



**FIFTY SECOND MEETING OF THE
NATIONAL DEVELOPMENT COUNCIL
ON
APPROACH
TO
ELEVENTH FIVE YEAR PLAN (2007-12)**

**SPEECH OF
Dr. Y S. RAJASEKHAR REDDY**

Chief Minister, Andhra Pradesh

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Hon'ble Prime Minister, Respected Deputy Chairman, Planning Commission, Galaxy of Union Cabinet Ministers, Distinguished Chief Ministers and Friends,

Allow me, at the outset to sincerely thank the Chairman of the Planning Commission and Deputy Chairman for convening the fifty second meeting of the National Development Council. I reverentially congratulate our Prime Minister for wisely steering the nation, especially its economy at crucial junctures. Accelerating national economy from 5.5% to 7.2% between past two plans has made it possible for all of us assembled here to dream about 9% or even 10% growth during future plans. Role played by the professional duo to dream big and substantially achieve the same would be recorded by future historians. Therefore, I congratulate both of them once again.

The approach paper for Eleventh Plan is well thought out and quite comprehensive document. It envisions 9% plus growth for broadening opportunity spectrum to include all sections of the society. It will surely hasten poverty reduction and help bridge multiple divides. We, therefore support the broad approach as indicated in the plan paper.

However, before approaching the Eleventh Plan, we must assess the preceding decadal performance of the whole economy and the relative performance of its different sectors, especially those of priority to us like Agriculture. The picture emerging in Andhra Pradesh is rather mixed. The economy is doing well in few enclaves like infrastructure and IT sector and these gains need consolidation. However, there are critical weaknesses bordering crises in widespread Agricultural sector. If not corrected, it would not only undermine planned economic growth, but afflict our equitable social development which is so very essential for an inclusive democratic polity. It is in this context that I would like to share with you some of our experiences and inform this august audience regarding our achievements and learning.

A-P- ECONOMY - RISE, DECLINE AND RESTORATION

After Independence, experts broadly agree that Indian Economy broke from the past growth trend in around 1980. During Eighties, the state GSDP growth averaged 6.03% - higher than Nation's GDP average of 5.68%. Relative slippage commenced during mid Nineties and became too glaring thereafter. Our GSDP growth during 1995-002 averaged 5.67%, significantly lower than National GDP average of 6.13%. However, due to bold policy initiatives during its mid course in several major areas, the growth trend during 10th Plan in A.P is 7.1% - just a notch below 7.2% for the country. It is by far the highest growth achieved during any Five Year Plan in AP - Just as it is true for India.

Therefore, we are confidently targeting for 9% annual growth in overall economy of AP during Eleventh Plan (2007-12). The sectoral targets are 4.5% for agriculture and livestock, 9.5% for industrial sector and 11% for services sector. However, the centrality of bold state intervention as a necessary precondition for achieving this lofty goal has to be understood - and imbibed by all of us before launching the fresh plan.

HERALDING AGRICULTURAL RENAISSANCE

Agriculture is not merely a sector contributing a certain percentage to our economy, but is the central avenue around which the hopes and aspirations of our majority people converge. And, it shall remain so not only during Eleventh plan but decades beyond. It surely is a gigantic task to rejuvenate this most important sector. But all of us together have to do it -and succeed.

One of the major challenges of the 11th Plan must be to reverse the deceleration witnessed since mid nineties. This decadal deceleration is the root cause of rural distress. It has impacted adversely upon a farm size classes. Its consequences are surfacing as a tragic human story with unflinching

regularity across the country.

To get out of the morass, nothing short of yet another agricultural renaissance has to be ushered in with due focus on enabling the farmer in getting his/her legitimate return, on investment, commensurate with the total efforts he has put in and without leaving him at the mercy of monsoon, middlemen and market forces. Productivity enhancement sweeping the entire crop spectrum especially grown in dry land geography must be taken up in a Mission Mode. Agricultural growth should be raised to 4.5% with Crop sector contributing around 3% and livestock sector adding up another 8%. Both the figures may look daunting. Yet, they are within the realm of possibility. Our experience in A.P. surely reinforces my confidence. In his context, let me share our experiences and achievements.

HIGHEST PRIORITY TO IRRIGATION AND SOIL -WATER MANAGEMENT

Timely irrigation and scientific Soil - Water management provides the essential lifeblood to the crop economy. Completion of irrigation projects with network of canals and field channels has been taken up on a war footing. Our experience during last couple of years is highly encouraging. An ambitious plan of creating 73 lakh acres fresh ayacut and stabilizing 22 lakh acres by constructing 30 major and 18 medium projects is under implementation. Of these projects, 8 are slated for completion during Tenth Plan and work is moving on a fast track. An irrigation potential of 12 lakh acres has already been created during last three years. All other projects are scheduled for completion in a phased manner and we are determined to complete them by 2012. Resettlement and Rehabilitation policy with a new organization structure has minimized litigation.

Modernization of Godavari - Krishna irrigation system along with drainage and construction of bunds along major rivers and canals is yet another initiative. It would provide major cushion against torrential rains ravaging crops, livestock, property and population.

Minor Irrigation and livelihoods programme has also been scaled up in an unprecedented manner. A major programme of revival and restoration of all water bodies including Panchayat Raj tanks has been initiated. To ensure optimum utilization of surface water run off, an analysis of water use efficiency of each hydrological unit is being carried out. All these initiatives would revive and rejuvenate 32 lakh acres ayacut.

Bharat Nirman, interalia aims at creating 10 million hectares irrigation potential. As 'Jalayagnam' get accomplished, I humbly submit that 30% of this lofty goal shall be A.P's contribution. We, therefore solicit total cooperation and facilitation from various Ministries of GOI in this auspicious national endeavor.

Apart from bringing a large swathe of geography under irrigation, these projects would in fact serve multi purpose. Drinking water to all the enroute villages, increasing inland fish production, adequate water heeded by a huge bovine population and considerable enhancement in tourism and recreation are the obvious byproducts of these projects. Afterall, water powers and sustains life in all its forms - be it mankind, animal kingdom or crops.

It is a simple two pronged approach - Harness every drop of water flowing into the sea and optimize crop per drop for improved livelihoods.

India is a riverine country blessed with innumerable river systems. Perhaps, the same strategy of harnessing maximum surplus water flowing into the sea could provide substantial life blood to rejuvenate India's crop economy.

ANIMAL HUSBANDRY AND FISHERIES

Livestock sub-sector is doing fairly well even during drought years. It is providing sustainable daily income to nearly 60 lakh families even during

adverse seasonal conditions. The survival of pastoralism is crucial for sustainable land use. Besides conserving domestic biodiversity, it is a means of producing food in dry lands without depleting ground water resources. Budgetary allocations towards live stock could yield highest returns. Fisheries in Andhra Pradesh has the potential to grow exponential the water spread area due to the Irrigation Projects underway. This sector needs a totally fresh look altogether. Historically, it is treated as allied to Agriculture. By Eleventh Plan, its contribution to GDP may almost equal to that of crop sector. Thereafter, it may be the dominant subsector under Agriculture. Therefore, time has come to appropriately change our approach and provide solid budgetary support to the important subsector as well. In years to come, there may not be anything like 'sub' about it. Time has come to support this booming yet eco-friendly sector.

AGRICULTURE RESEARCH, EXTENSION AND MARKETING

We have a vast Agricultural Research System. It has served the country well during 70's & 80's. But somehow, the elan is missing thereafter. Reasons may be very many - But Business as usual approach shall be disastrous. Food grain production for last decade or so is unable to keep pace even with declining population growth rates. It is worrisome. Imports may provide short term solution. But, as a country with 1.1 billion people and growing @ 1.6%, we must be able to produce enough food during every single year - for all the times to come. And for that, research must regain its past elan witnessed during 70's & 80's.

'Knowledge deficit', is identified as one of the constraints by National Farmer's Commission. We may perhaps think of inter-connecting all research institutions, extension directorates and Agricultural marketing yards with multilane cyber corridor with adequate Bandwidth through a Satellite. It is possible for groups of farmers to interact with research scientists, extension functionaries and market managers at the same time to arrive at better and informed decisions. Electronic soil quality cards may also be introduced. All

knowledge based technologies must keep the farmer informed about appropriate crop, seed, package of practices and market opportunities available at his doorstep. It would save him from distress.

AGRICULTURAL INCLUDING LIVESTOCK INSURANCE

On the very concept of Agricultural Insurance, I sincerely feel that it should aim at insuring farmer effort rather than insuring only the bank loan. Agricultural Insurance scheme with village as an insurance unit for one dominant crop has been tried with good success in 5 districts of Andhra Pradesh. We are going to expand its scope and to cover all the 23 districts in the state by 2007. With some modifications and simplifications, it may be possible to extend the scheme to the whole country during 11th Plan.

As livestock sector booms on a sustained basis, it is bound to overtake crop sector by 2012. 60 lakh families depend upon livestock in Andhra Pradesh. Around 5 lakh families, owning sheep and goat have already been covered with 100% insurance of their livestock. Inspired by its resounding success, we plan to cover entire livestock of all the families with 100% insurance in A.P. They are mostly managed by women folks especially from poor families. It would enhance their income security and help mitigate their poverty as well.

FARMERS' DISTRESS - P.M's SPECIAL PACKAGE

Credit flow to farmers has doubled during last 3 years. However, due to erratic monsoon and uncertain markets, the overhang of debt burden has gone up considerably. Private money lending with usually high rates of interest only compounds the problem. Therefore, farmer's distress sometimes resulting in tragic suicides continue to dot our national landscape.

GOAP had come out with a novel package more than 2 years ago. It addressed the then acute problem boldly. I feel vindicated as our patience and perseverance surely decimated the suicidal levels within a couple of years. Therefore, I congratulate the Prime Minister to have confronted the problem

boldly and come out with the Special Package. It must continue in the foreseeable future - as the challenge though reduced, continues to persist.

ACCELERATING INDUSTRIAL GROWTH

The Industrial sector has gained in strength, slowly yet surely in many ways over last decade or so. It has become possible due to proactive role of state viz. effective policy implementation including single window clearance and incentives, establishing world class infrastructure and most importantly, making available power at the cheapest industrial tariff, thereby releasing entrepreneurial energies in private as well as public sector. A positive mind set of the vast labour force across the industries has also played its silent role in this growth process. To achieve a growth rate of 9% in GSDP, the Industry sector should grow at 9.5% with manufacturing growing at 11% during XI Plan period. It would require world class facilities like Ports, Airports, expressways, quality power supply, water supply and world class Telecom. All this would need substantial resources. State plan is already over stretched due to heavy commitments towards ongoing Irrigation Projects. Therefore, Central support in the nature of viability gap funding due to long gestation lag for these infrastructural projects becomes inevitable.

However, within our resource limits, these projects are being planned and executed in a time bound manner in Andhra Pradesh. Results are bound to show up in years to come. We are determined to accelerate manufacturing sector growth by aggressively pursuing Investor-friendly policies. Hyderabad, Vizag and Tada along with their surrounding hinterland of late are becoming the most favoured destinations for a host of industries.

POWER IS STRENGTH

9% growth on an average over a period of 5 years would require an additional 50% fresh generating capacity. As the growth process accelerates, the actual demand may be even more. We are quite conscious of the critical need to add to grid capacity thereby meeting cumulative demand from all the sectors. Power

generation, like jalayagnam is also planned on a war footing during Eleventh Plan.

We are committed to minimize the cost of energy through improvement of efficiency of Transmission and Distribution (T&D) network, particularly catering to the Agriculture sector. Effective implementation of Power reforms in the state have resulted in bring down the T&D losses from 23.15% in 2003-04 to 20.14% in 2005-06 and to reduce further to 17.08% by 2008-09. It is proposed that it would be achieved by implementing High-Voltage Distribution System (HVDS), separate Industrial Express feeders and strengthening of T&D network.

A matter of grave concern for us is the future availability of natural gas and Coal at reasonable price. I strongly urge that the central policy approach should harp on this aspect considering the overall growth projections solely related to quality power.

Our strategy is simple - Produce enough power to drive 9% growth and then conserve every unit of energy right from the point of generation all the way right upto the point of ultimate consumption - especially farmers.

BOOMING SERVICES SECTOR FOR ENHANCED EMPLOYABILITY

More than 50% of GSDP is accounted for by Services Sector. If its sustained growth witnessed over last 15 years is any indication, it may as well contribute 57% of GSQP by 2012. Time has come to leverage this booming sector for locating future employment opportunities for our youthful, energetic and ambitious workforce. A few doable suggestions are as follows:

- i) Interconnect all the villages by a Broadband Network with adequate Bandwidth. It would provide voice, text, data and image as integrated service networked through multilane cyber corridor.

- ii) Sustaining quality of technical and professional manpower coming out from various institutes and universities would need the best and committed faculty. Today, it is surely in short supply. As we plan to enhance intake, we must simultaneously provide for quality faculty.
- iii) Modernization of laboratories, existing faculty development, curriculum improvement, course improvement, course flexibility, industry interaction Research and development of management capacity would be simultaneously required for quality improvement.
- iv) A Greenfield IIT in Andhra Pradesh is our long felt need. It is the right juncture to just implement it during XI plan.

ENVIRONMENT IS SENSITIVE

We are fully aware that the rapid growth in economy need not intensify environmental degradation. We are adopting policies for ensuring safeguards to ecology. We ensure improving air and water quality, and also in Solid Waste, Bio Medical Waste and hazardous waste Management.

For eco-restoration, waste land development by raising Pongamia and Jetropha, avenues for the private participation are being explored. Under Rural Employment Guarantee Scheme (REGS), 20% of the funds is targeted to be earmarked for taking-up plantations. With the optimal utilization of funds under REGS, it is programmed to achieve 33% tree cover in the state from the current level of 22.8%. 8,412 Vana Samrakshna Samithis are programmed to be covered through World Bank & NABARD Funded Schemes besides the Forest Development Agency.

BRIDGING MULTIPLE DIVIDES TO ENHANCE SOCIAL HARMONY:

Socially segregated and geographically separated groups like Scheduled Castes and Scheduled Tribes are entitled for 23% plan allocation across the sectors through SCP and TSP mechanism. I must confess that our performance has fallen short during Ninth and Tenth Plans. Now, we are not only committed to take it to expected level, but exceed in future. During last year of Tenth Plan, we have already earmarked 25% allocation to these groups and the tempo shall be maintained during Eleventh Plan. Similarly, scholarships to all the minorities in AP has been enhanced like never before. It would bring them out from confines of home and hopelessness to school with a hope for better future. In particular, the impact of education on girl children in medium and long term would be quite positive. Hon'ble Prime Minister's 15-point programme for minorities is being implemented in AP in its letter and spirit. OBCs constitute an important segment of our society. Besides providing educational opportunities, livelihood enhancement programmes for improving their incomes are under implementation.

Remote and Interior areas in Andhra Pradesh like rest of the country have suffered developmental deficit over decades. Vast distance from state capital has also created attention deficit. These factors have rendered them as fertile ground for extremist movement. Government is making sincere effort to tackle this long festering problem.

We are committed to resolve this extremist movement through the process of dialogue and consultation. Every one knows that power in our democracy flows through ballot - not bullet. With this conviction, a dialogue was initiated inviting extremists during 2004 to join the main stream. In spite of Government's honest endeavour, the dialogue could not sustain since later 2005. However, as the doors remain open, Government's basic duty to uphold the law of the land coupled with integrated development of tribal and interior areas continues unabated. It is expected that well within the time frame of Eleventh Plan, the problem may be contained - by and large.

SOCIAL SECTOR PROGRAMMES: Health

Population growth rate in Andhra Pradesh has considerably come down during last 20 years. Annual growth rate stands at 1.20% today. Effort shall continue to bring it down to below 1.0% by 2012. It has been one of the most dramatic success stories of population control in the country. Simultaneously, Infant Mortality Rate (IMR) has also significantly declined from 61 three years ago to 52 this year. Concerted efforts would continue to ensure its downward trend so as to bring it below 40 by 2012.

MMR is planned below 100 and neonatal mortality rate at 25 by the end of Eleventh Plan.

Literacy

Literacy in Andhra Pradesh during 2001 was 61%. Though the enrolments are almost 100%, but the drop out rates, particularly among rural girl children and that too among SC and ST communities is heavy. Concerted efforts are made and likely level of literacy by 2012 would be 80%. We are also planning to reduce the gender gap from 20 percentage points to 15 percentage points by then. Enhanced literacy with reduction of mortality rate is bound to increase the minimum age for marriage for girls in the state from the current 16 years to at least 18 years by 2012.

Sarva Siksha Abhiyan (SSA) seeks to provide elementary education to all children in the 6-14 years age group by 2010. As a flagship programme, it aims at bridging all social, gender and regional gaps.

Literacy in AP, with our best efforts for girl children would be around 70% by 2012. Performance amongst SC/ST groups, especially in rural areas would be even less. Therefore, to achieve the lofty goal of SSA, the same momentum must continue even beyond Eleventh Plan. As substantial resources of the state are tied down to irrigation, power and agriculture, it is my humble request to Prime Minister to keep 75% contribution by centre absolutely intact. It is a must. Any reduction in central support would only harm rural children - especially from SC/ST communities. State contribution of 25%

is quite reasonable and shall continue till '**Education For All**' becomes a reality.

Success of SSA is obviously pressurising High School system. Time has come to think of extending SSA to High Schools as well to ensure a healthy secondary education to our aspiring posterity.

Social capital

Commencing from early 80's, the process of women empowerment has swept the entire state of Andhra Pradesh in a silent yet dignified manner. This enormous movement has over-powered caste, political and religious boundaries. Today, there are 6 lakh groups comprising 9 million members with a corpus of Rs. 3,000 crores. It has substantially become possible by subsidizing interest and making loans available at 3% rate per annum. Membership strength and quantum of revolving fund in Andhra Pradesh, incidentally is more than that of Grameena Bank of Bangladesh. We expect these groups to increase to 2 million networking 30 million members and corpus swelling to more than Rs. 15,000 crores by 2012.

SATURATING BASIC RURAL INFRASTRUCTURE

Since Independence, we would complete six decades of journey as Tenth plan comes to a close in 2007. On the eve of Eleventh plan, it is possible to think of satisfying a set of basic needs to all our people - especially residing in rural areas. Rural roads, drinking water, sanitation, literacy, mid-day meals, pucca dwelling with an electrical connection and ISDN connectivity is going to be a reality in Andhra Pradesh with in next three years. It is being achieved through a broad sweep under 'INDIRAMMA'.

A largest ever social security net is providing pension to 30 lakh persons comprising aged, handicapped and widows across the state.

HOUSING FOR ALL

Around 20 lakh families in A.P. have constructed their own houses with active state support during last four years. The government is committed to provide shelter for all. As on today, demand for houses is 54 lakhs in rural areas and 5 lakh in urban areas. Taking into account the emerging future needs, the state has planned to construct 21 lakh houses during 2006-07. The same scorching pace would continue in the coming years. The goal of shelter for all shall be a reality in my state well within the span of Eleventh Plan.

URBAN MANAGEMENT

Economic growth, substantially driven by Industries and Services sector is bound to witness demographic expansion of urban population across the state. The emerging challenge needs to be tackled on multiple fronts simultaneously.

Drinking water is obviously the topmost challenge. Government aims to increase the water supply to achieve 100 liters per capita per day against 80 liters (WHO standards) to all the urban areas including municipalities by 2009. Progress is on track. More over, emerging water challenge to the capital twin cities of Hyderabad and Secunderabad is taken on a war footing. 90 million gallons per day are being added from Krishna Drinking Water Scheme, thereby improving water availability from 95 LPCD to 145 LPCD. A perspective plan is ready to tap 10 TMC of Godavari Water and is likely to be executed during Eleventh Plan. Several SEZs are planned around the ever expanding Hyderabad Megapolis. Total water demand for these SEZ is also factored in future water planning for the city.

Traffic is yet another challenge. A string of totally self-sufficient satellite town ships are planned to reduce over crowding and congestion in the twin cities.

Service providers in urban areas normally inhabit low lying slums. Government is committed to provide shelter with individual water supply and adequate drainage facilities to all such poor slum dwellers by 2009. Progress, hitherto is on track.

Therefore, all the urban centers in the state are planned for a healthy growth. Its capital Hyderabad, of course is evolving as a future megapolis of 21st Century. Historically, it has been a regional city. But now, as the modern sectors like Information, Communication Technology and Bio-Technology propel it towards future, thousands of young population from across the country are gravitating towards it as their future destination. City is growing from a regional entity to a national megapolis. The city is surely on its way to become a jewel of India in the coming decades.

INFRASTRUCTURE AND INFORMATION TECHNOLOGY

These sectors are doing fairly well and we intend to keep building upon the edifice of past success towards futuristic goals. Hyderabad International Airport is on its way to become a concrete reality. 45% work is over and it shall be operational by March, 2008. Upgrading two existing ports and two new ports are planned and they are likely to be completed by 2010. Outer Ring Road (ORR) enveloping the Capital City so as to provide enough space for its future needs upto 2030 is under implementation. There are plans to ensure water and power supply on 24 X 7 basis to the capital city in the near future.

Regarding ICT (Information & communication technology) and Bio-Technology, the state has earned a sort of IT Savvy reputation. With new ICT policy, this sector would grow in a holistic manner in and around Hyderabad and also tier II Cities like Vishakhapatnam and Vijayawada. As IT/ITES sector booms across the country, Andhra Pradesh is slowly yet surely increasing its share in the national pie. We are likely to be 2nd in rank, next to only Karnataka by 2012 in this ever accelerating yet never ending marathon.

As the State attracts National and International attention in high tech

sectors, we are committed to take its benefit to all its nooks and corners. It is planned to connect all the Panchayats/ Wards/ Schools/ Agricultural Markets/offices across the State with Broad Band network of 100 MBPS bandwidth with Optical Fibre Cables (OFC) with in next 3 Years.

CIVIL SOCIETY ORGANIZATIONS

Majority of Civil Society Organizations have a proven track record in implementing various developmental programmes at grass root level. Their overall impact is impressive - to say the least. Recognising their inherent energy and commitment, we have constituted a state level GO – NGO Coordination Committee with a team consisting of prominent NGOs and related set of developmental secretaries, headed by an Executive Vice Chairperson. District level committees are constituted as well.

The idea is to serve as a platform for experience sharing and to function as a think tank for a meaningful and continuous dialogue, thematic discussions, sharing information and to devise innovative strategies to enhance effectiveness of ongoing programmes for ensuring effective delivery system in the state.

CONCLUSION

The policy initiatives I have referred to are broadly indicative but not exhaustive. We are keen to listen to experiences and initiatives of others -especially our neighbouring states.

We, in Andhra Pradesh have a dream - to transform our state into **Haritha Bhoomi** - And to ensure gainful employment to one and all. Drinking water, Housing, Electricity, telephone and Credit to all the households shall be a reality by 2012.

With silent determination, we have almost caught up with growth trends of the country during Tenth Plan. And now, we intend to help accelerate Indian

GDP beyond 9% by exceeding it during Eleventh Plan.

JAI HIND