunity to position the state as a maritime-aviation logistics hub for South and Southeast Asia working in co-ordination with Andhra Pradesh Maritime Board to co-develop Integrated Logistics Parks.

4.4 Pillar 4: Skilled Workforce

Aviation sector is a key employer of skilled workforce. As per estimates, 1 job created in aviation sector creates 6.1-6.5 jobs in other sectors. Apart from airports and airlines, the development of aviation value chain requires skilled technical workforce such as Aircraft Maintenance Engineers (AMEs) for MROs, air traffic controllers, etc. The policy aims to make Andhra Pradesh a hub for aviation training which not only caters to the demand for aviation skilled workforce in the country but becomes a supplier to demand of the global aviation sector. The Policy aims to establish the state as the global Aviation training hub creating **Workforce for the World.**

Andhra Pradesh is home to a wide range of higher education institutions, including 3 central universities, 19 central autonomous institutions, 28 state universities, 8 deemed universities, and 13 private universities. Noteworthy institutions in the state include the All-India Institute of Medical Sciences (AIIMS) in Mangalagiri, the Indian Institute of Management (IIM) in Visakhapatnam, the Indian Institute of Technology (IIT) in Tirupati, the Indian Institute of Petroleum and Energy (IIPE) in Visakhapatnam, and the National Institute of Design (NID) in Amaravati, Indian Institute of Information Technology, Design and Manufacturing in Kurnool, among others.

Andhra Pradesh has positioned itself as a leader in Science, Technology, Engineering, and Mathematics (STEM) education. 75% of students in the state choose Science streams after completing their 10th grade, a figure that significantly exceeds the national average of 42%. This high percentage is indicative of the state's strategic emphasis on fostering a highly skilled workforce adept in technology and modern services sectors. The state's educational policies and initiatives are designed to support this focus, ensuring that students are well-prepared for careers in technology-driven industries. This commitment to STEM education not only enhances the employability of its graduates but also attracts investments from companies seeking a technically proficient talent pool.

Andhra Pradesh, with a literacy rate of approximately 67% and a labor force participation rate of 72.6%, offers a substantial pool of young talent to support its rapidly expanding industrial sector. The state is proactively enhancing education and skill development to meet the demands of modern industries. The government is prioritizing educational access, particularly in rural areas, through initiatives aimed at improving infrastructure, training educators, and advancing digital literacy. These efforts are designed to create a well-educated and skilled workforce, capable of driving innovation and sustaining economic growth. By focusing on these areas, Andhra Pradesh is positioning itself as a hub for industrial and technological advancement, attracting investments and fostering a competitive business environment.

The policy aims to develop a comprehensive aviation skilling ecosystem in the state including:

a. Andhra Pradesh Aviation University (APAU)

b. Specialized aviation institutes: Flight Training Institutes and Simulator facilities, Aircraft Maintenance Engineering (AME) Institutions, Aviation management, Cabin, ground staff, cargo personnel trainings etc., Air Traffic Controller training facilities

Andhra Pradesh Aviation University: GoAP shall encourage private players to develop an Aviation University in the state. The university shall facilitate skilling courses in partnership with leading global aviation universities/institutes to create a specialized talent pool for aviation and aerospace industries. The university shall:

a. Offer tailor made curriculum to meet aviation industry requirements in collaboration with industry and leading international universities

b. Bring new programs with innovative pedagogies in collaboration with industry & academia

c. Provide comprehensive aviation training: UG, PG, PHDs, certificate courses in aerospace, aviation, AAM etc.

d. Offer Certification Programs (1 Year/6 Months) & Continuous Short-term courses both in person and online for existing workforce as well as graduate trainee students

e. Integrate academic programs with training through industry collaborations (including On-The-Job trainings), enabling students and professionals to access internationally recognized certifications and degrees.

f. Enable students to be equipped to work on Indian and global aviation opportunities, improving employability

Specialized aviation institutions: The state encourages development of flight training institutes and simulator facilities for pilot training. The state offers multiple airports/ airstrips with clear weather, limited commercial aviation restrictions and a supportive environment for training. The policy aims to attract private investment in developing aviation skilling ecosystem in the State. The state also aims to leverage its leadership in STEM education and encourage development of AME institutes.

The state also aims to create a future ready workforce by promoting the use of AI and emerging tech (AR/VR), courses in new areas – Advanced Air Mobility, collaboration with other universities on R&D and supporting startup innovation ecosystem.

Centre of Excellence: The aviation sector is rapidly evolving with technologies like AI in air traffic control, alternate powered aircraft such as electric aircraft, and drone logistics. An Aviation CoE will serve as a strategic hub fostering high-quality training, cutting-edge research, and global partnerships. The policy aims to promote establishment of aviation CoEs for research and innovation in manufacturing, training, sustainability, safety, aviation technology, connectivity improvement and operational cost reduction for traditional aviation and emerging areas of advanced air mobility.

The state shall coordinate with Andhra Pradesh State Skill Development Corporation (APSSDC), training institutes, MSMEs for development of industry and future ready curriculum offerings geared at creating a ready pool of employable skilled resources. APADCL will jointly coordinate with APSSDC for implementing accredited skilling initiatives.

4.5 Pillar 5: Future Readiness

Sustainable Aviation Fuel (SAF)

The 41st International Civil Aviation Organization (ICAO) Assembly adopted a long-term aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050 in support of UNFCCC Paris Agreement's temperature goals. The aviation sector, contributing to ~2% of global energy related greenhouse gas emissions, is a hard to abate sector.

The sector is undertaking a multi-pronged approach to meet the sustainability targets including fuel efficiency, alternative fuels such as hydrogen/ electric and using Sustainable Aviation Fuel (SAF). Amongst these, SAF plays a key role when adopted at scale and could contribute to 55-65% of the reduction needed by aviation to achieve net zero CO2 emissions by 2050.

India has also set targets for blending of Sustainable Aviation Fuel. The opportunity lies not only to cater to the Indian market but to become a global supplier for SAF. Andhra Pradesh's access to local feedstock as well as proximity to sea for import/ export of feedstock, manufactured SAF would enable supply to global markets.

Andhra Pradesh is an agrarian economy, with 62% of its population dependent on agriculture. The prospective increase in the production of agricultural commodities such as sugarcane, broken rice, maize, sugar beet, sweet sorghum, corn, cassava, etc., along with initiatives like "Clean Andhra Pradesh (CLAP)" for waste management through public participation, provides significant scope and impetus for establishment of Biofuel plants (including SAF) in the State.

In order to realize India's vision of increasing the use of biofuels in the energy and transportation sectors, the Government of Andhra Pradesh has notified "Integrated Clean Energy Policy 4.0 (ICEP 4.0)" to promote production and attract potential investors in industries manufacturing Biofuels including SAF.

In addition to the incentives notified in ICEP 4.0, State shall also provide incentives for promoting use of SAF.

Advanced Air Mobility (AAM)

AAM is an emerging segment which would open opportunities to transform mobility, especially cargo movement and urban mobility.

Presently, certifications of VTOL Capable Aircraft (VCA) / eVTOLs (electric Vertical Takeoff and Landing aircraft) are in progress by global aviation regulators such as FAA (US), EASA (Europe) etc. These prototypes are expected to be certified and operationalized in 2026. DGCA has also taken steps to bring Advanced Air Mobility to India with guidelines for Vertiports and circular on airworthiness of eVTOLs. Indian players such as IndiGo has signed up contracts worth USD 1bn to launch e-VTOLs in 2026, presenting significant growth opportunity.

The state aims to take a pioneering position for these future and emerging technologies. The policy shall create an enabling ecosystem for manufacturing, research and testing in collaboration with global AAM companies, startups and research institutions. Dedicated testing corridors (sandboxes), and prototype infrastructure such as vertiports and charging stations shall be established to enable development of AAM ecosystem in the state.

The state will facilitate skill development and certification programs through collaboration with industry, regulators and skilling institutions to build a talent pool for this emerging segment.

Drone City: The state will facilitate development of AAM manufacturing in its aerospace manufacturing clusters including Drone City. The state encourages development of components such as electric propulsion systems, lightweight composite materials, avionics, and battery technologies tailored for AAM. Collaboration between global AAM pioneers, local suppliers, startup and academia shall be promoted to facilitate innovation.

5 Incentives

The policy incentive framework is structured into 2 categories: Non-fiscal State Support and fiscal incentives across the five pillars. All the incentives except land related incentives are applicable for projects on both government and non-government land.

5.1 Eligible Fixed Capital Investments (eFCI)

a. For MROs, eFCI shall be limited to investment in Building including hangars, plant, machinery, and equipment. eFCI shall not exceed 80% of the total project cost.

b. For aviation manufacturing related activities, eFCI shall be limited to investment in Plant, Machinery, and Equipment. eFCI shall not exceed 60% of the total project cost.

c. For Advanced Air Mobility (AAM), eFCI shall be limited to investment in Technology, Plant, Machinery, and Equipment. eFCI shall not exceed 80% of the total project cost.

d. For flight training simulation centers, eFCI shall be limited to investment in Simulators. eFCI shall not exceed 90% of the total project cost.

e. For FTOs, e FCI shall be limited to investment in building, Plant, Machinery, and Equipment.

f. For Aviation Centre of Excellence, eFCI shall be limited to investment in Building, and plant, machinery, and equipment.

g. For MSMEs, eFCI means, investment in Plant, Machinery and equipment including cost incurred toward Land and Building expenses.

5.2 Eligible activities

MRO activities shall include MROs for all civil aviation operations such as commercial aircraft, general aviation aircraft, trainer aircraft, and Advance Air Mobility aircraft.

Aviation Centre of Excellence include aviation universities, **aviation training academies (such as ATCO training institutes, AME training institutes and others)** other than FTOs and Flight Simulation Centers, research and innovation in manufacturing, training, advanced air mobility, sustainability, safety, aviation technology, connectivity improvement and operational cost reduction for traditional aviation and emerging areas of advanced air mobility.

5.3 Non-Fiscal State Support

The State shall be responsible for providing the following support across all the pillars:

State shall encourage development of external infrastructure preferably on funded PPP mode.

5.4 Fiscal incentives

Eligible enterprises can claim incentives as below:

Aviation Policy Pillars		Incentive Package as under
Pillar 1	**Airports**	AP Aviation Policy
	Cargo	AP Logistics Policy (Draft)
Pillar 2	**Connectivity**	AP Aviation Policy
Pillar 3	**MRO and Aviation manufacturing**	AP Aviation Policy "**OR**" APIDP 4.0 "**OR**" AP A&D Policy
Pillar 4	**CoEs and Simulators and Training**	AP Aviation Policy
	FTOs	AP Aviation Policy
Pillar 5	**AAM**	AP Aviation Policy "**OR**" AP Drone Policy
	SAF	AP Aviation Policy for airlines AP ICEP 4.0 for Manufacturers

The incentives available under this Policy are designed to be complementary to, and not in substitution of, incentives available under the Andhra Pradesh Industrial Development Policy 4.0

(APIDP 4.0) or any other sectoral policy notified by the Government of Andhra Pradesh from time to time. An eligible enterprise may avail incentives under this Aviation Policy for the elements covered hereunder, and may additionally claim incentives under IDP 4.0 or other applicable policies for elements not covered under this Policy, subject to the following aggregate ceilings:

i. The total incentive availed by a company through a combination of incentive packages under this Aviation Policy and any other State policy (including IDP 4.0 or any subsequent sectoral policy) shall not exceed 100% of the Fixed Capital Investment (FCI) for aviation projects;
ii. No double-claiming of the same incentive head shall be permitted under any circumstances. Where a specific incentive component (e.g., stamp duty exemption, land cost reimbursement) is available under both this Policy and IDP 4.0, the higher of the two applicable rates shall apply, without duplication.

The nodal agency (APADCL/Industries/APIIC/Energy, as applicable) shall be responsible for maintaining a consolidated incentive utilisation register for each eligible enterprise to ensure compliance with the above ceilings.

Investment categories for the policy are as below:

Category	Investment Band	Investment Period
Large	>125 Cr and <=500 Cr	3 years
Mega	>500 Cr	4 years

Pillar 1: Infrastructure Development

The State shall provide following fiscal incentives for under APAP 2026:

Incentive category	Incentives
Viability Gap Funding (VGF)	The State shall provide financial support for airport projects undertaken on a PPP basis to bridge any financing gaps through the Viability Gap Funding (VGF) Scheme of the Government of India, which provides for a capital grant of up to 20% of the project cost as per the applicable Government of India policy. The State may further supplement this scheme by up to an additional 20% of the project capital expenditure (subject to a VGF ceiling of INR 200 crore), as may be necessary, on a case-to-case basis. Where the VGF is found inadequate to render a project commercially viable, the Government may consider the provision of additional financial incentives or capital support, on a case-to-case basis and subject to such circumstances as may be determined by the Government.
Revenue Share/ License/ Concession	For airports and Waterdromes developed on a Public-Private Partnership (PPP) basis, the State shall **grant a moratorium of up to 10 years** on

Incentive category	Incentives
Fee	the payment of Revenue Share, License Fee, or Concession Fee payable to the State, as applicable on case-to-case basis for determining the viability. The mechanism of staggered moratorium / stepped up moratorium will be determined as per the commercial viability of the project.
Stamp duty / Transfer duty	**100% One-time Reimbursement of stamp duty/ transfer duty** on all the 'Project Agreements' that shall form part of the Concession Agreement. The incentive shall be applicable only one time for the Project Agreements signed until achieving Commercial Operation Date including land purchased or leased for developing the airport.

The Government shall undertake a comprehensive project-specific assessment for each proposed airport development initiative to determine the quantum and tenure of above VGF and moratorium. The Government shall assess the project based on detailed financial assessment incorporating the following parameters:

(a) Traffic projections and demand analysis as per the Traffic Study Report;

(b) Phased development plan and timeline for airport infrastructure.

(c) Capital Expenditure (Capex) estimates and funding requirements.

(d) Applicable guidelines and circulars issued by the Ministry of Civil Aviation, Government of India.

(e) Projected Internal Rate of Return (IRR) based on the above inputs.

The quantum of Viability Gap Funding (VGF) to be provided by the Government shall be determined taking into consideration the prevailing market conditions, project-specific financial viability parameters, and the assessed funding gap required to ensure project bankability.

The Government reserves the right to engage Transaction Advisors, as deemed necessary, to facilitate the assessment, financial modelling, and determination of VGF and moratorium support for such projects.

Fiscal incentives, as outlined in the table above, and their tenure shall be provided in accordance with the provisions of the respective Request for Proposal (RFP) / agreements for each project, as determined through project-specific assessment and bidding outcomes. In the event that the State decides to provide Viability Gap Funding (VGF) for infrastructure development, the same shall be specified in the respective Request for Proposal (RFP) of the project.

The government shall review the policy framework governing above exemptions and reimbursement every five years and may modify the requirements, as deemed appropriate, to satisfy the objectives of this Policy.

VGF, where applicable, shall be provided in accordance with the Agreement conditions of each project and the *Guidelines for financial support to Public Private Partnerships in Infrastructure* issued by Department of Economic Affairs, Government of India, **as amended from time to time.**

The State shall also provide the following support for Pillar 1:

a. Facilitate necessary security, fueling, regulatory infra and services.

b. Delineate areas around select airports as exclusive zones to be developed as airport cities.

c. Provide connectivity of site of civil aviation infrastructure with nearest state highway or national highway, logistics parks, cold storage units and other modes of transport.

For development of Air Cargo and allied infrastructure, the State shall provide incentives as per the upcoming **AP Logistics Policy (Draft).** Air cargo and allied infrastructure can avail incentives under upcoming**.**

Pillar 2: Connectivity Improvement

The state shall provide the following fiscal incentives under APAP 2026 to airlines (passenger and cargo):

a. Reimbursement of parking and landing charges for first 3 years for new international routes to the airlines.
b. VGF to airlines on unserved/underserved domestic/regional, on a case-to-case basis through a competitive bidding process on a lumpsum basis or per round trip route subject to minimum 3 flights a week for a year. This VGF shall only be extended to routes not availing VGF under UDAN-RCS. Routes under UDAN-RCS shall be subject to the RCS guidelines prescribed by the Ministry of Civil Aviation, Government of India.
c. Coordinate with AAI / airport developers to facilitate Variable Tariff Plan at airports within the state to incentivize enhanced connectivity

The Government shall provide Viability Gap Funding (VGF) support to airlines operating on designated domestic routes, subject to meeting prescribed conditions and performance parameters. The quantum of financial support extended to airlines shall be determined based on comprehensive assessment of the following criteria:

a. Operational characteristics of the route including distance, frequency and schedule of operations ensuring sustained connectivity;

b. Level of connectivity, with priority given to remote, underserved, and unserved destinations;

c. Projected and actual seat occupancy/load factor achieved on the designated routes;

d. Operational costs specific to the route, including fuel, maintenance, airport charges, and crew expenses;

e. Guidelines and operational framework prescribed under the Regional Connectivity Scheme (RCS-UDAN) by the Ministry of Civil Aviation, Government of India;

f. Alignment with the State's regional connectivity objectives and airport development priorities;

g. Prevailing market conditions and competitive dynamics in the aviation sector.

The VGF support mechanism shall be designed to ensure financial viability of operations while maximizing public benefit through enhanced air connectivity. The Government reserves the right to engage advisors for undertaking detailed financial modelling, route viability assessment, and determination of appropriate VGF quantum for each designated route.

The terms of support, disbursement mechanism, and performance monitoring framework shall be specified in the agreement executed between the Government and the airline operator.

In addition to the above, the State shall provide the following non-fiscal support to promote connectivity:

Pillar 3: Ecosystem Development

Incentives: The government shall provide the following incentives MRO ecosystem development in the State:

Fiscal incentives for MROs	Large	Disbursement period
Investment subsidy	• 20% of eFCI disbursed over 5 equal annual installments from operationalization • Additional 10% of eFCI subject to meeting committed capacity and employment targets • Additional 3% of eFCI to Anchor MROs	• Disbursed in 5 equal annual installments from operationalization / achieving committed capacity and employment targets

Additionally, no concession fee/ airport royalty shall be levied at AAI airports for MRO activities as per the Revised Royalty Guidelines issued by MoCA vide F. NoAV-29012/95-2019-ER-MoCA dated 01 September 2021. This is subject to any subsequent amendments as notified by the Government.

Further, large MROs units can avail all applicable incentives under APAP 2026 or APIDP 4.0 or AP A&D Policy 4.0, as applicable.

In addition to the above incentives, the State shall also provide the following support to MROs:

a. Facilitate land availability near existing AAI airports for setting up MRO

Tailor-made incentives shall be considered for mega projects above the threshold specified in the Investment band.

Incentives: The government shall provide the following incentives for aviation manufacturing ecosystem development in the State:

Fiscal incentives for manufacturing	Large	Disbursement period
Investment subsidy	• 20% of eFCI disbursed over 5 equal annual installments from operationalization • Additional 15% of eFCI subject to meeting committed capacity and employment targets	• Disbursed in 5 equal annual installments from operationalization / achieving committed capacity and employment targets

Further, large manufacturing units can avail all applicable incentives under APAP 2026 or APIDP 4.0 or AP A&D Policy 4.0, as applicable.

Tailor-made incentives shall be considered for mega projects above the threshold specified in the Investment band.

In addition to the above incentives, the State shall also provide the following support under Pillar 3:

a. Facilitate identification and development of dedicated aerospace parks near airports and industrial corridors to serve as focal points for innovation, manufacturing and maintenance in the sector

Eligible units can avail applicable incentives under AP Aviation Policy (Draft) or APIDP 4.0 or AP A&D Policy 4.0 as applicable.

Financial incentive for	AP Aviation Policy 2026	AP IDP 4.0	AP A&D Policy
MRO (FCI of INR 125-500 Cr)	• Investment subsidy of 20% of eFCI from operationalization • Additional 10% of eFCI (on meeting committed capacity and employment) • Additional 3% of eFCI to Anchor MROs	• Investment subsidy of 12% of eFCI • Employment subsidy of 8% eFCI* • Decarb subsidy of 10% of project cost (cost cap at 6% of eFCI) • 100% Reimbursement of Stamp duty, Transfer duty & Land Conversion charges • INR 1 per unit power cost subsidy (max 15L per annum) • 100% net SGST reimbursement (Annual cap - 5% of annual turnover Overall cap - 100% of eligible FCI) • Local procurement subsidy of 1% of annual export turnover (cap of 7Cr)	• Investment subsidy of 15% of eFCI • 50% of the technology acquisition cost (cap of 1Cr) • Employment subsidy of 8% eFCI* • Logistics subsidy: 30% of transportation cost to logistic park (cap of 50L per annum); 50% of cost from logistic park (cap of 2Cr) • 25% rebate on the gross selling price of land from APIIC for anchor OEMs and suppliers/ 10% for others (cap of 15% of FCI) • 10% of incentive amount under GoI PLI Scheme (Cap of 5% of FCI in state) • 100% net SGST reimbursement • Decarb subsidy of 20% of project cost (incentive cap at 6% of FCI) • 100% Reimbursement of Stamp duty & Land Conversion charges\ • Local procurement subsidy of 1% of annual turnover (cap of 10Cr)
Aviation manufacturing (FCI of INR 125-500 Cr)	• Investment subsidy of 20% of eFCI from operationalization • Additional 15% of eFCI subject to meeting committed capacity and employment targets		

Pillar 4: Skilled Workforce

APADCL will jointly coordinate with APSSDC for implementing accredited skilling initiatives and identifying locations for aviation skill hubs / clusters development.

The state shall offer following fiscal incentives under APAP 2026 for development of aviation skilling ecosystem in the state such as Aviation training institutes, universities, FTOs, and Simulation centers:

Category	Large	Disbursement period
Skill upgradation	**50% reimbursement** of cost for skill-upgradation and training of workforce in approved aviation	**One time**

Category	Large	Disbursement period
and training cost*	courses / in accredited aviation training institutes with a cap of INR 10,000 per person (max 20 trainees per organization) **100%** reimbursement in case of BC/SC/ST/specially abled/women trainees with a cap of INR 20,000 per person (max 20 trainees per organization)	
Investment Subsidy	**Flight simulation Centers**: Investment subsidy for up to 15% of eFCI.	Disbursed in 5 equal annual installments from operationalization
	Flight Training Organizations (FTOs): 20% of the cost of social infrastructure development such as housing for trainees enrolled in FTOs. Investment subsidy for up to 10% of eFCI.	Disbursed in 3 equal annual installments from operationalization
	Centre of Excellence: Assistance for investments in Aviation Centre of Excellence (Max. cap of INR 10 cr)	Disbursed in 3 equal annual installments from the date of operationalization

Skill upgradation and training cost reimbursement shall be available to all aviation organizations, excluding airport operators, and shall be restricted to technical aviation courses mandated by the Directorate General of Civil Aviation (DGCA), India.

Tailor-made incentives shall be considered for mega projects above the threshold specified in the Investment band.

The State will also offer the following support to FTOs:

a. Facilitate airports/ airstrips with clear weather, limited restrictions, supportive environment for training

b. Facilitate necessary security, fueling, regulatory infra and services for FTOs

c. State will provide taxiway connectivity to the runway, preferably on funded PPP mode.

The state shall offer following fiscal incentives to the trainees to encourage technical skilling of state candidates in aviation:

Category	Fiscal incentives
Scholarship	• A scholarship of 30% of course fee (up to INR 10 Lakhs) per candidate for 1000 candidates from the State to obtain Commercial Pilot License from training organizations located in the State. The scholarship shall be applicable for candidates enrolled from 01 April 2026 onwards. • Additional scholarship of 10% of course fee (up to INR 5 lakhs) shall be provided to students from the State getting trained at both FTOs and Simulation centers located within the state. • Additional scholarship of INR 2 Lakhs shall be provided to women/ BC/ SC/ ST/ minority/ specially abled/ thirdgender candidates from the State The mechanism of disbursement will be detailed in the operational guidelines.

Pillar 5: Future Readiness

Sustainable Aviation Fuel

The government aims to encourage the use of SAF in aviation aligned to Government of India's sustainability target and blending mandate.

The state shall offer the following incentives under APAP 2026:

#	Category	Fiscal Incentive
1	SAF subsidy	**35% of the price differential** between conventional ATF and SAF **shall be reimbursed** for SAF uplifted in accordance with the mandatory blending percentage prescribed by the Government of India. **50% of the price differential** between conventional ATF and SAF **shall be reimbursed** for SAF uplifted in excess of the mandatory blending percentage prescribed by the Government of India. Both ATF and SAF must be uplifted from State Fuel

#	Category	Fiscal Incentive
		providers and State SAF producers Applicable for international routes from the State for a period of 1 year per Route.

Oil manufacturing companies setting up SAF production plants / SAF producers can avail following incentives under Andhra Pradesh Integrated Clean Energy Policy 4.0, as applicable.

SAF produced through Green hydrogen	SAF produced through Green Ammonia and Green Methanol	SAF produced from 2G ethanol
• Capital subsidy of 25% on plant and equipment costs (maximum of INR 1 Cr. per MW or INR 1 Cr. per 1,400 TPA) • 20% Capital Subsidy on Desalination Plant (max of INR 1 Cr. per MLD) • 25% of the cost for trunk infra, up to INR 10 Crore In addition to the Central Financial Assistance (CFA) provided by Central Government • Reimbursement of 100% net SGST revenue • Deemed Non-Agricultural status and any applicable fee for such land conversion shall be exempted • Industrial water at the doorstep of the facility • 25% exemption of the applicable industrial water charges for 5 years. • 50% exemption of Intra -state transmission charges for five (5) years from COD for the power procured from Renewable Energy plants located within the State (maximum of INR 15 Lakhs per MW per year)	• Capital subsidy of 25% shall be provided on plant & equipment costs including Electrolyzer stack (maximum of INR 1.85Crore per KTPA production unit of Green Ammonia facility and INR 2.25 Crore per KTPA production unit of Green Methanol facility)	• Capital subsidy of 20% on FCI (maximum of INR 1.5 Cr per KLPD capacity) for first 50 plants or up to 1,500 KLPD capacity . Minimum capacity of 25 KLPD • 100% net SGST revenue • 100% reimbursement of Electricity Duty • Reimbursement of Power Tariff at INR 1/kWh • Capital subsidy of 20%for Co - operative agencies for biomass processing equipment • Land lease charges shall be INR 15,000 per acre per year with 5% escalation • Deemed Non-Agricultural status and any applicable fee for such land conversion shall be exempted

Advanced Air Mobility

The State shall provide the following incentives to develop Advanced Air Mobility ecosystem in the State:

Category	Large	Disbursement period
Investment subsidy	• 15% of eFCI	Disbursed in 5 equal annual installments from operationalization

As part of the Drone Policy, the State has proposed to earmark ₹ 500 cr for development of Drone City. The facilities in the Drone City shall be available for Advanced Air Mobility and its components manufacturing, research, testing and certifications.

The government shall also provide the following support and incentives to develop Advanced Air Mobility ecosystem in the state:

a. State will facilitate dedicated testing corridors (sandboxes) preferably at existing and planned airports, and prototype infrastructure such as vertiports and charging stations

b. State will work on potential vertiport development with partners working in joint working committee for Vertiport development

c. State will support startup ecosystem through plug and play infrastructure for development and testing

AAM units can avail incentives as applicable under APAP 2026 or AP Drone Policy.

Fiscal incentive for	AP Aviation Policy 2026	AP Drone Policy
AAM (FCI of INR 125-500 Cr)	Investment subsidy of 15% of eFCI	• 20% of FCI (cap of 5Cr) • State top up on incentive amount under GoI PLI Scheme • 100% Net SGST reimbursement • 100% of expenses on PoC (upto 5L) • 100% reimbursement of testing and certification (cap of 5L) • 100% of IP filing cost reimbursement (cap of 3L for domestic filing and 6L for international filing) • INR 1 per unit power cost subsidy (max 1L per annum) • 50% cost reimbursement for participation in national exhibitions (cap of 1.5L) • 100% cost reimbursement for participation in national exhibitions (cap of 3L) • 100% exemption on Land conversion charge • 100% exemption of charges for Change of Land Use • 100% exemption for Layout Approval • 100% exemption of Stamp Duty and Registration Charges for pooling the lands • 50% reduction on land lease rates for the first three years

Tailor made incentives shall be considered for mega projects on a case-to-case basis.

6 Institutional Framework

The APAP 2026 policy encompasses provisions to strengthen the governance framework, thereby accelerating the development of the aviation sector. It aims to leverage Government of India initiatives, enhance cargo handling capacity, and foster port development. Additionally, the policy advocates for facilitating airport-linked industrial growth, promoting sustainable, future-ready, and integrated development.

The Infrastructure & Investment (I&I) Department is the apex department responsible for planning, implementation, execution and monitoring of civil aviation infrastructure projects. The I&I department shall have the overall responsibility for coordinating and facilitating development of all identified civil aviation projects including providing support to developers and operators.

The I&I department shall undertake/ enable the activities related to the development of aviation infrastructure through its corporation – Andhra Pradesh Airports Development Corporation Ltd (APADCL). APADCL shall be the nodal agency for aviation sector development in the state and for effective execution of this Policy.

APADCL shall be the Single Window for coordinating with multiple agencies for various approvals, for following up with different line departments and keeping the investor updated on the progress of approvals and various prerequisites pending with the investors.

State Investment Promotion Committee (SIPC), a High-level Secretarial Body and State Investment Promotion Board (SIPB), a high-level ministerial body with concurrence of Cabinet shall decide Tailor-made incentives to Mega and above Investments.

Land Allotment - All applicants shall adhere to the land allotment guidelines issued by the nodal agency or Authority owning the land. The same agency / Authority shall review the application for allotment of land. Land allotment shall be made according to the following provisions:

Land belonging to	Land Allotment policy
Andhra Pradesh Industrial Infrastructure Corporation (APIIC)	As per land allotment guidelines of APIIC
Airports Authority of India	As per land allotment guidelines of AAI
Andhra Pradesh Airports Development Corporation Limited (APADCL)	As per land allotment guidelines of APADCL*

For land belonging to APADCL, land allotment shall be made according to the following provisions subject to detailed land allotment guidelines*:

Unit/ activity	Land allotment model	Basis for Land Extent	Minimum tenure
Airports	Lease	As per pre-feasibility study	45+15 Years
Aerospace manufacturing	Lease / Outright Sale	Industry Benchmarks	30 Years
Cityside development	Lease / License	Industry Benchmarks	30 Years
MROs	Lease	Industry Benchmarks	30 Years
FTOs	Lease / Outright Sale	Industry Benchmarks	20+10 Years
Simulator training centres, CoEs	Lease / Outright Sale	Industry Benchmarks	20+10 Years
Vertiports	Lease	As per pre-feasibility study	10+10 Years

APADCL may consider other land allotment model on a case-to-case basis.

For leased lands, buyout option for the land will be provided on cityside to Aviation manufacturing, MROs, AAM manufacturing, and Training institutes as per applicable land allotment policy of the concerned Authority.

State shall provide both land lease and land title buyout option to meet the business requirements subject to land allotment policy of respective Authorities (APIIC/APADCL/AAI) as below:

Lease option: APADCL land shall be awarded on lease at a maximum of 10% of fair market value or circle rate, whichever is higher.

Outright sale: APADCL land shall be awarded at 20% premium of allotment price (fair market value or circle rate, whichever is higher). The payment may be made under any one of the following options

1 Upfront payment: 100% upfront payment; or
2 Staggered payment: 50% upfront payment at the time of allotment, with the remaining payment spread over a period of 3-5 years which can be decided based on the investment planned in the state; or
3 Lease and buy model: State will provide option to lease the land for a period ranging between 5-10 years with an option to buy the land with 100% upfront payment after the lease period.

Buyout option shall be limited to non-airside lands only.

*Detailed land allotment guidelines are under progress and will be issued separately.

The incentive approval and disbursement procedure will be outlined in a separate operational guidelines document to be notified post release of this policy.

MOVVA TIRUMALA KRISHNA BABU
SPECIAL CHIEF SECRETARY TO GOVERNMENT