



***Fifty First Meeting of the
National Development Council
on
Mid-Term Appraisal of
Tenth Five Year Plan (2002-07)***

***Speech of
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Hon'ble Prime Minister, Respected Deputy Chairman of the 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 first meeting of the National Development Council. The professional duo chairing the Council's deliberations today greatly reassures us that the future of our economy is in safe and experience hands.

Mid Term Appraisal of the Tenth Plan is an opportunity to assess performance of the whole economy and the relative performances of different sectors, especially those of priority to us like Agriculture. The picture emerging from Mid Term Appraisal in Andhra Pradesh is rather poor and 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 crisis in widespread Agricultural Sector. If not corrected, it would undermine not only normal plan performance but afflict our development even beyond. It is in this context that I would like to share with you some of our experiences and inform this august audience of our achievements and failures.

Andhra Pradesh Economy - The decadal decline:-

The GSDP growth rate has averaged 5.2% in the first three years of Tenth Plan, well below the national GDP average of 6.5% and far below the state target of 6.8%. It is rather sad and poignant for our state, as 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 there after. Our GSDP growth during 1995-02 averaged 5.07% significantly lower than national GDP average of 6.13%. This ever-widening gap between growth of Andhra Pradesh and the Country is a very disturbing trend, and our people have suffered due to this decadal decline.

Agriculture Sector- In Deep Crisis

Agriculture is the backbone of our economy, with 62% of our population depending on it as their means of livelihood.

Agricultural growth rate of 4.1% during Ninth Plan has collapsed to a level of (-)0.4% during first three years of the Tenth Plan. The tragic human story hidden behind these figures is too well known to bear repetition.

Andhra Pradesh land was aptly known as 'Anna Poorna' - the goddess of

plenty. But, for quite some time, the ground reality is totally different. 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 for decades to come. It surely is gigantic task to rejuvenate this most important sector. And we are determined to do it -and succeed.

Employment Scenario - The daunting challenge

The employment growth rate in Andhra Pradesh during 90's was just 0.35% - less than a third for the country at 1.07%. Our Employment elasticity during the same period works out to 0.07 - less than one half for the country (0.16). The Employment situation is therefore most challenging in our state. The relative decadal decline in our economy coupled with a deep crisis in Agriculture has rendered our task most daunting.

Priority Areas for Action

The scope for correcting all these deficiencies within the Tenth Plan period is limited. However, a major corrective policy framework has been put in place which addresses each one of the important concerns raised in Mid Term Plan Appraisal. A credible beginning has already been made by way of bold policy initiatives in several major areas. This thrust is surely going to be evident during the remaining period of the Tenth Plan, and the momentum will surely be transmitted into the Eleventh Plan for realizing concrete outcomes. I take this opportunity to inform this distinguished audience, some of the new policy initiatives taken by us in this regard.

Highest priority to Irrigation and Water Management

We came to power promising to make the issues of concern to the majority of the population, the chief priority of our Government. There is nothing more important and of urgent concern to us than Irrigation.

Plan outlay under this sector has been substantially jacked up. An ambitious plan of creating 65 lakh acres of irrigation potential at a cost of Rs.46000 crores for 26 major and medium irrigation projects is under implementation. Besides this, these Projects would also go a long way in mitigating drinking water needs of a vast population. Of these 26 projects, 8 are slated for completion in 2 years and the work is on a fast track. The other 18 projects are scheduled for completion in 5 years. Government is sourcing funds from financial institutions besides dovetailing the existing schemes and programmes. We have recently put in place a Resettlement and Rehabilitation policy with a new organizational structure. Minor Irrigation and livelihoods programme has been scaled in an unprecedented manner. A major programme of revival and restoration of 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.

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

Rejuvenating Agricultural Support Systems

We are absolutely committed to achieve sustained growth in agriculture sector with a real concern for the farming community. Several initiatives have been mooted augmenting the initiatives launched by Government of India for rejuvenating support systems in extension and regulatory framework in agriculture. These programmes are expected to address the problems of all farmers, especially those subsisting in marginal and small land holdings.

We have announced *free power policy* to mitigate hardships faced by the farmers and for ensuring economic sustenance of the needy farmers, who constitute 94.5% of the total agriculturists in the state. We have also provided relief to agricultural consumers by waiving the outstanding arrears accumulated. Simultaneously, we have initiated steps to encourage more efficient usage of power through adoption of energy conservation measures in the State.

A special package has been announced to rescue the families of the farmers, who had unfortunately committed suicide due to crop failures or debt burdens. Our Government constituted *Agriculture Technology Mission (ATM)* and we are taking suitable steps to participate in the programme of National Horticultural Mission.

A new department called *Rain shadow Area Development* has been constituted to ensure overall development of farmers in the rain deficient areas of the state and to formulate implement and monitor programmes for this purpose and to augment and optimally utilize available water by adopting scientific agricultural practices. 16,000 hectares of Bio-Diesel plantation in Coop. Farms and other marginal lands has been taken up. Further, 3.72 lakh hectares of degraded forest area will be treated by way of planting NTFP/Medicinal Plants and Bio-diesel plants in the coming three years. The complete usufruct of the same shall be shared among the members of the Vana Samrakshana Samithis(VSS).

Interest has been waived fully on Short Term loans in the drought affected areas and also penal interest on loans has been waived by Coop. Credit Institutions. The cooperative societies have been directed to give interest rebate of 6% on current demand of crop loans. We are also urging Government of India to instruct Commercial Banks not to charge more than 6% interest on crop loans. The recommendations of Group of Ministers constituted to study restructuring of Coop.

Societies, have been accepted by the Government.

For ensuring supply of quality seeds, fertilizers and pesticides, we have submitted a draft AP State Seed Bill to GOI for concurrence. On a pilot basis, the *National Agriculture Insurance Scheme* (NAIS) with village as an Insurance unit for all commercial and horticulture crops is being implemented from Kharif 2005. We are encouraging diversification of crops from low return-high risk crops to other crops by providing 33.13% subsidy on certified seed supplied to farmers. *Rythu Chaitanya Yatras and Rythu Sadassus* spread awareness among farmers about the emerging challenges and issues in agriculture. We are setting up an Agri-Export Zone for chilies and proposing another for Banana, Mango and KP Onions. An innovative project - Integrated Land Record Information System (ILIS) is being taken up on a pilot basis to cover all attributes of land -recording all their attributes, conclusive title, details of transfer of properties including graphical dimensions, usage and other related data in digital format in an integrated manner by using space technology.

Power Sector - Improving efficiency at all levels

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 bringing down the T&D losses from 23.15% in 2003-04 to 21.5% in 2004-05 and to reduce further to 18% by 2009-10, It is proposed that would be achieved by implementing High-Voltage Distribution System (HVDS), separate Industrial Express feeders and strengthening of T&D network.

We are encouraging private entrepreneurs to set up non-conventional energy based power projects, especially utilizing Wind power and Bagasse. We are also providing subsidy @ Rs.10 per month per consumer to all the domestic consumers with a connected load of up to 250 watts and consumption up to 15 units per month.

I am proud to inform you that we have achieved 100% electrification of all villages in the state and are now emphasizing on electrification of all the habitations and households. We are planning to electrify the balance habitations and households through *Rajiv Gandhi Grameena Vidyuthikarana Yojana* (RGGVY).

Our strategy is simple - Conserve every unit of energy right from the point of generation all the way right up to the point of ultimate consumption - especially farmers.

Employment Generation and Poverty Alleviation Programmes - everywhere

We have taken up a number of programmes to improve the quality of life in

rural areas with an attempt to strengthen the rural systems to provide basic civic amenities and livelihood opportunities. We are giving high priority to the assignment of land to landless poor to assist them to bring such land in to productive use, by providing financial assistance for land development and provision of irrigation facilities. We have embarked on a massive land assignment programme and have distributed a record extent of 1.55 lakh acres of land to the landless poor on a single day on 26th January, 2005. Further, a very innovative and comprehensive programme '*Indira Prabha*' has been launched to provide integrated and comprehensive livelihood options to the poor by taking up development of compact blocks of assigned lands, to ensure that these lands become productive assets.

We are grateful to our Hon'ble Prime Minister for selecting Andhra Pradesh for launching National Food for Work Programme from Chevella in Ranga Reddy district and the scheme is operational in 8 districts of the state.

The reduction in employment opportunities to educated youth in the Government sector has led to a feeling of frustration among the youth. Recognizing the importance of such opportunities to the educated youth my government has embarked on a programme of phased filling of vacant posts at various levels in different government departments.

We have launched a new scheme called '*Rajiv Yuva Shakthi*' to provide self-employment to youth with special emphasis on providing training in various trades, for upgrading their skills and equipping them with the necessary expertise for competing in the market.

We are committed to using information technology to benefit all citizens, especially those living in rural areas and below poverty line. The launching of *Rajiv Internet Village Program* (RAJiv) is a step in this direction. This program envisages delivery of education and a host of other services through 22000 " Kiosks. AP Broadband Network is envisaged to provide High speed broadband services including G2C services up to village level. It would provide IT related employment to one lakh youth in villages.

We have brought in a new Information Communication & Technology (ICT) policy to pave the way for a rapid growth in IT and IT Enabled Services sector. Incentives are being provided for creating employability to training institute and promotion of investments in tier-II cities. As a result, IT, ITES exports have registered a phenomenal growth of 65% last year, which is the highest in the country and the sector is expected to generate 3 lakh jobs by 2009 from the current level of 1.27 lakh.

A.P. has done well and earned a sort of reputation as IT savvy state. We are

determined to excel it further by taking this powerful ICT wave right upto each village, ward, school, panchayat and agricultural market. Our strategy is to use every opportunity - be it land, its development, self employment, wage employment or IT and ITES sector to generate employment and alleviate poverty - everywhere.

People Centred Government

As is well known, people and, their elected representatives are the twin motors powering our vibrant democracy. Keeping this in view, our government has taken up new initiatives like *Rajiv Palle Bats*, *Rajiv Nagara Bata* and *Prajapatham*. *Rajiv Palle Bata* and *Rajiv Nagara Bata* are essentially dialogue processes between the leader and the people in rural and urban areas. This gave people an opportunity to represent their problems directly to their leader and the leadership in turn benefited by the public feed back about governmental policies. *Prajapatham* is an interaction between public and ail concerned public servants and people's elected representatives with focused attention on priority issues of government like drinking water and employment generation.

Housing for all eligible families

We have given top priority for construction of at least 8 lakh houses per annum for weaker sections. We have completed a record number of 6.65 lakh houses in just one year during 2004-05. I proudly announce that this is higher than the highest achievement in the history of Andhra Pradesh.

For low income urban population, we have launched innovative housing programme with bank loan and beneficiary contribution under *Rajiv Gruha Kalpa* with civil infrastructure and free land being provided by government.

Women Empowerment and Girl Child Protection

We are committed to network all women in poor families into Self Help Groups. All past initiatives involving these groups have been brought under a single umbrella called '*Indira Kranthi Patham*'. It has resulted in an unprecedented credit flow to them from banks.

We are providing credit facility through self-help groups of women under bank linkage programme at subsidized interest of 3%. The differential of bank interest over and above 3% will be subsidized by the government. Government is committed to double the credit flow to SHG women groups during current year.

Our Government have resolved to issue all ration cards and allocate houses in the name of women. We are implementing Girl child protection scheme to eliminate prejudice against girl child and to enhance the status of women. It is an

insurance linked scheme where in one girl child is entitled to receive Rs.1 lakh and two girl children Rs. 30000 each after attaining age of 18 years.

A total urban renewal

We have initiated a special package for improving pathetic conditions of urban poor in the form of individual household water supply connections at very low tariff, notifying the unrecognized slums and earmarking 40% of funds for the development of infrastructure.

We are giving top priority for providing protected drinking water to all the major urban areas by improving the existing infrastructure and service levels. A perspective plan has been prepared for tapping 13.10 tmc of Godavari waters and detailed investigations have already been initiated.

We have also taken up development of self-sufficient satellite townships around Hyderabad on a top priority basis to reduce the congestion and crowding of the twin cities. A special committee has been appointed by government to undertake preparation of an integrated transportation strategy for Hyderabad city and its surroundings. We have launched a special programme for door-to-door collection of garbage and encouragement to adopt innovative measures for handling solid waste.

Infrastructure Sector

Performance of this sector in various areas like roads, ports and public transport is good, Shamshabad International Airport is under progress, it would be operational by March 2008. Outer Ring Road (ORR) as a growth corridor around Hyderabad City is another ambitious project. Its first phase is likely to be completed within two years. It would provide adequate breathing space for existing metro called Hyderabad to grow eventually into healthy mega phenomena in future.

To quench the ever growing needs of an exponentially growing city population, 90 MOD of Krishna water is targeted to be brought by 2006. The plans are underway to bring additional 180 MGD of Godavari water by 2009 as well to the city.

CONCLUSION

The policy initiatives I have referred to are broadly indicative but not exhaustive. We are interested in listening to the experiences and initiatives of the other distinguished participants -especially our neighbours. As all of you will readily admit, it is the mutual learning and sharing in the joint endeavor of all the States and the Union Government, which makes this august gathering so unique and beneficial.

We, in Andhra Pradesh have a dream - to transform our state into *Haritha Andhra Pradesh* -and to ensure gainful employment to one and all. We wish to catch up with the growth trend of the country during Tenth Plan - and help accelerate Indian GDP further by exceeding it during Eleventh Plan.

JAI HIND