

Respected Prime Minister, Honourable Union Cabinet Ministers, Honourable Deputy Chairman, Planning Commission, Honourable Union Ministers for State, Honourable Members of the Planning Commission, Honourable Chief Ministers, Distinguished Guests, Ladies and Gentlemen ----

At the outset, I would like to convey my sincere thanks to the Government of India for convening the 55th Meeting of the National Development Council for the Mid-Term Appraisal of the 11th Five Year Plan (2007-12). I am happy that it is also slated to deliberate upon other important issues *viz* Urbanization, Strategy for Agriculture, Left-wing Extremism, Water Resources, Tribal Development, Interface between strategies for power generation and availability of coal etc.

Sir, we have met here last time on 19th December, 2007 and approved the 11th Five Year Plan programme. Recognizing that faster economic growth is the only remedy for faster reduction of poverty, the NDC decided to approve the 11th Five Year Plan document with a target of achieving an annual GDP growth rate of 9%, up from 7.7% growth rate achieved for the 10th Plan period and making *Inclusive Growth* as the main theme for that Plan period. The objective of

inclusiveness was reflected in the adoption of 26 other monitorable targets at the national level relating to (i) income and poverty, (ii) education, (iii) health, (iv) women and children, (v) infrastructure, and (vi) environment.

Sir, exactly after two and half years, we are here now for the Mid-Term Appraisal of the 11th Plan. The target of 9% GDP growth rate for the five year period 2007-2012 was not overambitious by any reckoning, as the country had already achieved a 8.91% per annum GDP growth rate for the three preceding years *viz* for 2004-05 to 2006-07. In fact, for the last two years of the Tenth Plan period *viz* 2005-06 and 2006-07, the country achieved an annual GDP growth rate of 9.52% and 9.75% respectively. This trend continued even during the first year of 11th Five Year Plan when the country recorded a 9.01% growth rate, which means an achievement of an annual GDP growth rate of 9.43% per annum for the three years period 2005-06 to 2007-08.

The Global financial meltdown affected the overall GDP growth rate of the country which fell to 6.70% in the year 2008-09 as against the growth rate of 9.01% for the previous year. Even for the year 2009-10, the GDP growth rate for the country remained subdued at 7.4%. Naturally, this has very

adversely impacted the revenues of all the States and that of the Central Government, registering even negative growth rates for the years 2008-09 and 2009-10. For instance, our State suffered a shortfall of about Rs.20,000 crores in the revenues for the period 1st October, 2008 to 31st March, 2010. Our GSDP growth rate fell to 5.04% for the year 2008-09 from an annual growth rate of 10.24%, 11.16% and 10.75% achieved for the years 2005-06, 2006-07 and 2007-08 respectively.

It is our good fortune to have Dr.Manmohan Singh, the world renowned economist, as our Prime Minister at this most crucial juncture. He was ably supported by a team of experienced economists and his Cabinet Colleagues like Sri Pranab Mukherjee and P. Chidambaram. But for their swift action by way of implementation of the three fiscal stimulus packages and the deft handling of the economy, situation would have been worse. They all have to be complimented for their outstanding handling of the crisis, perhaps the best by any country in the world. No wonder, India is among the first few countries in the World to have so quickly recovered from the calamity, with IMF forecasting a growth rate of 9.5% for the current year. But our Union Finance Minister, Sri.Pranab

Mukherjee is more practical when he is expecting a growth rate of 8.5% for the current year.

As almost all the States have suffered huge revenue losses in the last two years for no mistake of theirs, many ongoing developmental programmes launched on the basis of the revenue growth pattern in the preceding three to four years were compelled to be put off, with huge legal consequences. I request the Central Government to allow State Governments with better repayment capacity and whose debt is less than 35% of GSDP to borrow more funds by relaxing the FRBM conditionality so that the half completed projects and programmes could be completed.

It is heartening to note that the Government of India has, living upto its commitment for *inclusive growth*, implemented a large number of schemes for the welfare of the poor people. Madam Gandhi has been providing the much needed leadership for many important programmes like the Mahatma Gandhi National Rural Employment Guarantee scheme, the Right to Food Act, the Right to Education Act, Recognition of Forest Rights (RoFR) Act, 2006 etc. Many other infrastructure developmental programmes like the JNNURM, AIBP, RKVY, PMGSY, BRGF, and other Bharat Nirman initiatives are also being implemented in an unprecedented manner.

This Government also implemented a large number of programmes for agriculture like expanding the Agricultural Credit by more than 300% in the last five years, reducing the rate of interest on crop loans to 5% per annum, increasing the MSP for various crops by around 100% in the last five years, implementing a Debt Waiver scheme for farmers which entailed a sum of Rs.70,000 crores benefiting about 5 crore farmers. More importantly, the Government did not increase the fertilizers prices even once during the five years period 2004-09, despite the global prices of the same going up in the range 200-800% forcing the Central Government to increase its budget on fertilizer almost by about Rs.1 lakh crores per annum. This Government needs to be complimented for its commitment for agriculture and poverty eradication. Sir, you have continued these programmes even in the face of an extraordinary economic slow down, as Inclusive Growth is an article of faith for the Government.

So, the Government has every reason to be satisfied with its performance at this mid-point during the ongoing 11th Five Year Plan period.

Madam Gandhi needs to be complimented for her candid observation, I quote:

“while the nation must address acts of terror decisively and forcefully, we have to address the root causes of Naxalism, the rise of which is a reflection of the need for our development initiatives to reach the grassroots, especially in our most backward tribal districts”

In a way, this vindicates the strategy adopted by our State Government for containing very effectively the sixty year old Communist Extremist movement in the State of Andhra Pradesh. We firmly believe that Naxalism had to be tackled more as a socio-economic problem than as a mere law and order problem. All the welfare programmes, viz, the Food security programme (the two rupees a kg Rice scheme), the Health Security Scheme (Rajiv Arogyasri, 108, 104 schemes), the Weaker Section Housing Programme, the Pensions to the old aged and disabled, Fee reimbursement programme to both pre-matric and post-matric students, have all been designed to cover about the 80% of the State’s population on a saturation basis. Others include supply of free power, subsidizing interest for farmers and SHGs etc.

In addition, as the State has implemented a large number of irrigation projects and weaker section housing programmes, there was a phenomenal construction boom in the State. All these along with the Government's flagship programmes, the Mahatma Gandhi National Rural Employment Guarantee Scheme, have pushed up the demand for employment and labour in an unprecedented manner during the last five years, substantially improving the incomes of the people across the board. As a result of phenomenal increases in the incomes of the people engaged in the rural sector, which was further supported by a plethora of welfare measures implemented by the Government of AP, the Communist armed struggle which existed in AP in some form or the other for over 60 years before 2004, has completely disappeared without even a bullet being fired at them. This is not to take away the credit from the great work done by our State's police force, which is acclaimed as the role model for all the States in the country.

Sir, I inform that the seven (7) inter-state border districts of Andhra Pradesh adjoining Chattisgarh, Orissa and Maharashtra states continue to face the risk of relapse into extremism on account of their contiguity and proximity to intensely naxal affected districts in these states which are already categorized under LWE Special Development

Plan(SDP). Though there is a gradual decrease in extremist violence in the border districts of Andhra Pradesh, it cannot be taken as criterion for the actual situation on the ground, as there is sharp increase in naxal violence in adjoining districts of Orissa, Chattisgarh and Maharashtra.

If AP has to sustain the gains of controlling LWE on a permanent basis, it is imperative to categorize all seven districts under LWE Special Development Plan(SDP) by bringing necessary changes in the selection criteria.

Another developmental initiative which needs immediate attention of the GOI is to lay a corridor of net work of roads and bridges on the inter-state borders which have been converted into shelter zones by maoists. In this regard, we request the Government of India to accord urgent approval for the proposals submitted for opening up of the inter-state borders on AP-Chattisgarh, AP-Orissa and AP-Maharashtra with an outlay of Rs.1607.63 crores.

Sir, despite many initiatives taken for the development of tribal areas by successive Governments, large population among STs continues to be deprived of many of the basic needs. All the States have to make the development of Tribal

areas as the main focus area. We have to take up construction of roads, schools, primary health centres and creation of social infrastructure in the tribal areas and complete them in a time bound manner. Education has been an important instrument of social transformation. Through a special policy, we have to provide the best education to the students in those areas, by involving the NGOs, if necessary. Similarly, we have to, on a saturation mode, implement all the welfare programmes.

In our State, we have ensured that all the welfare programmes were effectively implemented in the tribal areas. Extension of provisions of the Panchayats to Scheduled Areas – AP Panchayat Raj (Amendment) Act 1998 - Draft amendments have been approved by the AP Tribal Advisory Council on 2-7-2010. The same will be considered by the government soon for extension under para-5(1) of the fifth schedule to the Constitution of India under article 244(1). This will vest all necessary rights and powers in the panchayats in agency areas.

Under the Recognition of Forest Rights (RoFR) Act, 2006, 1.65 lakh STs in Andhra Pradesh have been conferred forest rights in an extent of 14.12 lakh acres land. Further, a

Conservation-cum-Development Programme has been launched in the state to develop Particularly Vulnerable Tribal Groups. Our State's Tribal Empowerment Policy (2010-2015) envisages reduction in poverty rate among tribals and improvement in literacy rate by 2015. It is envisaged that Micro industrial clusters would be established in ITDA areas along with career guidance and employment centres.

Our State has taken a large number of initiatives for the development of agriculture and allied activities. As against an annual Agricultural GDP Growth rate of 2.5% for the period 1994-2004 and as against National target of 4% growth rate, we targeted in the year 2004 an ambitious growth rate of 6% for agriculture for the five years period 2004-09, with special focus on measuring agricultural growth in terms of improvement in the per acre incomes of the farmers. Hitherto, the agricultural growth was always measured either in terms of gross value added for the output or in terms of quantity of food grains or other crops produced.

Sir, you will be happy to note that our State achieved a growth rate of 6.8% per annum for agriculture and allied sectors for the five years period 2004-09, as against our target of 6% and against the national growth rate of 2.85%

for that period. The State Government, partly through its own initiatives and partly because of the support given by the Central Government, was able to ensure that all the input prices with the possible exception of labour cost have remained in the year 2009 either at the same level as 2004 or less than that and with the MSP for various crops having been increased by more than 100% during this period, our Government was able to meet the second most important target of increasing the per acre incomes of the farmers.

An analysis of the data available clearly brings home the point that the increases in farm yields in the last twenty years have broadly corresponded to the availability of irrigation and the fertilizers applied. As majority of the State Governments do not have enough funds to invest in increasing the irrigation potential, the Central Government should take up implementation of all the technically viable projects or increase the grant portion of the AIBP very substantially, without which it will not be possible to meet the ever growing requirement of food and nutrition. In this context, I take this opportunity to request the Government of India to declare the Indira Sagar Polavaram multipurpose project across Godavari River as National project at the earliest as the issue is pending since May, 2009. I also express my gratitude to

the Government of India for according in principle approval for Dr. B.R. Ambedkar Pranahita-Chevella project and I take this opportunity to request to accord other requisite clearances for this project pending with various agencies of the Government of India at the earliest.

I also request that the allocation under RKVY which has been launched to incentivize the States for meeting the targets under the National Food Security Mission. This should be increased substantially and be modified to measure on the basis of outcomes rather than on the quantum of budget allocations for Agriculture sector, as each State may have its own strategies for development of agriculture.

As Bio-technology holds the key for future increases in the yields of various crops, the Government should focus on the promotion of research and development in Bio-technology particularly for development of varieties and seeds. The allied sectors like the livestock, fisheries and horticulture have already been contributing substantially to the agricultural GDP of the country. The development of these sectors will go a long way in addressing the problem of nutrition, besides increasing the incomes of the farmers. The RKVY may come up with a Special Fund for development of

these sectors. They become increasingly more relevant, as more than 50% of our agriculture will continue to be in rain fed conditions, where there is great scope for development of live stock and horticulture. Our State Government is utilizing large portion of funds under MGNREGS for horticulture and agriculture. In our State, the allied sectors contribute about 52% of the State Agricultural GDP.

If India has to achieve the much needed double digit growth rate in our GDP on a sustained basis, we have to increase the share of manufacturing sector in our GDP by atleast 100% in the next 10 years. Our country continues to be suffering from infrastructure deficit. It is a matter of concern that more than 30% of our households do not have access to electricity, let alone good rural roads. It is only recently that some of the States have taken up massive infrastructure projects under PPP mode. Many international airports, state-of-the-art sea ports, four way National Highways, are coming up in different parts of the country. I am happy to state that our State has taken up implementation of a large number of sea-ports, airports and other infrastructure projects like Metro Rail and ORR. The first State-of-the-art International Airport under PPP mode was promoted in Hyderabad City. The country needs to do a lot more in this sector. For increasing the

power capacity, availability of coal and natural gas at affordable prices is very essential. We also need very urgent clearances from various central agencies, particularly from the Ministry of Environment for power and irrigation projects.

Sir, recently, we have announced Industrial policy of Andhra Pradesh. It is expected that this new policy will give us a direction to plan for the future in allocating more resources and achieve desired results.

I would like to submit draft Direct Tax Code (DTC), which was already released by the Finance Ministry on 15th June 2010, wherein almost all the tax incentives and benefits provided under the SEZ Act of 2005 to SEZ Developers and Units are intended to be withdrawn, after it comes into effect from 1st April, 2011 once passed by Parliament. The revised paper only talks about continuance of these benefits only to existing units in operational SEZs.

As you are aware, Andhra Pradesh is one of the leading states focusing on infrastructure growth and strongly believes that SEZs are opportunities to create Greenfield Cities with world class infrastructure and can be positioned as "Engines of Growth" for the Country's Economy. We are the leading

state in the SEZ Development with 106 formally approved and 73 notified SEZs. Out of these, only 19 are in operation and rest of them in various stages of project development. The new provisions of DTC would seriously affect all these investments and would erode the investor confidence, who have invested time and resources during the last few years in developing these world class projects.

Consequent to the release of the revised draft of DTC, a number of SEZ Developers and units have been approaching the state government highlighting this negative impact on the investment climate and the hardship they would have to undergo, since they have already raised huge debt and committed huge resources for the development of the SEZ projects, based on the promise the Government made under the SEZ Act. Hence, I suggest Government of India should review the proposal and see that all the incentives under SEZ Act of 2005 are continued to all the developers and units, there by restoring the Investor confidence in our policies and ensuring that the momentum created in Infrastructure Development and FDIs is not lost.

I am grateful to the Government of India for sanctioning the prestigious 'Mannavaram power equipment manufacturing

project' being jointly promoted by BHEL and NTPC and the entire state is eagerly waiting for expeditious implementation of the project.

The share of the urban population in the country is steadily increasing. Managing various issues like drinking water, sanitation, public transport, sewerage, drainage, solid waste disposal, housing, satellite township development, poverty eradication etc have become major challenges without any quick fix solutions. In states like ours, the urban poverty levels are higher than in the rural areas. The Central Governments innovative programmes like the JNNURM and UIDSSMT schemes have been very useful in addressing a large number of urban management problems.

Our Government has taken many policy decisions and initiatives to facilitate holistic growth of urban areas. In addition to effectively utilizing the funds under various Central schemes, we have started the Andhra Pradesh Municipal Development Project with an objective to improve the civic infrastructure in the urban areas of the state at a project cost of US \$ 350 million (Rs.1670 Cr) with World Bank assistance.

Our Government has completed an Elevated Expressway project with an estimated cost of Rs.600 crores to connect new International Airport in Hyderabad and expediting the construction of Outer Ring Road (ORR) with an estimated cost of Rs.6786 Crores. Our Government is also implementing MMTS Phase – II along with Railways at a cost of Rs.640 Crores to provide rapid transport facilities to the unconnected areas in the city. The prestigious Hyderabad Metro Rail Project spanning over 71 kms on three high density traffic corridors is taken up at an estimated cost of Rs.12,132 crores in order to ease traffic congestion in Hyderabad city. Our Government has given top priority to provide protected drinking water to all urban local bodies by strengthening the existing infrastructure and service levels. We have similar programmes for development of all towns.

I thank you Sir for the time given to me. The Country is in safe hands. We are poised to achieving high growth rates. We are committed to ensure that the fruits of the economic development reach the neediest of the society.

JAI HIND