

**Respected Prime Minister, Hon'ble Union Ministers, Deputy Chairman, Planning Commission, Distinguished Chief Ministers, Distinguished Guests, Ladies & Gentlemen**

It gives me great pleasure to address this august gathering and to present a brief overview of the priorities and policies proposed to be adopted for the 12<sup>th</sup> Five Year Plan across sectors in Andhra Pradesh.

2. I thank the Prime Minister and Chairman of the Planning Commission for convening the 57<sup>th</sup> Meeting of the National Development Council for considering the 12<sup>th</sup> Five Year Plan (2012-2017). The 12<sup>th</sup> Five Year Plan document is a comprehensive document in tune with the basic philosophy and overall objectives outlined in the Approach Paper. By and large, the contents are in conformity of the approach and priorities of our government and we fully support and endorse the same.

3. I am extremely happy to note from the 12<sup>th</sup> Plan document of the Government of India that Andhra Pradesh stands tall among all the States and Union Territories with the largest projected outlay of over Rs.3,42,842 crore for the 12<sup>th</sup> Plan, accounting nearly for over 9.2% of the total outlay of all the States/UTs. We do agree that greater emphasis on manufacturing sector during the 12<sup>th</sup> Plan period outlined in the Plan document for reversal of decelerating growth trend essential for rapid and inclusive growth is an essential strategic need.

4. I am happy that this forum is slated to discuss several important issues pertaining to development and welfare of the people - especially in the backdrop of the global economic slowdown, escalating fiscal deficits and domestic inflation concerns. The Prime Minister had in the previous meeting emphasized the need to guard against the mood of negativism that seemed to have gripped the country. I am optimistic that the outcome of the discussions will give the States an opportunity to restructure their policies to achieve accelerated growth that will be faster, broad-based, ecologically sustainable and more inclusive resulting in faster reduction in unemployment and poverty through skill development.

5. The all-round and positive impact of the flagship programmes and other Central Government programmes intended for development of Backward and Interior areas of the State are commendable. It is indeed a welcome move by the Central Government to restructure the Centrally Sponsored Schemes in the light of the recommendations of Dr. Chaturvedi Committee where the State will have flexibility to utilise 20% of these funds to formulate schemes suiting State specific requirements. We request the Union Government to extend the flexibility given to States to utilize 20% of funds for flagship programmes also, instead of 10% as proposed.

6. Inclined as we are to launch innovative initiatives, we earnestly look forward to the continued support of the Centre in our development endeavours with a hope that it gets further strengthened in the years to come. I would like to convey my sincere gratitude to the Hon'ble Prime Minister and the Deputy Chairman, Planning Commission for being with us all through, more so in times of adversity.

7. I would like to emphasize that Andhra Pradesh has pioneered several innovative programmes like Pensions, Scholarships, providing subsidized rice through Public Distribution System(PDS), Housing, Arogyasri, Fees reimbursement and Smart Card IT support. Some of these welfare programmes that directly benefit the poor will be further reinforced by the Government of India's latest Cash Transfer Scheme (CTS). The Aadhaar-linked CTS to be launched across 51 districts of the Country by the Union Government on the 1st of January, 2013 will cover five districts of Andhra Pradesh. We welcome this innovative scheme which will electronically transfer cash directly into the accounts of the beneficiaries.

8. One significant innovative initiative taken up by Andhra Pradesh in recent past is the introduction and successful passing of the Andhra Pradesh Scheduled Castes Sub-Plan and Tribal Sub-Plan(Planning Allocation and Utilisation of Financial Resources) Bill, 2012 in the State Legislature. The bill, which has been made Law, proposes to ensure accelerated development of Scheduled Castes and Scheduled Tribes with emphasis on achieving equality in the next ten years focusing on economic, educational and human development along with ensuring the security and social dignity and promoting equity among the SCs and STs by earmarking a portion, in proportion to population of SCs and STs in the State of the Total Plan Outlay of the State as the outlay of the Scheduled Castes Sub-Plan and Tribal Sub-Plan of the State. It is expected that by the implementation of the Act about Rs 70,000 crore would be made available for the SCSP/TSP during the XII Five Year Plan. Due to strict implementation of the norm laid in the Bill, an additional amount of about Rs. 3,000 crore every year is expected to be available for SCSP/TSP. The Government has resolved to carry forward the shortfall, if any, in SCSP/TSP expenditure to subsequent years. A shelf of projects is prepared for providing better employment opportunities, education, skill development in addition to the provision of basic amenities. The Act will promote equality in the society and the socio-economic development of the SC/STs and provide them the competitive edge, not only for the national but the global stage. The SCSP/TSP plan would be implemented in a focused and targeted manner.

9. Hon'ble Prime Minister in the 51<sup>st</sup> National Development Council Meeting held in 2005 had emphasized that SCSP and TSP should be an integral part of Annual Plans as well as Five Year Plans, for bridging the gap in socio-economic conditions of the SCs and STs within a period of 10 years. The inspiration and guiding force of the Hon'ble Prime Minister and the keen interest and commitment of the UPA Chairperson Madam Smt. Sonia Gandhi in the development and welfare of under-privileged sections of the society has encouraged us to take this path breaking initiative. We are highly thankful to them for their guidance and unstinted support.

10. The 12<sup>th</sup> Plan document highlighted that a key deficiency of Plan programmes is that they continue to function within the confines of departmental silos without requisite convergence and with a high degree of duplication of efforts. Interestingly, exactly with a similar thought process, our Government has set up 5 separate Groups of Secretaries for – Social sector, Primary sector, Road sector, Rural and Urban Infrastructure for poverty eradication and Industry sectors under the Chairmanship of the Chief Secretary to workout convergence of departments for optimizing results.

11. We are planning to undertake monitoring of identified development parameters initially in certain growth propelling departments in a scientific way through the Results Framework Document (RFD) Model. In fact, as a part of 12<sup>th</sup> Plan strategy, we are also proposing to establish 5 Strategic Planning and Innovative Units(SPIUs) which will be governed by each of the Convergence Groups.

12. For improving implementation and ensuring the outreach of the programmes of the Government to the targeted beneficiaries, I have during this year launched a new initiative called "Indiramma Bata". This initiative envisages spending three days in a district to assess and evaluate implementation and bridge gaps. The programme involves direct interaction with the beneficiaries under various programmes including students, youth, women, farmers, weavers, self help groups. Surprise visits are made to various institutions which deliver services. I have so far covered 10 districts under Indiramma Bata.

13. During the course of my address, I would like to share some of our achievements in the recent past covering ongoing schemes and the new innovative initiatives undertaken for the welfare of farmers, women, students, youth, SCs, STs, BCs, Minorities and the poor.

#### **Growth – Sustaining the Momentum:**

14. Despite unfavourable seasonal conditions that prevailed for major part of the 11<sup>th</sup> Plan period and the uncertainty in the global economy, Andhra Pradesh could register an average growth rate of 8.3% during the 11<sup>th</sup> Plan with the per capita income for the year 2011-12 swiftly crossing Rs.71,500. I am particularly happy to announce that our State had shown good progress in economic growth in all the three sectors, namely, Agriculture, Industry and Services. A special mention is to be made about the performance of the agriculture sector which achieved 5.3% growth during the 11<sup>th</sup> Plan. The Industry and Services sectors too witnessed impressive growth rates setting the stage for beginning the 12<sup>th</sup> Five Year Plan on an optimistic note.

15. Recently the Neelam cyclone devastated coastal districts of the State causing damage to several standing crops. Although with effective disaster management, we could avoid human loss, crop damages resulted in a huge loss of about Rs. 3500 crore for which we have requested the Central Government to come to the rescue urgently. On account of the magnitude of the losses suffered by the farming community who lost their entire crop in the floods, the State Government has increased the input subsidy from Rs. 6,000/- to Rs. 10,000/- per hectare for paddy, cotton, sugarcane and groundnut etc. In spite of unforeseen natural calamities and adverse rainfall conditions, which has slowed the tempo of growth in the agricultural sector and impacted the industry sector, the State is expecting a growth rate in excess of 6% during the year 2012-13, as per the indications till the 2<sup>nd</sup> quarter.

16. In this context, I recall an interesting observation made in the 12<sup>th</sup> Plan document. The report highlights that Andhra Pradesh is one of the very few states where districts with lower initial incomes are indeed growing faster unlike many other states where districts with higher initial incomes are becoming richer.

17. Performance of Andhra Pradesh in the implementation of Twenty Point Programme in the recent past has been inspiring. The State has achieved First Rank in 2010-11 and 2011-12 consecutively after a gap of 18 years. The Government therefore has reason to be satisfied with its performance as its all-out efforts in implementation of various broad-based welfare and inclusive developmental programmes are by and large reaching the poorest of the poor.

18. In view of our performance, we can optimistically reiterate our aim of attaining sectoral growth of 6% for Agriculture, 10.5% for Industry and 11.5% for Services leading to an overall growth target of 10% for the 12<sup>th</sup> Plan.

### **Agriculture – Restoring the Glory:**

19. Agriculture continues to be the mainstay in the State. Andhra Pradesh has made significant strides in the recent past in area, productivity and production of food grains. Focus on improving agricultural growth rate in the State requires adoption of multidimensional strategies such as provision of institutional support for purchase of inputs and output through Self Help Groups(SHGs), technical support for soil testing, micro irrigation and infrastructure development through storage & warehousing through participation of private sector.

20. As mentioned earlier, we have set up a Group of Secretaries under the Chairmanship of the Chief Secretary to workout convergence in primary sector departments. The Group will work on firming up strategies for strengthening Agriculture Technology Mission(ATM) covering the subjects of agriculture, horticulture, fisheries, food processing, storage and marketing.

21. The thrust areas under the ATM are - promoting System of Rice Intensification (SRI) cultivation in 10.00 lakh ha. by 2016-17, seed replacement, oil palm development, cluster development for value addition up to 50%, avoidance of handling losses and agri-business strategy. In rain-fed areas, Agriculture diversification to high value commodities has been given importance.

22. The foodgrain production which stood at 106 lakh tonnes during 2002-03 increased to 204 lakh tonnes during the 11<sup>th</sup> Plan (2007-12) and is targeted to reach a new peak of 300 lakh MTs(increase of 47%) in the next five years (12<sup>th</sup> Plan). Increase in terms of area, productivity and production have been recorded in case of crops like Rice, Maize, Bengalgram and Pulses in the state. Rice being our staple food, we plan to increase the production of rice during the 12<sup>th</sup> Plan from the present normal production level of 131.3 lakh MTs to 216.2 lakh MTs.

23. We also aim to increase the production of pulses to 24.2 lakh tonnes by the end of 12<sup>th</sup> Plan from the present normal level of 19.7 lakh MTs and enhance Maize production from the present level of 37.5 lakh MTs to 51 Lakh tonnes by the end of 12<sup>th</sup> Plan. By 2016-17 we plan to supply 18.8 lakh quintals of seed on subsidy at a cost of Rs. 320.9 crores out of total seed requirement of about 52.5 lakh quintals.

24. Correcting micro nutrient deficiency will be a major initiative in the 12<sup>th</sup> Plan. Micronutrient deficiency in Andhra Pradesh soils has emerged as one of the major constraints to crop productivity while Zinc, Sulphur, Iron and Manganese deficient

areas are vast and we are a little behind the recommended ratio for balanced use of chemical fertilizers.

25. Increase in agricultural wages due to MGNREGS has in turn promoted mechanization of agricultural activities. We propose to provide an amount of Rs.3382 crores in the next five years under Farm Mechanization. Free power is being provided to farmers for energisation of 31 lakh pump sets at a cost of Rs.3,190 crores.

26. Credit flow to farmers has increased during the last few years. However, due to erratic monsoon and uncertain markets, the overhang of debt burden is going up considerably. During the current financial year, we are planning to provide Rs. 52,000 crores of agriculture loans to farmers. Further, Government has extended an improved incentive scheme of Vaddi Leni Runalu (0% interest loans) in place of Pavala Vaddi to farmers who have made prompt repayment of crop loans. The interest subvention has thus moved from a back ended format to a front ended mechanism and will significantly reduce the interest servicing burden.

27. Andhra Pradesh is the first ever State to have enacted a progressive and landmark legislation "AP Land Licensed Cultivator Act", in 2011 with a view to bring more than 26 lakh licensed cultivators into the mainstream and ensure access to benefits like crop loans, input subsidy, crop insurance, seed and fertilizer subsidy. Last year, Loan Eligibility Cards (LECs) were issued to 5.76 lakh Tenant farmers in the state and crop loans worth Rs. 394 crores sanctioned to 1.98 lakh LEC holders.

28. The State is contemplating creation of Plug and Play storage facilities in market yards. Further, during the 12<sup>th</sup> Plan, we also plan to consider setting up of the Austrian Model Cold storages which are known to reduce post-harvest losses and attract entrepreneurs to establish their infrastructure. These variable temperature cold storages with space saving technology will be handy for storing huge multi-product agriculture and horticulture produce. Value addition in Horticulture and Agri-business is possible with proper marketing infrastructure in place. The role of private players under the PPP mode with Government as a facilitator is also a viable option. It is also suggested to encourage the Cover And Plinth(CAP) model grain storage to store grains in open areas to overcome shortage of godown space. We are planning to establish a Mega Food park in each district in the State. Preparation of roadmaps for translating priorities, targets etc. into action plans for implementation, duly supported by strategies for value addition and creation of infrastructure facilities for propelling growth of Agriculture, Horticulture, Milk, Meat and Eggs and Fisheries sectors are being worked out.

29. The forum can kindly recall that in my last year's NDC speech I had requested for a special package of additional scientific storage capacity for the State in the broader National interest. We have initiated a programme for construction of 25 lakh tonnes of scientific storage space, with an outlay of Rs.2,500 crores. We aim to reduce post-harvest losses from 35% to less than 25% by investing and building post-harvest infrastructure facilities like cold storages, integrated pack houses, ripening chambers and reefer vans etc and strengthening the linkages between production clusters and buyers.

30. I congratulate the UPA Government, for successfully getting the approval in both Houses of the Parliament for a very important reform-oriented decision of

allowing Foreign Direct Investment (FDI) in multi-brand retail in the Country. We welcome the step as it will not only introduce new technology and bring in investment in marketing agricultural produce but also strengthen the supply chain considerably.

31. The total fish production in the State is expected to increase to 22.5 lakh tonnes by 2016-17 from its current level of 16.5 lakh tonnes. Inland fisheries account for about 75% production of the total fisheries. Further, under Brackish water category, area under shrimp culture is going to get a big boost during the 12<sup>th</sup> Plan. Our State accounts for 40% of Indian fishery export and this sector contributes 2.58% to the GSDP. More than five lakh families are engaged in marine fishing which supports livelihoods of approximately 15 lakh people.

32. Livestock is a key area of intervention during the 12<sup>th</sup> Plan. Andhra Pradesh currently ranks 2<sup>nd</sup> in milk production in the country with 112 lakh metric tonnes. The State Milk Mission with an outlay of Rs. 5,332 crores to be spent in 4 years starting from 2012-13 to double milk production and thereby increase incomes of famers. The State ranks 1<sup>st</sup> in the country in meat and egg production, aims to grow at a rate of 9% annually.

### **Ensuring Price Support – Farmer- Friendly Governance:**

33. For strengthening a farmer-friendly environment in the state, we have set up a Supervisory Committee for controlling prices of essential commodities in the State, with Chief Secretary as Chairperson. This Committee, which reviews the price situation once in a fortnight, lays special focus on arrest of illegal hoarding and black marketeers. For ensuring support price to the farmers, we have pursued with the Centre and exported 25 lakh MTs of rice. Andhra Pradesh Government has decided to purchase Fine variety Paddy at Rs.1500 per quintal, against the Minimum Support Price of Rs.1280 per quintal announced by the Centre. We request the Government of India to support farmers in similar ways in respect of other major crops also.

### **Irrigation – Surging Forward:**

34. The distinguished forum may kindly recall that the State Government, with a vision to improve farm land productivity and for provision of adequate industrial and drinking water supply, had initiated “Jalayagnam” during 2004 with existing dependable and surplus waters. Our aim is to complete the 86 Major and Medium Irrigation Projects thereby creating a new Irrigation Potential of over 97 lakh acres in backward, tribal and drought prone areas of the State and to stabilize 22.5 lakh acres. With the completion of 16 irrigation projects and partial completion of 21 projects since the inception of the programme, at an expenditure of Rs.79,328 crores, we have created new Irrigation Potential (IP) of 17.4 lakh acres and stabilized 3.9 lakh acres.

35. Irrigation as an essential input to agriculture will continue to be the focus during the 12<sup>th</sup> Plan also. In addition, our priority is to enhance water use efficiency for increasing irrigated area. During the 12<sup>th</sup> Five Year Plan, we plan to create 78.9 lakh acres of Irrigation Potential at an estimated cost of over Rs.1.2 lakh crore. During the first two years of the 12<sup>th</sup> Plan, our target is to complete 46 projects for creating Irrigation Potential of 30 lakh acres at an estimated cost of Rs.10,878

crores. Completion of the Handri Neeva Srujala-Sravanthi project, pending for over 5 decades, reinforces our confidence that we will be able to complete envisioned projects soon and that several other irrigation projects which are nearing completion will join the list soon.

36. The Jalayagnam projects, upon completion, are going to contribute approximately 60 percent of the new ayacut in the country. I am confident that the Government of India will recognize and appreciate these efforts to stimulate growth in the agricultural sector and to bolster national food security. In this regard we seek support of the Government of India for declaring the AIBP projects of Indira Sagar Polavaram and Dr. Ambedkar Pranahitha-Chevella, as National Projects and for giving clearances of projects by the Central Water Commission (CWC) and for providing funds for rehabilitation of structures ensuring safety of Dams.

### **Rural Development – Improving livelihoods and Creating Durable Assets:**

37. I am happy to state that Andhra Pradesh has made rapid and innovative strides in the implementation of rural development programmes and has in fact become the Resource State in the rural development sector.

38. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is being implemented in the State with sincere commitment. Since inception, about 94 lakh rural households have been provided employment with about 1.9 crore rural wage seekers accessing the scheme. In all, 181 crore mandays have been generated at an expenditure of Rs. 23,118 crores. During the 12<sup>th</sup> Five Year Plan, we further aim to benefit the 94 lakh enrolled rural households by generating 256 crore mandays at a cost of Rs. 43,000 crores. Under MGNREGS, we are developing under-utilized and fallow lands by improving irrigation facilities, developing water shed and by land use planning, etc. Lands of SCs and STs/ Small/Marginal farmers are being developed on a block mode and saturation basis with the long term aim of converting fallow lands in to cultivable lands.

39. We strive to further improve our performance in the implementation of MGNREGS that has been widely acknowledged as exemplary by eminent personalities at various fora. The State has taken up necessary steps to convey to the beneficiaries that schemes like MGNREGS are essentially intended for creation of capital durable assets and for enhancing livelihoods to the poorest of the poor households and not just for providing wage employment to unskilled labour. We compliment the Government of India for the MGNREGS, which with its inclusive approach could stimulate capital formation in the rural sector besides significantly improving spending on health and children's education. It has led to increased wages, eliminated gender disparity in wages, created assets for the poor and considerably reduced distress migration.

40. While we will continue to further consolidate the gains made under MGNREGS, we feel that it is very important to synchronize MGNREGS with agriculture in order to ensure that it continues to benefit agricultural labour. It may be recalled that last year in the same forum, I had informed that MGNREGS has promoted mechanization of the agricultural activities in response to the increase in the agricultural wages. This trend is likely to accentuate further and the availability of private agricultural labour is likely to shrink as a result of the increased

mechanization. I earnestly appeal that this shortage may have to be compensated by increasing the number of wage days under MGNREGS from the present 150 days to more than 200 days, which will benefit the non-farm labour. MGNREGS has thus become a lifeline for the SC/ST wage seekers and has to a significant level improved their conditions of living and additional mandays will help to provide a brighter life at least to their posterity.

41. The Self Help Group (SHG) movement of women and their vibrant network in Andhra Pradesh has clearly demonstrated that the institutions of the poor, owned and managed by the poor are proving to be most effective in the transformation process. The SHG women of Andhra Pradesh are breaking new ground through innovative schemes which are now going beyond income generating activities to encompass almost every sphere that impinges upon the poor. The SHGs, with the government providing a sensitive support mechanism, have now become an integral part in implementing comprehensive poverty alleviation strategy related to Health and Nutrition, Insurance, early Childhood Education, Literacy, Gender, improving agricultural productivity by Community Based Sustainable Agriculture, etc.

42. More than 1.1 Crores of rural women are presently organised into more than 10.6 lakh Self Help Groups (SHGs) in our State. The per group average finance has risen significantly from Rs. 20,342 in 1999-2000 to over Rs. 2.51 lakh in 2012-13. We have introduced Mobile Book Keeping, a unique and the first of its kind instrument in the country for maintaining and updating accounts transparently. Our success in organizing poor rural women into self-help groups (SHGs) and facilitating their financial inclusion and enabling easy access to bank credit for productive activities has been a precursor to the National Rural Livelihood Mission (NRLM). We can proudly state that SHGs in our State are availing approximately half of the total Bank Linkages in the Country. I request the Government of India to promote the SHG-Bank linkage further, since it is one of the cheapest and most sustainable modes of facilitating financial inclusion of the poor.

43. Over the years, Andhra Pradesh has encouraged the IKP movement by the "Pavala Vaddi" scheme which provides bank loans up to Rs.1 lakh at 3% rate of interest on prompt repayment. Moving a step further, our Government has announced an improved incentive scheme of Vaddi Leni Runalu (0% interest loans) for SHGs from 1st of January, 2012 in place of Pavala Vaddi, under which Rs. 227 crore has been distributed so far. In addition, from July 2012, the interest subvention has moved from a back ended format to a front ended mechanism whereby only the principal is repaid by the women, thus significantly reducing the interest service burden on the women.

44. To address the issue of finances for meeting emergent and other needs of the poorest of the poor, we have promoted STHREE NIDHI Credit Cooperatives and disbursed Rs. 419 crore to 2.80 lakh members of 72,297 SHGs which is targeted to meet the credit needs of the rural poor to an extent of Rs.1,500 crores in the current fiscal year.

45. For improving public health services in the state, about 4264 Nutrition cum Day Care Centers (NDCCs) have been established under the Health and Nutrition convergence initiative. The NDCCs are run by the SHGs and provide nutritious hot cooked meals to pregnant woman daily. The villages where the NDCCs have been

established have shown encouraging results and have reported 97% safe deliveries among the women enrolled in these centres. The Group of Secretaries, constituted recently for improving the social sector performance and bringing in convergence through linking of NDCCs with the ICDS Anganwadi centres, is consciously working on devising strategies to usher in a safe and healthy future for all.

46. As we believe that economic empowerment of women holds the key for transformative rejuvenation of the poor a number of pension schemes like Abhaya Hastham, Aam Admi Bhima Yojana and Janshree Bhima Yojana have been initiated to cover the SHG member's access to Social Safety nets and entitlements. For ensuring effective implementation of the aforesaid rural development initiatives, we are having an expenditure plan of over Rs. 14,000 crore for the 12<sup>th</sup> Plan.

47. In this context, I earnestly request the Government of India to expedite the operationalisation of interest subvention of 7% on par with farmers to all the SHGs to cover all districts in Andhra Pradesh. This will help the poor to emerge out of poverty faster.

48. The dignitaries may please recall that a year ago on 1<sup>st</sup> November, 2011, our government launched the flagship programme Indira Jal Prabha, a MGNREGS – RIDF convergence project. The project aims to convert 10 lakh acres of uncultivated lands belonging to 5.81 lakh poorest of poor SC/ST households to cultivable irrigated lands and thereby banish poverty from their lives, at a cost of Rs.1838 crores. A projected expenditure of Rs. 395 crores is envisaged for treating an area of about 1 lakh hectares under the project during the 12<sup>th</sup> Plan. Under this programme, so far 1 lakh acres of land of SC/ST s has been provided assured irrigation and brought under cultivation.

49. Our Government has focused on improving Drinking water and Sanitation conditions in the state. Of the 72,388 habitations in the State, 17,318 habitations forming 15% of the rural population are fully covered (55 lpcd) and 40,276 habitations partially covered by safe drinking water. It is proposed to cover the balance partially covered and quality affected habitations with 40 lpcd service level by the end of the 12<sup>th</sup> Plan period. A major concern for the 12th plan is the increasing number of quality affected habitations. The 14,794 quality affected habitations are proposed to be covered for safe drinking water in a phased manner by 2014-15. It is proposed to cover all the 21,757 Gram Panchayats in the State with sanitation facilities during the 12<sup>th</sup> Plan. Providing water supply to schools, school toilets and anganwadis is being taken up seriously.

50. Rural road connectivity is an important concern for the State. A separate Group of Secretaries has been constituted for the road sector to work out possible convergence among departments. As an initial outcome of this road sector convergence initiative, works relating to upgradation of roads of length 2093 kms taken up under MGNREGS to BT standards with a cost of Rs.574 crores is underway. The road works taken up are based on criteria such as bus plying and connection to Market yards, connecting habitations of SC localities under SC and Tribal areas. This convergence exercise will extend to future years also. Out of the total length of 2.09 lakh kms in the State, the Panchayat Roads account for 1.39 lakh kms and the balance 70,000 kms roads is under Roads and Buildings. I am thankful to the Ministry of Rural Development for sanctioning 1485 kms of roads in the 8 IAP district of my State under PMGSY with a cost of Rs 827 crores and I

request that habitations with population upto 100 be considered for connectivity under PMGSY to give a boost to rural connectivity. I would request the Central Government to reduce the State's share from 25% as the maintenance cost of the roads after the guarantee period will be borne by the States, which will be expensive.

### **Skill Development – Employment for Youth:**

51. Taking employment of youth as a serious concern, our Government has issued notification for filling up of one lakh vacancies in various Government departments out of which 60,000 vacancies have already been filled under Rajiv Udyog Jatra programme.

52. The Rajiv Yuva Kiranalu programme under the aegis of the Rajiv Education and Employment Mission has been launched to enhance employment opportunities for the youth of the State. The design and conceptualization of Rajiv Yuva Kiranalu has been unique and first of its kind in the country. The implementation model of Rajiv Yuva Kiranalu starts with identification of job-vacancies, mobilization of candidates, trainings, placement and post placement stages. The Mission seeks to identify employment opportunities in the private sector, define required skill set, identify and undertake training of willing youth leading to guaranteed placement. All trainings are linked to placements. Implementation on Mission mode is being supervised by an exclusive society – Rajiv Education & Employment Mission in Andhra Pradesh (REEMAP) which coordinates the efforts of Sub-missions constituted under 8 departments. REEMAP has established a Skill Development Fund (SDF) which will converge all funds meant for Skill Building. An electronic registry of unemployed is being maintained with 19.3 lakh unemployed youth registered.

53. The task of the Mission is to provide placement to 15 lakh youth by 2014 @ 5 lakh youth per year for three years with due share for women, SCs, STs and Backward Classes. Employment has already been provided to two lakh youth and steps are being taken to provide employment to more than 3.60 lakh persons during this year.

54. The development of higher education-including technical education leading to enhancement of skill development remains the core agenda for 12<sup>th</sup> Plan period. Towards this, 97 Skill Development Centers have been commissioned in the State.

### **Energy – The Growth Propeller:**

55. Power crisis continues to be an important concern for the state. During the last few months, the State has witnessed acute shortage of electricity adversely impacting the Agriculture and industry sectors. Managing power flow in the grid remained a challenging task, especially with the demand-supply gap nearly touching 30%.

56. Inadequate inflows into the reservoirs of Krishna basin compounded by inexorable decline in the supply of gas from KG Basin to the State power plants resulted in severe power crisis, leaving about 2000 MW capacity idle in respect of both Hydro-stations and Gas-based power stations. Absence of transmission corridor connectivity in the Southern region and non-availability of LNG importing

terminal on the east coast made the situation more complex restricting scope for making alternative attempts to handle the power shortage. Importing LNG from the West coast for use of Power plants in the State is seen to be highly cost ineffective.

57. I would like to highlight the issue that the companies which have come forward to establish Power plants in the State were assured gas from KG Basin but could not be provided with necessary fuel which has resulted in about 10,000 MW capacity lying idle. In fact companies which have come forward later in other States were allotted required fuel. I would like to make a fervent appeal through this august forum to usher in a shift in the policy in the fuel allocation by providing more of domestic gas produced in KG basin to Andhra Pradesh and encourage the States in the Western region to use more of LNG in lieu of the KG gas. We request the Central Government first to cater to the requirements of the fuel producing State and then allocate the surplus to the consumers in other states. Further, we also request to increase allocation of coal to Andhra Pradesh and expedite national grid connectivity to the State as well as other southern states. Power Grid Corporation of India has taken up the work of strengthening of corridor and they have indicated a time frame of December, 2013 to complete the work. It should be monitored at the highest level to ensure that there are no slippages in the indicated time frame.

58. In order to fully realize the benefit of financial restructuring of electricity distribution companies (DISCOMs), conditions such as linking of short-term loans and power purchase dues to the accumulated loss of DISCOM's need to be reviewed in the broader interest of ensuring their financial viability. I propose the Central Government to incentivize the Distribution Companies for successfully sustaining loss reduction target.

59. We have for the 1<sup>st</sup> time announced a policy for development of solar power in the State, which incentivizes private entrepreneurs to produce solar power for captive use or sale to third party within the State. We are also contemplating developing of 2000 MW of solar power which will be purchased by the State DISCOMs through competitive bidding.

60. Extension of Automatic Meter Reading facility, Segregation of 8878 agriculture feeders with a projected investment of about Rs.3014 crores for which Pilot has been completed are some of the initiatives proposed under the Power sector during the 12<sup>th</sup> Plan. The State proposes to create 17,126 MW additional capacity to the existing installed capacity by the end of the 12th Plan period.

### **Industry - Investor- Friendly Environment:**

61. Industries as the second largest sector contributing to the GSDP after the services sector, continues to garner attention of the AP Government. The State has a strong industrial base with huge industrial investments providing employment to 28.26 lakh persons in both – the Large and Marginal, Small and Medium Enterprises (MSMEs). Employment in MSMEs is nearly 10 times that of the large industries.

62. The State Investment Promotion Boards have agreed for setting up of 69 industrial proposals for an amount of Rs. 1.33 lakh crores. While 15 of these proposals have begun production, the remaining are under process.

63. With a view to give fillip to the industry sector, Andhra Pradesh Government after a long gap successfully hosted the 18th Partnership Summit during January, 2012 in Hyderabad. The Summit-2012, attracted industrialists and delegates from as many as 42 Countries and promised industrial investments to a tune of Rs. 6.50 lakh crores with projected employment for 6.79 lakh persons. The State Government realized that this is a great opportunity and only the beginning of a long and arduous journey to ensure that all these proposed investments are grounded to bring Andhra Pradesh back on the global investment map. The Information Technology & Communications departments have signed 6 MOUs with different companies with investment proposals of Rs. 3411 crores and with an employment potential of 38,900 persons.

64. Recently we had the privilege of hosting the Conference of Parties (CoP-11) on Bio-Diversity in Hyderabad. Nearly 11,000 representatives from 175 countries participated in the Conference and discussed related issues. Out of total 75 notified SEZs in the state, 6 SEZs are Biotech and 6 SEZs Pharma related. The Genome Valley Biotech cluster, the first of its kind in the country has now become a natural ecosystem for biotech research, training and manufacturing activities with over 200 companies currently operating out of it. Setting up of State of the Art Biotech Parks will be a priority in the 12<sup>th</sup> Plan.

65. We have initiated a number of steps such as waiving of loans borrowed by weavers and weaver societies to a tune of Rs. 164 crore, increasing yarn subsidy from 10% to 20% and issuing of 50,000 artisan cards for ensuring welfare of weavers and rejuvenating the Handloom Industry in the state. An amount of Rs. 303 crore was released to the weavers under the Revival, Reform and Reconstruction (RRR), a Centrally sponsored package.

66. The Government of India is now formalizing PPP as the preferred implementation model. AP has the institutional framework - an enabling act, "The Andhra Pradesh Infrastructure Development Enabling Act, 2001", an exclusive department of Infrastructure and Investment, an Infrastructure Corporation of Andhra Pradesh (INCAP) and substantial implementation experience in PPP projects.

67. Andhra Pradesh as a leading investment destination will focus on food processing industry during the 12<sup>th</sup> Plan. Fruits, vegetables, oil seeds, dairy products, meat poultry, marine products, spices, chillies, coconut, cashew etc. are the identified resources for value addition.

68. A strong manufacturing strength in cement, paper, granite, pharma and bulk drugs, textiles, electronics and defense equipment, heavy electrical engineering industries and defense electronics and aerospace industries coupled with a large number of mineral resources like coal, limestone, granite, barytes, bauxite, iron ore, beach sands etc. are the potential strengths of industry in the State.

69. A number of initiatives for creating road network, port development, airports, industrial water supply and waste management infrastructure through Public-Private Partnership to host large manufacturing industries in the state have been taken up. Andhra Pradesh has the 2<sup>nd</sup> longest sea coast with potential for export logistics and exports of marine products.

70. Due to significant gas finds in the KG basin, Government of India has sanctioned a Petroleum, Chemical, and Petrochemical Investment Region (PCPIR) in 600 sq. kms between Visakhapatnam and Kakinada where a number of chemical industries are located. I request the Union Government to liberally support the infrastructure development in PCPIR. Under the National Manufacturing Policy of Government of India, it is requested to sanction three (3) National Manufacturing and Investment Zones in the State. I would once again request this forum to recall our request to the Government of India and its Regulator to permit us to lay extensive Gas Distribution Network to take the gas to intended beneficiary which in turn will optimize the State economy and propel industrial development.

71. Our Industrial strategy envisages productivity enhancement of MSMEs through clusters, under PPP model particularly in the employment intensive sectors like readymade garments, textile, electronics, footwear, food processing etc. Skill development, and employment generation especially under the manufacturing sector through development of MSME is going to be yet another focus area during the 12<sup>th</sup> Plan period. My government is planning to create about 4 million employment opportunities in the textiles, construction, and IT & ITES, tourism and health care and other sectors during the 12th Plan period.

### **Information Technology – Growth with Employment :**

72. We shall continue to maintain our pre-eminence in Information Technology. Our major achievement under the IT industry is the unveiling of the AP Electronic Hardware Policy, 2012-17 during the recently held and successfully concluded Advantage AP-2012 Information Technology Investment Region (ITIR) Conference in Hyderabad. The new IT Policy envisages special facilitation and incentives for electronic hardware, in the areas of Industrial electronics, Communication and Broadcast equipments, Computers and peripherals etc.

73. The ITIR is envisaged as a self contained integrated knowledge cluster dedicated to IT and IT-Enabled Services and Electronic Hardware Manufacturing Units. The GoAP has taken up a lead initiative to identify and develop an ITIR in an area of 202 kms in and around Hyderabad. The ITIR is expected to yield immense benefits to the State over time both by way of revenues as well as employment generation. In view of its huge potential, I urge upon the Government to expeditiously declare Hyderabad as ITIR city so as to enable the flow of investment and creation of employment opportunities.

74. Growth of Software exports in Andhra Pradesh has been phenomenal since 90s. IT sector contributes 49% of total exports from Andhra Pradesh and the State occupies 4<sup>th</sup> position in India with a share of 15% of the national IT exports. We have recorded Rs. 53,246 crore worth of IT–exports. Jawahar Knowledge Centers (JKCs) have been established to improve the quality of the technical manpower. We have plans to achieve an annual growth rate of over 17% in software exports and create additional direct employment of 1.5 lakh by 2015.

### **MEE Seva- A Silent Service Delivery Revolution**

75. Andhra Pradesh Government is implementing an online, web based, transparent and secured citizen-centric service facility - Mee Seva through which

easier and faster delivery of Government services like obtaining various certificates has been facilitated for students, common man and farmers. This transparent facility, which currently handles 1.3 lakh transactions per day, assures delivery of the service in about 15 minutes without visits to Government offices. We are planning to extend the number of services to 100 from its existing 34 services in the near future.

### **Urban Development – Building Infrastructure for Growth:**

76. The Hyderabad Metro Rail Project currently under construction on PPP mode is planned to cover 71 kms in the city spreading across three high density traffic corridors. We are happy that this project is declared as one of the Strategic 100 Mega Investment projects in the World. The project being developed on Design, Build, Finance, Operate and Transfer mode is considered to be the single largest private investment in a PPP project in India besides being one of the largest metro rail projects build and operated by a private entity anywhere in the World. The works are on a fast track and we have set stiff targets for its timely completion. One of our recent achievements under urban infrastructure include successful implementation of 158 km Outer Ring Road at a cost of Rs. 6800 crores. We have targeted to complete Godavari drinking water project costing Rs. 3,375 crores by the end of 2013. Alongside, permissions have been accorded for bringing Krishna Waters to Hyderabad city and neighbouring areas with the help of loan of Rs.1,670 crores from the HUDCO.

77. We have spent about Rs.4,000 crores for the improvement of road infrastructure in the State. This year we have plans to construct and develop 7,500 kms road length at a cost of Rs.4,500 crores. While efforts are being continuously made to invest significant resources in developing road infrastructure we require substantial support from the Union Government for upgrading important state roads to national highways, development of existing single lane to double lane and construction of Road Over Bridges in lieu of level crossings on national highways.

78. Union Government's innovative programmes like the JnNURM have been very helpful in addressing a number of urban management problems. Andhra Pradesh with 251 sanctioned projects costing Rs. 11,877 crores under JnNURM stands 2<sup>nd</sup> highest in the country.

79. The Government of Andhra Pradesh has also unveiled a policy for a Slum Free Andhra Pradesh by 2014 and committed to provide houses and infrastructure facilities to all houseless urban poor. Urban poor families in Andhra Pradesh are organized into 2.5 lakh Self Help Groups (SHGs) in slums to help them improve their quality of life.

### **Education – Boosting Self Confidence:**

80. Education has been recognized as a critical aspect for ensuring equitable and sustainable human development. Andhra Pradesh is committed to Education for All (EFA) and Millennium Development Goals(MDGs). Although substantial progress has been made during the 11<sup>th</sup> Plan in access, enrollment, retention, equity and quality in education, it requires rigorous efforts to achieve set goals in elementary and secondary education. The State has experienced a breakthrough in implementation of schemes under District Primary Education Programme and

Sarva Siksha Abhiyan (SSA). We have also registered good progress in implementation of National Flagship programmes of Mid-Day Meals and Sarva Siksha Abhiyan.

81. Improving quality of labour force is a critical policy concern as illiteracy and absence of formal education is affecting the quality of labour force and forcing most workforce to engage in elementary occupations which require no specialized skills. The 12<sup>th</sup> Plan aims to improve skills potential through vocational education and skill development programmes.

82. Committed as we are to providing basic infrastructure to educational institutions we are planning to spend Rs. 2,350 crores for it. The Government is moving ahead with the objective of ensuring equal opportunities of access to higher education, irrespective of caste, creed and religion to every aspiring student. Our primary concern is to ensure Value based Education, Regulation of private collegiate education and professional courses for ensuring quality education. We are conscious that Institutional Reforms are essential for developing educational leadership and management.

### **Health for All:**

83. AP Government recognizes the criticality of targeted interventions in addressing the needs of the health sector in the State. One important achievement in recent times is a decline in fertility rate which has resulted in faster decline in the growth of population. Our Government is committed to ensure Health security to all poor in the state through strengthening of Public Hospitals, Arogyasri scheme which provides universal health insurance coverage to poor families and the 104 and 108 health services initiatives. Innovative health and nutrition schemes like Maarpu are expected to bring in significant change in the minds of the people at the community level.

84. Despite multidimensional efforts, Andhra Pradesh continues to lag behind some of the Southern States in respect of important health indicators. During the 12th Plan, the State is planning in a big way to reduce the Infant Mortality Rate to 25 (per thousand live births from) its current level of 43 and Maternal Mortality Ratio to 80 (per lakh live births) from its current level of 134 and improve other health and nutrition related indicators through regular Maternal Death Reviews(MDRs). It has been felt that the desired shift from programme-driven service delivery to demand driven mode would get an impetus through convergence efforts in health sector which is proposed to be taken forward through an innovative programme named "Maarpu". The important component of this initiative is Convergence in Service Delivery at the habitation level – through participation of Anganwadi staff, ANM & ASHA workers and the SHGs.

85. The Convergence Group recently set up for the social sector will determine strategies to substantially bring down the Infant Mortality Rate (IMR), Maternal Mortality Ratio(MMR) and Total Fertility Rate(TFR) as per the targets of the Millennium Development Goals(MDGs). Our priorities are Strengthening of ICDS program, both in coverage and functioning, targeting 3 to 5 years age children, Strengthening of public sector primary health care centers especially in rural areas and development and strengthening of secondary and tertiary health care facilities.

## **Governance Reforms**

86. Rachabanda is a people-centered initiative and a massive outreach program for bringing the government at the doorstep of the people. The first phase was held in two phases during January-February, 2011 and for November, 2011 covering all the Gram Panchayats/ Wards in the State.

87. The basic aim of Rachabanda Programme is to motivate and instill confidence in the public by redressing their grievances on the spot. The thrust areas covered in Rachabanda programme are Ration Cards, Pensions, Arogyasri, Housing and Pavala Vaddi. About 50 lakh families have benefited, so far under the scheme.

## **Aadhaar:**

88. Andhra Pradesh is a fore runner in implementing Aadhaar Project where about 6 crore enrolments out of the total population of 8.4 crore have already been enrolled. 5 districts of the State got the opportunity to be included in the pilot list of districts where Aadhaar enabled payments will be made.

89. East Godavari district was conferred Aadhaar Governance Award by the UIDAI. We are making efforts to integrate various databases through State Resident Data Hub(SRDH) for arresting leakages in Aadhaar delivery.

## **Other Welfare Initiatives:**

90. Our government is providing rice @Rs.1.00 per kg, under the Public Distribution System for ensuring Food Security and enhancing nutritional support to people. About 2.25 crore families covering 7.50 crore population are being provided rice @Rs. 1 per kg. at an outlay cost of Rs.2,600 crores per annum.

91. Under the Indiramma Pensions Scheme, universal pension coverage is being provided to 72 lakh old aged, differently abled, weavers, toddy tappers and widows with an outlay of Rs.2,000 crores.

92. Under our dream Andhra Pradesh without huts (Katcha houses) we have constructed 60 lakh houses for the poor since 2004 and 11lakh more houses are at different stages of construction. Indiramma Housing and Indira Awas Yojana are being implemented in a planned and coordinated manner.

93. Our Government has been implementing Swavalamban, a Co-contributory Pension Scheme for unorganized sector workers on pilot basis in three districts, of Visakhapatnam, Warangal and Chittoor. More than 1 lakh workers have already been enrolled under the scheme.

94. Committed to the welfare of the SC/STs our government has been implementing land distribution programme for SCs STs as access to cultivable land evokes both livelihood security as well as emotional security. About six lakh acres of land was distributed since 2005 in six phases as a part of the massive Land Distribution programme for SC/STs. Another one lakh acres was distributed recently.

95. Every year, we are spending about Rs. 3500 crore towards fees reimbursement and scholarships for SCs/STs/BCs in the State. Development of Minorities is another concern of the government for ensuring Social Justice. We have extended reservations for BCs and Minorities for 10 more years. Similarly, budgetary allocations have been substantially jacked up for BCs, SCs and Minorities. Very recently, we announced substantial enhancement - an average by 72% every month in mess charges for about 9.2 lakh students in these categories studying in classes ranging from class-III to PG level.

96. As a part of this health-nutrition strategy, we have launched a new initiative "Indiramma Amrutha Hastham" with Rs. 100 crores which essentially aims to provide One cooked meal for 2 lakh pregnant and lactating mothers in 100 high risk ICDS projects.

97. We have launched a new scheme "Rajiv Vidhya Deewena" with an amount of Rs. 120 crores with the support of Central Government for further extending support on saturation basis to the SC and ST students who are studying classes IX and X. 4 lakh SC students and 1.60 lakh ST students will benefit under this scheme.

98. As part of the Tribal Empowerment Policy, 2010-15, we are planning to provide employment opportunities to one lakh tribal youth by upgrading their skills and double the income of every tribal household by 2015. We have announced Sunnamvarigudem declaration for Tribals in Khammam district for Adivasi Diwas. We have plans to implement special schemes for bringing them on par with others with respect to education, skill, employment and health sectors. All the welfare programmes are effectively implemented in tribal areas through the Integrated Tribal Development Agencies. Recognition of Forest Rights (RoFR) Act, 2006 is being implemented and a Conservation-cum-Development Programme has also been launched in the state to develop primitive tribal groups.

99. We are also constructing Sports cum Cultural Mini Complexes in every Assembly Constituency. We have felicitated a number of Sports men who have won medals in international events and decided to sanction 5000 pensions @ Rs. 500 per person for the welfare of the aged artists. Efforts are on to conduct the "World Telugu Mahasabhalu" in December at Tirupathi.

### **Law and Order: Curbing Extremism –The Development Way**

100. Naxalism which it has been acknowledged has to be tackled more as a socio-economic problem rather than as a mere law and order problem is slowly gaining ground. All the eight (8) inter-state border districts of Andhra Pradesh adjoining Chattisgarh, Orissa and Maharashtra states which continue to face the risk of relapse into extremism have now been included under the Integrated Action Plan (IAP). The State Government on its part is implementing various welfare and developmental programmes. We thank the Central Government for extending the IAP programme to all the LWE districts in the State, which was earlier limited to only two districts viz.Khammam and Adilabad. Remote and Interior Area Development is a serious concern and the state government is planning a comprehensive development strategy in the identified high SC/ST density mandals for addressing it. We reiterate our request to accord sanction for "Garland Road" (development of connectivity) proposed at an estimated cost of Rs.1607 crores to

develop an Infrastructure Corridor of length 1500 Kms along the bordering Left Wing Extremism (LWE) states.

## **Conclusion**

101. We are poised to achieve high growth rates through implementation of various developmental programmes, support of the Central Government and effective governance. We are committed to the goal of ensuring that the fruits of the economic development reach the neediest of the society. The policy initiatives I have referred to are broadly indicative but not exhaustive. We are keen to listen to and learn from the experiences and initiatives of others especially our neighbouring states.

102. In these challenging times, Government of India has taken a number of initiatives including entitlement based legislations for growth, equity, inclusivity and security. Government of Andhra Pradesh is totally committed to these measures and looks forward to support the Central Government wherever implementing these measures will have fiscal impact on the States. In this connection, I would like to mention about certain issues which will help us attain these goals.

103. I request for continued leadership to forge consensus among States for the early implementation of the Goods and Services Tax (GST) which would spur growth. There is a need for providing some flexibility to states to take care of their state specific priorities and programmes in implementation and financing of the Centrally Sponsored Schemes. Further, we also propose to focus more on Flexi-flagship programmes which will help the State to use funds more effectively through dovetailing with State funds and target them towards location-specific requirements.

104. It is a fact that the District level agencies often handle the implementation of CSS. Significant amounts are being directly credited to these agencies in States bypassing the State Governments. This has created a system of dual accountability in the State. In this context, we request the Central Government to give due consideration to the recommendations made by Punchhi Committee, a view which was parallelly recommended by the Administrative Reforms Commission also.

105. We welcome the pro-active steps taken by the Government of India to improve the public expenditure framework including setting up of the Rangarajan Committee. We support its recommendation to remove the plan non-plan distinction. We request that the Gadgil-Mukherjee formula governing the distribution of normal Central assistance for State Plans may be reviewed to make it more transparent, deleting the 7.5% weightage assigned to "special problems" and instead added to population to make it equitable to all States.

106. It is seen from the 12th Plan document that the increase in Central Assistance to States/UTs for State Sector programmes(103%) is not commensurate with the projected Gross Budgetary Support(GBS) for the Centre(132%), resulting in a fall in the Central Assistance to State Plan from 26.5% to 24%. In case, it is not possible to increase the State share, we urge that the parity may be maintained with 11<sup>th</sup> Plan realization of 26.5%.

107. One major issue we need to focus on as part of this process is the framework to be put up in place for plan implementation and evaluation. The need to ensure prompt implementation of projects to avoid valuable time and cost over runs is well recognized. While there has been no specific mention or emphasis of this important aspect in the draft 12th Plan document, I am sure that adequate emphasis will be placed on accelerating and monitoring the whole project starting from project formulation, investment approval, implementation and ex-post evaluation in the final document.

108. Concluding, I declare that we stand shoulder to shoulder with other states towards working together with Government of India in realizing a Resurgent, Vibrant and Inclusive India.

**JAI HIND**