

**SPEECH OF SRI K. ROSAIAH, HONOURABLE FINANCE
MINISTER WHILE PRESENTING THE BUDGET FOR THE
YEAR 2009-10 TO THE ANDHRA PRADESH STATE
LEGISLATURE ON JULY 24, 2009.**

Sir,

I rise to present the budget for the year 2009-10.

2. I had the privilege to present the vote on account budget for the year 2009-10, on February 5 this year, in line with the established tradition of not presenting the full budget before the elections.

3. The recent elections to the Legislative Bodies in our State and to our Parliament have once again vindicated the will of our people. As one of the world's cradles of civilization and as one of the world's youngest nation states, our practice of democracy, ever since the introduction of adult franchise in our country 59 years ago based on universal suffrage, continues to evolve, continues to grow and continues to triumph.

4. I have had the good fortune of being both a witness and an active participant in the extraordinary evolutionary process of our democratic Institutions in the last 50 years. The people of our State have shown a great maturity in voting decisively for stability, continuity and performance and thereby placed on us a great and onerous responsibility of continuing all our developmental and welfare programmes in the backdrop of an unprecedented global economic slow down, a brief mention of which I made in my Vote on Account budget.

5. As things are unfolding, the impact of the global slow down on our own financial resources has been much more than we anticipated. Nevertheless, I assure you that our Government will do its best to honour all its promises under the able guidance and leadership of our Chief Minister Dr.Y.S.Rajasekhara Reddy. I sincerely thank him for reposing confidence in me for yet another term to handle the finances of the State. I need the guidance, support and cooperation of this august House in full measure for effectively meeting the hopes and aspirations of our people.

6. I am grateful to the Union Government for coming up with three fiscal stimulus packages to get the economy

7. As GSDP has a direct bearing on the revenues, there is likely to be a substantial shortfall in Revenue Receipts and Capital Receipts during 2008-09. However, Central Government have enhanced the limit of fiscal deficit from 3% to 3.5% of the GSDP for the year 2008-09. For this year, the Central Government has decided to raise the Fiscal Deficit limit up to 4% of the GSDP, in order to make more funds available to the States for implementing some of the important Infrastructure Projects. Though this is not adequate, still this measure would give us some relief in planning our programmes.

8. However, as we are one of the major beneficiaries of the Central Government's AIBP and JNNURM programmes, the substantial increase in their allocation in the Union Budget 2009-10 would help our State in gap

filling. We have every reason to believe that at least 2 to 3 of our major irrigation projects will be included in the list of National projects. Our State also stands to greatly benefit from the substantial increase of 144% made in the allocation on National Rural Employment Guarantee Scheme for the year 2009-10.

9. The Thirteenth Finance Commission constituted under Article 280 of the Indian Constitution for fixing the basis for devolution of funds from the Centre to the States visited our State between July 19-21, 2009. The sum and substance of our pleadings before the Commission was that the Central Government should ensure greater flow of funds to progressive States like Andhra Pradesh which have contributed substantially to the economic growth and the much needed food security of the country. We also pleaded for higher flow of funds to states like ours which have many ongoing infrastructure projects midway through their implementation. After all, the need of the hour is higher economic growth, which would help in accomplishing the objective of inclusive growth.

10. As higher economic growth is directly proportional to the level of investments, it is imperative that we should do

every thing in our hands to step up investments, more particularly on projects like irrigation, housing and other infrastructure projects like sea-ports, airports, roads and industrial parks. We requested the Commission to change the basis for fixing the borrowing limits, so that States like ours with better revenues to GSDP ratio and consequently enjoying a favourable debt service coverage ratio could raise more resources to spend on Infrastructure projects, by which we can accelerate economic growth.

11. As, in the recent times, there has been a growing integration of the Indian economy with the rest of the world, bringing in new opportunities as also new challenges, managing the Indian economy and sustaining high growth levels has become more complex. We are fortunate that Dr. Man Mohan Singh, a world renowned economist who has been part of the economic administration of our country for several decades, is at the helm of affairs and with the active support of Smt. Sonia Gandhi, Chairperson of UPA, hopefully the country will soon be on the path of higher economic growth.

12. Honourable members are kindly aware that during the last 5 years, our State has implemented a large number

of welfare programmes in an unprecedented manner, many of them reaching almost 80% of the State's population. Though, our friends in opposition made several attractive promises, true to our tradition, we have made two important poll promises, namely, the extension of free power supply time from 7 hours to 9 hours and enhancement of rice entitlement from 4 kgs to 6 kgs per month per person under the two rupees a kg rice scheme. These are in the process of being implemented.

13. Agriculture and allied activities, in which more than 62% of the State's workforce is engaged, will continue to receive top priority. Our strategy of bestowing highest attention with a plethora of incentives, write-offs and concessions has greatly helped the farming sector. Members are already aware that Andhra Pradesh had achieved an average annual growth rate of 8.98% in quantitative terms for food grains for the 5 years period 2004-09, as against the national growth rate of 1.9%. This is one of the greatest achievements of our Government. We are proud that we have not only been able to contribute to the national food security but could also increase the incomes of the farmers by leaps and bounds -which is the

main recommendation of the National Farmers' Commission headed by Dr.M.S.Swaminathan.

14. As against the National target of 4% annual growth rate for agriculture, our State had achieved a 6.4% annual growth rate for the period 2004-09, which is the highest for our State for any five years period. This has been a golden period for farming in our State. We are determined to take this further for finding a long term solution. The Government has decided to try, on an experimental basis, Farmers' Cooperatives in 2 villages for every district. The Government is going to publish the scheme very shortly. Our objective is to provide economies of scale to our farmers to enable them to access latest technology, quality inputs, timely credit, mechanization, post harvest facilities and market intelligence and thereby increase their incomes.

15. The JALAYAGNAM programme will continue to be the flagship programme of the Government. It is now substantially expanded to cover 81 projects with a capital outlay of Rs.1.76 lakh crores. The programme envisages creation of additional irrigation potential for 100.38 lakh acres besides stabilizing 21.75 lakh acres. The Government will go ahead with the completion of the

remaining projects in a time bound manner. In addition to the above, in recognition of the growing aspirations of the people in Mahabubnagar, Nalgonda, Prakasam, Nellore and the four Rayalaseema districts for a fair share in Krishna waters, it is proposed to take up new projects creating an additional ayacut of 24.5 lakh acres after restrictions imposed by the Krishna Water Dispute Tribunal are lifted. This comprehensive irrigation policy will not only help in effective utilization of every drop of water for agriculture and drinking water purposes but would also substantially enhance the incomes of a large number of farmers and others in the rural areas.

16. As already assured in the Governor's Address, all the ongoing welfare programmes like the Rajiv Aarogyasri, the Rural Employment Guarantee Scheme, the two rupees a kg rice scheme, the Pensions, the Weaker Sections Housing Programme, the Land distribution scheme and Indira Prabha, the Self Help Groups programme, the complete reimbursement of tuition fee and post-matric scholarships scheme, the reservations for Muslim minorities, the Weavers' package, the 'Pavala Vaddi' scheme, the 'Aam Aadmi Bima Yojana', the 'Abhaya Hastham' programme will be taken-up and as promised,

some of them will also be extended for the first time to the persons among the economically backward communities.

17. The INDIRAMMA Programme started essentially for saturating the Weaker Sections Housing, Pensions, provision of drinking water, roads, drains, electrification and sanitation will be continued and completed in all respects in the next five years. The left over houses for which sanctions have already been given under all the three phases will be completed. Special emphasis will be given on completion of drinking water projects, internal roads, drains, electrification and sanitation programmes in the first three years on a saturation mode.

18. Empowerment of women will continue to receive the same level of attention as it did during the last five years. The Self Help Groups programmes both in the rural and urban areas will be further expanded and strengthened. The 'Pavala Vaddi' scheme will be continued. The 'Abhaya Hastham' scheme guaranteeing a minimum pension of Rs.500/- per month for women members of SHGs completing 60 years will be taken up.

19. Now I propose to elaborate upon the outlays proposed for 2009-10 for some of the major programmes and sectors.

20. This year the allocation for rice subsidy is being proposed at Rs. 3500 crores.

21. A provision of Rs.2612 crores has been made to agriculture and allied sector in the proposed budget. Power subsidy is being increased to Rs.6040 crores. For irrigation, the provision has been enhanced to Rs.17,800 crores.

22. Our Government is dedicated to the educational and socio-economic development, as well as Welfare, Protection and Social Security of Scheduled Castes, Scheduled Tribes, Backward Classes, Minorities and the Disabled. Sir, Hon'ble Members are aware that our Government has taken a historic decision to give post-matric scholarships & tuition fees reimbursement to all eligible students belonging to SC/ST/BC/Minorities/Disabled categories, in the State since last two years. It may be recalled that for most of these categories the scholarships/tuition fee reimbursement was limited to the availability of budget and served only a small percentage of

eligible students. However, for the last two years our Government is giving them on a saturation mode – i.e., to all eligible students. The annual income ceiling for the parents has also been enhanced uniformly to Rs.1.00 lakh across all categories. For this, we had to provide an additional budget last year under this head in the welfare departments. We are of the view, that this is not a welfare scheme but an investment in the future human resources. Accordingly, this year, under these two schemes we have allocated a sum of Rs.1982 crores under the different welfare departments. The total allocations under welfare departments are Rs.5532 crores in the proposed budget.

23. Our Government is going to extend the schemes of post-matric scholarship and tuitions fee reimbursement to other economically backward students whose parents earn upto Rs.1.00 lakh per annum. Accordingly, an allocation of Rs.351 crores is proposed for these two schemes this year under Higher Education.

24. Similarly, for the welfare of weavers, we have decided to give a one time waiver of loans sanctioned to the cooperative societies and individual weavers under PMRY &

Rajiv Yuva Shakti, Schemes duly making a provision in the budget 2009-10 for a sum of Rs.312 crores.

25. I have proposed an allocation of Rs.1800 crores for the Housing sector this year. This may appear to be less than the allocation of previous year, but since we are taking up the completion of already sanctioned/incomplete houses, it is estimated that this amount, together with the substantially higher allocation under Indira Awaas Yojana (IAY) as part of the Government of India stimulus package and the newly conceived Rajiv Awaas Yojana (RAY), will ensure that the programme goes on in full swing this year, without any difficulty.

26. Our Government recognizes education as one of the chief instruments of social change and empowerment. Priority is being given for development of elementary and School education. In order to increase enrolment and reduce dropouts, mid day meal scheme is being expanded and books are being supplied free of cost in Government schools. Stress is being given to improve and strengthen infrastructure, like buildings and teaching aids. Government has also decided to recruit almost 50,000 teachers through District Selection Committees. A provision of Rs.8413 crores

has been made in this year's budget for elementary and school education.

27. Higher Education plays a vital role in the State economy by providing technical and scientific manpower. Several steps have been taken to improve equitable access to higher education by setting up new Universities in different regions of the State. Rajiv Gandhi University of Knowledge Technologies with its three campuses in different regions of the State is aiming at effectively nurturing talent in youngsters from rural areas. The University is providing quality Information Technology education to the students right from + 2 level and offers six years integrated programme in Information Technology.

28. Total provision for Higher and Technical Education sector is proposed at Rs.2737 crores in this year's budget.

29. Health is another sector where our Government's concern and consideration for the common man has led to the conception of the novel and noble Rajiv Aarogyasri Community Health Insurance Scheme. The thumping success of this scheme is being commended all over the country. Under this scheme, almost 1100 surgeries are

30. The State Government recognizes the fact that for a faster growth of the State's economy, the Industrial Sector must remain vibrant and growing. Efforts are also being made to make it easier for industries and businesses to carry on their operations by simplification of procedures, rules, inspections, registrations, Single Window Clearance System, etc. The Government of Andhra Pradesh has come up with a vibrant Industrial Investment Promotion Policy 2005-10 with various incentives/concessions to new industries set up in the State. The Government has extended 'Pavala Vaddi' Scheme to reduce the financial burden in setting up of new Micro & Small Enterprises including Food Processing units. The allocation for incentives for industrial promotion has been enhanced from

Rs.91 crores in BE 2008-09 to Rs. 217 crores in this year's budget.

31. Infrastructure like transport, roads, ports and energy resources, plays a pivotal role in any economy. In order to counter the prevailing economic crisis and to augment employment potential, more thrust on the creation of infrastructure is essential. The Government is trying to attract private investment in the creation of infrastructure, through the Public Private Partnership (PPP) mode, specially in the Airports, Ports and Highways sectors. Rajiv Gandhi International Airport, Shamshabad and Gangavaram and Krishnapatnam ports have been developed through this mode and are operational now.

32. The State Government has decided to take up expansion of the existing operational airports such as Vijayawada and Rajahmundry, in addition to the development of the existing non-operational airports like Kadapa and Warangal, under an MoU with the Airports Authority of India. The process of identification of additional land required by the Airports Authority of India is underway and development works would be taken up during 2009-10.

33. An amount of Rs.260 crores has been provided in B.E. 2009-10 for Infrastructure & Investment Department to meet the expenditure on land cost and external infrastructure like provision of water, power and road connectivity upto the boundary of these projects while all the capital expenditure on the projects would be met by the developers.

34. The Government have proposed the “AP Road Sector Project” with World Bank loan for further strengthening the objectives set in the AP State Highways Project, to reduce the transport cost and constraints. The cost of the project is estimated at about Rs.8072 crores. An amount of Rs.200 crores is provided in this year’s budget for the project for initiating the works.

35. To sustain 9% growth in economy it is necessary to provide for 12% growth in energy generation in Power Sector. Therefore, doubling the generating capacity during next 5-6 years is a must to sustain our planned GSDP growth. As the growth process accelerates, demand for energy may be even more. The power generation capacity of 12,427 MW existing as on 1-4-2009 will witness a whopping 10,992 MW addition during next five years.

36. This substantial capacity addition will be contributed through supply of natural gas, and hydro electric generating systems mainly along Godavari corridor. I am glad to inform this House that additional 1500 MW capacity lying idle for several years for want of gas has become operational due to the collective endeavour of all public representatives at various levels.

37. Andhra Pradesh is witnessing rapid urbanization in the last two decades and it has become a big challenge before us to provide minimum basic amenities to the people living in urban areas. I am happy to inform that our Government has taken proactive steps to access funds under the flagship Programme of Government of India: Jawaharlal Nehru National Urban Renewal Mission (JNNURM) with sub components: Urban Infrastructure and Governance (UIG), Basic Services for Urban Poor (BSUP), Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT) and Integrated Housing and Slum Development Program (IHSDP). Special emphasis has been given on water supply and sewerage, transport, integrated development of slums including housing, infrastructure projects and solid waste management etc.

Under these schemes, 268 projects have been sanctioned so far with an estimated cost of Rs.12,523.70 crores.

38. A major initiative of our Government is to make Hyderabad a World class city. Our Government is expediting the construction of 158 Km long Outer Ring Road as eight lane Access Controlled Expressway with an estimated cost of Rs.4607 crores.

39. Our Government has also approved “Maulana Abul Kalam Hyderabad Sujala Sravanthi” scheme to draw water from river Godavari in 3 phases for Greater Hyderabad. The cost of phase - I of the project is Rs.3375 crores. In this year’s budget an amount of Rs.250 crores is provided for this project.

40. Our Government is committed to improving the quality of water supply in slum areas particularly in the twin cities of Hyderabad and Secunderabad. For this purpose an amount of Rs. 37 crores is provided in this year’s budget.

41. 1.83 lakh groups of the poor women in 7040 slums have been organized into Self Help Groups under ‘Indira Kranthi Patham’ (IKP) urban and provided a credit of Rs.843

crores during 2008-09 through bank linkage. This year an action plan of providing Rs.1200 crores credit to IKP urban groups has been prepared.

42. The total allocation under MA&UD is proposed at Rs.3826 crores in this year's budget.

ACCOUNTS 2007-08

43. The final accounts of 2007-08, show a revenue surplus of Rs.159 crores. The fiscal deficit during 2007-08 was Rs.8,787 crores which is 2.68% of GSDP and well below the prescribed limit.

REVISED ESTIMATES 2008-09

44. Transactions as per the revised estimates of 2008-09, indicate a revenue surplus of Rs.2066 crores against the budgeted revenue surplus of Rs.709 crores. The fiscal deficit is estimated at Rs.10,427 crores which would be 2.81% of GSDP.

BUDGET ESTIMATES 2009-10

45. For the financial year 2009-10, it is programmed for an expenditure of Rs.1,03,485.33 crores out of which Rs.63,301.22 crores under non-plan and Rs.40,184.11 crores under Plan. It is estimated that the revenue surplus would be Rs.2,406 crores. The fiscal deficit is estimated to be Rs.16,162 crores, which would be 3.96 percent of GSDP.

46. Sir, our efforts have been to use the State resources to leverage maximum funds from Government of India, private partners, banks, etc., hence, we have provided adequately under the matching share components in various sectors. Also, we have tried to ensure that no priority sectors and programmes of the Government suffer due to shortage of funds. Keeping in view the present economic scenario which I touched upon at the beginning of this address and with the hope and confidence that the beginning of the economic revival is round the corner, I now commend the Budget to the House for approval.

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