

**SPEECH OF SHRI ANAM RAMNARAYANA REDDY
HONOURABLE FINANCE MINISTER WHILE
PRESENTING THE BUDGET FOR THE YEAR 2012-13
TO THE ANDHRA PRADESH LEGISLATURE ON
FEBRUARY 17, 2012**

Sir, I rise to present the state budget for 2012-13.

Overall trends in the economy

***“In the absence of fruitful economic activity,
both current prosperity and future growth are in
danger of destruction. A king can achieve the
desired objectives and abundance of riches by
undertaking productive economic activity”***

- Chanakya

2. Andhra Pradesh State economy has been witnessing a strong growth phase since 2004-05. Between 2005-06 and 2011-12, while the country's economy grew at an impressive rate of 8.64%, the performance of the State economy was even more impressive with the average growth of 9.26%. However, during the current financial year, the economy has faced an unfavorable environment due to slowdown of growth both at the national and international level, thereby affecting the investment and consumption sentiment. Further the state faced a severe drought during last year's kharif, apart from agitations that disrupted normal functioning for long periods. Despite this, it is a compliment to the resilience and the dynamism of the people of the state that its economy continues to show significant positive growth trends over the last year. The advance estimates of Gross State Domestic Product (GSDP) at constant prices

for the year 2011-12 is Rs.4,07,949 crore as against the 2010-11 figures of Rs.3,81,942 crore. The growth in GSDP during 2011-12 is thus 6.81%, compared to the corresponding national figure of 6.88%.

3. Due to the adverse seasonal conditions mentioned earlier, 876 mandals spread across 22 out of the 23 Districts in the State were declared drought-hit. A detailed Memorandum has been submitted to Government of India seeking assistance of Rs.3,006 crore from the National Disaster Response Fund (NDRF). Our state's continuing vulnerability to natural calamities like heavy rains, cyclones and drought requires that we make adequate provision for these contingencies in the budget. The budget provision under the State Disaster Response Fund (SDRF) for the year 2012-2013 has been kept at Rs.560.99 crore as per Government of India norms. Under the World Bank assisted National Cyclone Risk Mitigation Project (NCRMP), the State will further create suitable infrastructure to mitigate the effects of the cyclones in the coastal Districts of the State with an outlay of Rs.255 crore for the year 2012-13.

Revenue Generation Measures

4. I am happy to inform the House that revenue generation during the year was maintained at levels that could support the public expenditure proposed in the current year despite adverse impacts mentioned earlier. During the year 2011-12, upto January 2012, the growth of overall tax revenue has been 19.5% and we are confident that this momentum will be maintained over the remaining two months of the year. This pace of revenue generation was enabled through a series of measures taken to improve tax

efficiency, plug loopholes in the tax collection as well as some taxation measures. In particular, the Commercial taxes department has provided for e-returns, e-waybill, e-payment and dealer ledger facilities to improve efficiency in tax collections.

New Schemes during the year

5. With the improved fiscal management during the current year, I am happy to inform the House that Government has taken important policy decisions which underline its commitment to the welfare of the disadvantaged sections of the society. A momentous decision was taken by the Government to reduce the price of rice being distributed under PDS from Rs.2 per kg to **Re. 1 per kg** with effect from 1st November, 2011. This will directly benefit 7.25 crore people in the state.

6. To improve employability of the youth and further employment opportunities in the state, the Rajiv Education and Employment Mission of Andhra Pradesh (REMMAP) has been launched. Under this, we started the **Rajiv Yuva Kiranalu**, a massive programme for skill upgradation and job placement of 15 lakh unemployed youth in private jobs by 2014. We have provided Rs.777 crores across various departments in BE 2012-2013 for the programme and more than 1 lakh jobs have been created until now. Simultaneously, more than 1 lakh vacancies in the government will be filled up under the Prabhutva Udyog Jatra. We are also seeking to improve services to citizens through the mee seva project which provides a simpler interface between government and the citizen.

7. Our state leads in the country in accessing bank credit for the poor and the agricultural sector through its network of 10 lakh Self Help groups. With a view to stimulate production activities in the rural areas, Government has taken a historic decision to provide interest free loans to the farmers and the self-help groups under the 'Vaddi leni Runalu' scheme from this year at an annual outlay of Rs.1075 crores. Farmers availing crop loans from banks from Rabi 2011-12 season would be eligible for this benefit. Interest waiver will be provided to all crop loans repaid in time upto a maximum loan of Rs.1.00 lakh per farmer, Those availing loans beyond Rs.1.00 lakh and upto Rs.3.00 lakh would continue to get 'Pavala Vaddi' benefit for loan amounts above Rs 1 lakh.

8. Government has extended the scheme to the SHG groups to enhance the credit flow to women further, particularly to neutralize the adverse impact of mounting interest rates on the profitability of their economic ventures. Further, in order to address the unmet credit needs of the SHGs, government has facilitated the setting up of the Sthree Nidhi Credit Cooperative Federation Limited (Sthree Nidhi) with a share capital contribution of Rs. 100 crores. The Sthree Nidhi has commenced operations from October 2011.

9. Under the **Indira Jala Prabha** Programme, 1 lakh borewells will be drilled for cultivating 10 lakh acres of fallow lands spread over 22 districts. 6 lakh SC/ST families will be brought above the poverty line through this program which is estimated to cost Rs.1,800 crores over the next two years.

10. In order to bring administration closer to the people Government has taken up the Racha Banda Programme in the State. In the two rounds of the Racha Banda conducted in 2011, 50 lakh people have been sanctioned ration cards, Arogya Sri benefit, pensions, house site pattas and houses. Benefits aggregating to Rs.1269 crore have been sanctioned by Government under this program.

11. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is one of Government of India's flagship programmes. It aims at providing employment while creating durable assets in rural areas. These assets are expected to have a positive impact on the rural economy and on the livelihoods of rural population. This scheme has been implemented very successfully in Andhra Pradesh. Since its primary aim is to provide employment, the amount that can be spent on the material component of a project is restricted. Assets created under the scheme need additional investments to make them more permanent. Thus roads formed and metalled under the scheme could not be provided a BT surface because of the restriction of expenditure on material component. Similarly, works like construction of surplus weirs, revetment of bunds could not be taken up while rehabilitating a minor irrigation tank.

12. To ensure that the projects taken up under the MGNREGS are durable and livelihood resource base of rural poor are permanently strengthened, the Government proposes to take up a new scheme in this budget. Under this scheme, additional funds will be provided to upgrade the work taken up earlier under MGNREGS into a durable permanent work. The entire unskilled labour component

and material component upto 40% of the project cost will initially be funded from MGNREGS. The balance required to make the work permanent will be met from the Convergence Fund.

13. This scheme will initially be applied to works taken up under NREGS for all weather rural connectivity and Minor Irrigation. Initially we are allocating Rs.600 crore for this scheme. Of this amount Rs.200 crore is allotted to the Panchayat Raj Department, Rs.300 crore to the Minor irrigation Department and Rs.100 Crores to the Roads & Buildings Department. Depending upon the response and the impact of the scheme, we propose to expand its reach to other departments also.

Agriculture

***"When tillage begins, other arts follow.
The farmers, therefore, are the founders of
human civilization" - Daniel Webster***

14. As stated above, the Agriculture sector was adversely affected during 2011-12 due to the drought conditions in the state. Production of food grains and oil seeds for the year is estimated to decrease by 14.82% and 36.09% over last year since the area covered under the crops is significantly reduced. Government is however committed to sustain and accelerate agricultural growth, and provide systemic protection to the farmers against the vagaries of monsoons and price fluctuation during the year.

15. All round growth in the sector will be achieved through effective and coordinated implementation of the

Government India programmes of Rastriya Krishi Vikas Yojana (RKVY). Government also proposes to support the farmers through input subsidy, supply of quality seeds, increasing agricultural credit to Rs.51,020 crores, provide interest free loans under the 'vaddi leni runalu' scheme, extend crop insurance (Rs.766.09 crores was released during the year for Kharif 2010), and further strengthen the extension activity. I am proud to inform that government distributed the highest-ever quantity of 38.90 lakh tonnes of fertilizers to the farmers during 2011-12. For the year 2012-13, farm mechanization and modern agricultural promotion centres for rice, sugarcane and agro-machinery will be given special focus. Government will also provide timely and adequate credit to licensed tenant cultivators, which is an unparalleled initiative in the state. To ensure that our farmers get the Minimum Support Price for paddy, adequate purchase centres are opened by the Government agencies in the State during the year. An amount of Rs.2572 crores is allocated in BE 2012-2013 for Agriculture department as against the allocation of Rs.1,800 crores during 2011-12. A provision of Rs.3175 crores is made for the Civil Supplies Department for 2012-13, as against provision of Rs.2667 crores in B.E.2011-12.

Animal Husbandry

16. The contribution of the livestock and fisheries sector to the growth of GSDP is very significant at 6.74% and its sustained development is a priority of the State Government. Andhra Pradesh is the single largest producer of meat, egg and broiler in the country and second highest with respect to annual milk production. Government has taken a major policy decision this year to provide quality

Veterinary services in the rural areas by upgrading 500 Rural Livestock Units currently manned by para-veterinarians to Graduate Veterinary Dispensaries.

17. Government has launched the **State Milk Mission** to augment Milk production and enhance the income of rural women. Under the Mission, the Animal Husbandry department will focus on strengthening veterinary infrastructure and extension as well as disease diagnostics. The Milk Mission envisages an outlay of about Rs.6200 crore over a period of next five years. State contribution will be nearly Rs.500 crore. For the year 2012-2013, we are providing Rs.50 crores as State Government contribution.

18. To sustain the production potential and maintain health of the livestock, fodder development activity has been taken up under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) under which, apart from creating employment, inputs are provided to the farmers to take up perennial fodder cultivation and conservation of fodder by silage making. Under Pasukranthi Pathakam, high yielding milch animals and also heifers (cross bred/graded murrhah) are being distributed to the BPL farmers on 50% subsidy along with other essential inputs. During 2012-13, it is proposed to induct 42,000 high yielding milch animals on 50% subsidy. An amount of Rs.1106 crores is allocated for the department under budget 2012-13, which accounts for an increase of 34% over the last year.

Fisheries

19. Andhra Pradesh ranks 1st in shrimp and fresh water prawn production in the country and contributes nearly 40% of the marine exports from India. The fisheries sector is contributing 2.52% to the GSDP. Given the importance of the sector, besides tapping significant funds from RKVY, the Govt. has accorded priority for taking up construction of landing centers, fishing harbours and other infrastructure facilities. To promote the welfare of the fisher folk in the state, government have insured lives of 5,05,155 fishermen under Group Accident Insurance scheme during 2011-12. An amount of Rs.234 crores is allocated for the sector for BE 2012-13, which accounts for a 130% increase over the last year.

Sericulture

20. Sericulture provides sustainable employment to a large number of rural poor in certain districts in the state. Government proposes to accord priority for the sector because of the inherent merits of low investment, regular returns on investment and continuous employment that it provides. Apart from achieving convergence with NABARD, RKVY and MGNREGS for purposeful utilization of financial resources, Government has increased allocation for the department for 2012-2013 to Rs.188 which is 69% more than last year.

Rural Development

21. Continuing with the sustained efforts of the state to achieve 'poverty-free Andhra Pradesh by 2015', Government has launched several path-breaking initiatives during the year. To implement the new scheme of Rajiv Yuva Kiranalu, we have set up the Rajiv Education and Employment Mission of AP (REEMAP) Under this programme, special sub-Missions are working to address the unemployment problem in the rural areas, urban slums, other urban areas, with special focus on the Greater Hyderabad region. The Mission has placed 1,04,272 unemployed youth in jobs till date.

"Only in a collective can an individual be strong"
- Sri Sri

22. With a network of 10 lakh Self Help Groups (SHGs) linking together about one crore rural poor households, Andhra Pradesh is the flag bearer for the newly launched National Rural Livelihood Mission. For further strengthening the Self Help Groups and to improve credit availability, a Cash Credit Limit System has been introduced with the Banks, which will increase the credit availability by more than 25% to all SHG groups. The Government has also launched the **Sthree Nidhi** Cooperative Credit Society which aims to lend Rs.1,000 crores during the current year to meet the unforeseen credit requirements of the SHG groups. The scheme of **Vaddi Leni Runalu** (Interest-free loan) will infuse economic viability to the income generating activities of the Self Help Groups. **Sthree Sakti Bhavans** have been sanctioned to the 1,068 Mandal Samakhyas @

Rs.25 lakhs per building by converging with MGNREGS Programme.

23. In order to empower the SHG women farmers, Government is implementing the **Community Managed Sustainable Agriculture (CMSA)** and the Mahila Kisan Sashaktikaran Pariyojana (MKSP), under which organic agriculture is being promoted in 25 lakh acres, appreciably increasing the incomes of the farmers. A comprehensive land inventory of lands of SC/ST farmers has also been concluded for redressal in the **Revenue Sadassulu** programme.

24. The State has continued to lead the country in implementation of the national flagship programmes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the National Rural Livelihood Mission (NRLM). Under MGNREGS, the State has set up robust implementation system with strong IT & ITeS interventions like Electronic Muster System, Electronic Muster Verification and biometric Smart Card System. In order to minimize the delays in payments and bring in accountability, a **Delay Compensation System** has been introduced. Government has also taken a bold step to double the number of mandays made available in the drought-affected mandals **from 100 days to 200 days**, meeting the entire additional expenditure from the State Government funds. In order to prevent irregularities in the execution of MGNREGS, we have promulgated **Andhra Pradesh Promotion of Social Audit and Prevention of Corrupt Practices Ordinance,2011**, under which Special Courts would be set up to punish the persons who have committed irregularities in implementation of MGNREGS. A

total amount of Rs.4703 Crores is provided for all the Rural Development activities in the budget 2012-2013. This is 28% increase over the last year

Irrigation

25. We are implementing the “**Jalayagnam**” Programme with the aim of creating new irrigation potential of 97.03 lakh acres besides stabilization of 9.45 Lakh acres and providing drinking water to 2.54 crore population in 6,553 villages. Under this it is programmed to execute 86 Major & Medium Irrigation Projects and modernisation of existing Irrigation systems with an outlay of Rs.1.85 lakh Crores. As a part this effort since 2004-05, 13 projects have been completed fully and 21 projects partially, creating irrigation potential of 20.9 lakh acres (16.94 lakh acres new and 3.96 lakh acres stabilisation) under the major and medium irrigation. 50 ongoing major and medium irrigation projects have been prioritized for timely completion and thereby creation of envisaged irrigation potential.

26. A vast majority of people in our state depend on ground water, tanks or lift Irrigation. Under AIBP Programme, 13 of the 33 projects have been completed and an Irrigation potential of 6,21,165 hectares has been created up to 11/2011. Special emphasis on such Minor Irrigation works during the last 7 years has resulted in creation of 4.89 lakh acres of new ayacut in addition to 2.69 lakh acres of new ayacut under lift irrigation schemes.

27. Minor irrigation Works are under execution to create new irrigation potential under NABARD, Accelerated Irrigation Benefit Program (AIBP), the Japanese

International Cooperation Agency (JICA) assisted, Andhra Pradesh Irrigation and Livelihood Improvement Project (APILIP), the World Bank funded AP Community Based Tank Management Project (APCBTMP) as well as the State Plan.

28. Government has been implementing a very progressive Resettlement and Rehabilitation (R&R) package that provides maximum benefits to the people affected by the irrigation projects. All land required for the projects is being acquired with the consent of the landowners reducing litigation and concomitant delays in implementation.

29. An amount of Rs.15,010.05 crores has been provided in 2011-12 and the expenditure incurred during the year up to January, 2012 is Rs.8,459-00 crores. The Cumulative Expenditure incurred on Irrigation Projects from 2004-05 to 2011-12 (upto Jan 2012) is Rs.71,292.36 crores. In order to continue to give high priority to Irrigation, budget allocation is retained at the same level as last year. However, I have increased the state plan allocation for minor irrigation sector by Rs.417.47 crore, raising the plan allocation to irrigation sector to Rs.2,998.05 crores.

Industry

30. Government recognizes that industrial progress in the state is the key to creating employment. It is heartening to note that, industrial growth in the state for 2011-12 is estimated at 7.33% as against the national estimate of 3.95%. A major initiative has been taken by Government this year to showcase the state as an investment destination. Government held the **Partnership Summit**

2012 in collaboration with Government of India and Confederation of Indian Industry with resounding success. Government signed MoUs for 243 proposals valued at Rs.6.48 lakh crores with an employment potential of 678 lakh jobs. The recent survey by ASSOCHAM on state wise distribution of live investment proposals demonstrates the confidence investors place in Andhra Pradesh. Our state is the third best investment destination in the country after Gujarat and Maharashtra which have together attracted 54% of the total live investment of Rs.120 lakh crore as on 31st December 2011.

31. Government has promoted Special Economic Zones (SEZ) in the State to strengthen the manufacturing sector. With 32 SEZs out of the 76 becoming operational, physical exports have reached Rs.13,000 crores during 2010-11 accounting for 6% of the country's SEZ exports. The State Investment Promotion Board has cleared 30 projects until December 2011 with an investment of Rs.76,552 crores with an employment potential of 71,908. Government has taken a policy decision to link incentives to the private sector under the state Industrial promotion Policy to provision of 80% of employment to persons from the state. E-biz portal will be ready in a few months to improve the investment climate in the state by simplifying the procedures for grant of approvals.

32. Government has extended an un-conditional irrevocable Government Guarantee in favour of APCOB for credit authorization to an extent of Rs.180 crores in respect of Cooperative Sugar Factories for the season 2011-12 to enable these sugar factories to avail working capital loan. In the Handlooms and Textiles sector, Government has waived

the loans of the Primary Handloom Weavers Cooperative Societies and individual weavers to a tune of Rs.159 crores so far, covered them under Mahatma Gandhi Bunkar Bima Yojana and a Health Insurance Scheme. A new scheme, “Revival, Reform and Restructuring Package for Handloom Sector” is introduced by the Government of India with a view to waive the over dues of Handlooms Weavers and their Cooperative Societies as on 31-3-2010. For this purpose, the funds for waiver of 100% principal and 25% overdue interest will be provided by the Central and State Governments to NABARD which is the implementing agency. An outlay of Rs.633 crores is proposed for the Industries Department during 2012-13, which is an increase of 78% over the last year.

Infrastructure & Investment

33. Government aims to enhance investments in Infrastructure Projects in respect of ports, airports and gas production through Public Private Partnership (PPP) mode. Government is making all efforts with the central government to develop another major port along with a shipyard in addition to the Visakhapatnam Port. Besides up-gradation of Tirupati Airport as International Airport, Govt. has already initiated necessary action for modernization/ up-gradation of existing Non-Metro Airports at Vijayawada, Warangal and Rajahmundry by extending certain incentives. To ensure greater air connectivity in the state, government also proposes to strengthen regional airports.

I T Promotion

34. Andhra Pradesh continues to accord high priority to maintaining high growth rates in the IT sector in view of its effect on employment; one direct employment in IT creates four indirect jobs in other sectors. IT/ITES Industry in AP, contributes to 0.85% share of national GDP, as against the national GDP share of 5.7%. As of 2010-11, Andhra Pradesh has achieved an IT export turnover of Rs.35022 crores and an IT employment of 2,79,438. The state has taken major strides in expanding IT infrastructure and e-governance applications. APSWAN/G-G SWAN has penetrated to the mandal level, e-procurement has been mainstreamed in government and public sector agencies, while e-seva service provides hassle free interface with government to all the citizens. Keeping the above perspective in view, the allocation for the industries sector has been increased by Rs.100 crores and an outlay of Rs.151 crores is proposed in BE 2012-13 which is an increase of 193% over last year.

Energy

35. Government is committed to provide quality and reliable power to all categories of consumers, free power to agricultural consumers and assured power to the industries and domestic sectors. State is providing 7 hours of quality and reliable Power supply to 29.84 Lakh agriculture pump sets in the State. High Voltage Distribution (HVDS) is implemented in the state in 7.06 lakh agriculture services with a total outlay of Rs.2,268 crores. Similarly, expansion and strengthening of distribution has been done under the

'Rajiv Gandhi Grameena Vidyutikaran Yojana' (RGGVY) and Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) in across rural and urban areas of the state respectively.

36. To keep up with the ever increasing demand for power, APGENCO has added 540 MW including 500 MW unit-VI of Kothagudem TPS, 39 MW each of Unit-VI Jurala hydel project and 1 MW Solar plant at Jurala and programmed to add 110 MW for the remaining period of 2011-12. Under Renewable Power sector, 955.98 MW capacity projects have been commissioned so far in the state. 52.75 MW including 12 MW of Solar Power is capacity addition under this sector in the current financial year and another 200 MW capacity projects would be commissioned in 2012.

37. In view of the critical nature of the sector for sustaining and enhancing economic growth and well being of the people, an allocation of Rs.5937 Crores is proposed for the sector under BE 2012-13, which is an increase of 19% over last year.

Transport, Roads and Buildings

38. Government has given priority for construction and maintenance of 65,664 kms of road network in the State under various programmes such as State Plan, Non-Plan, Centrally Sponsored Schemes, PPP Projects, Remote Interior Area Development Programme and AP Road Sector Project which includes Core Net Roads. During the year 2011-12 four-laning of two roads viz., Hyderabad-Karimnagar-Ramagundam road of 207 kms at a cost of

Rs.1,358.19 crore and Narketpally – Addanki – Medarametla road of 213 kms at a cost of Rs.1,196.84 crore are taken up under PPP mode. Further a second bridge across river Godavari near Rajahmundry under PPP mode was taken up with a cost of Rs.808.00 crore. 70% of the work is completed and balance work is in progress. Government will provide its full share of its funds next years for all the railway projects for which cost sharing has been agreed to.

39. A.P. State Road Transport Corporation (APSRTC) is geared to meet increased traffic demand and proposes to introduce 6000 new buses in its fleet. It has inducted 4,000 new buses during the year 2011-12. An amount of about Rs.710.00 crores is released by the state government towards fare concessions to identified groups. Transport Department is taking steps to expand the pilot project of delivery of citizen friendly services through web enabled architecture to the remaining 19 Districts. An allocation of Rs.5032 crores is made in B.E 2012-13, which is an increase of 22% over the last year.

Urban Development

40. Urban areas are the growth centres of the state. Recognizing the potential gains from dispersed urbanization, Government has constituted 42 new urban local bodies. It is expected that the provision of better civic and infrastructure facilities and planned growth of these erstwhile Gram Panchayat areas will result in spurt in growth rates in the regions. The Government has accessed Rs.12,230.74 crores funds for 252 projects under Government of India's flagship urban programme of

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to improve the civic infrastructure in urban areas. Further, Andhra Pradesh Municipal Development Project” with project cost of Rs.1,670 Cr under World Bank assistance and Rs.1,919.20 crores from 13th Finance Commission Grants in next four years will ensure planned growth of urban area in our state.

41. In our sustained efforts to make Hyderabad into a world class city, Government is expediting the construction of three major projects: Outer Ring Road (ORR) with an estimated cost of Rs.6,786 crores; MMTS Phase – II along with the Railways at a cost of Rs.640 crores; and the Hyderabad Metro Rail Project at an estimated cost of Rs.12,132 crores. The Government is also committed to harness Godavari waters and Krishna Phase–III to meet the current and future demands of Hyderabad city. For other cities too, department is making all efforts to provide protected and assured daily water to the people.

42. Under the scheme of Rajiv Awas Yojana (RAY) for a Slum Free India, the state has taken timely steps to access funds for redevelopment and rehabilitation of slum dwellers in the state to usher in a slum free Andhra Pradesh in a time bound manner. To make the cities inclusive, under Indira Kranti Patham – Urban, Government has organized women from poor families into 2.56 lakhs self help groups and provided over Rs. 2600 crores of bank credit to them. An allocation of Rs.6586 crores is made in B.E. 2012-13 which is an increase of 30% over the last year.

Environment and Forests

***"When you plant a tree, never plant only one.
Plant three -- one for shade; one for fruit; one for
beauty" - a Proverb***

43. Forest Department is implementing various forestry programmes to protect and develop the existing forest area of 63,813 Sq. Kms to bring 33% of land area under tree cover. Under Community Forest Management concept 7500 VSS are developing and protecting nearly 17.41 lakh ha. of degraded forest area. The Department is also taking up forestry works like soil & moisture conservation and plantations through convergence of MGNREGS. Through the A.P. Forest Development Corporation Ltd., vast tracts of tribal areas are being brought under coffee plantation and special projects for Eco-Tourism in forest lands are also developed and implemented.

44. It is a matter of great pleasure and pride to inform the House that the Eleventh Conference of Parties (CoP-11) to the Convention on Biological Diversity (CBD) will be held at Hyderabad from 1-19 October, 2012. This is a prestigious Conference wherein 193 Countries will be participating and will enhance the global profile of our state and Hyderabad in particular. The allocation made for Environment and Forest is B.E. 2012-13 is Rs.524 crores.

School Education

"Education is an ornament in prosperity and a refuge in adversity"
- Aristotle

45. Accelerating access to quality education in the state, and particularly for free primary education is the single most important objective of the government. Effective implementation of the central government schemes of *Rajiv Vidya Mission*, National Programme for Education of Girls at Elementary Level (NPEGEL) and Kasturba Gandhi Baalika Vidyalayas (KGBVs) is the mainstay of the State strategy for Universalisation of Elementary Education. The government is supplementing the above programmes with state support to mid-day meals up till class X.

46. NPEGEL programme is being implemented on Model Cluster School approach in a decentralized manner. It aims to develop and promote facilities to provide access and to facilitate retention of girls in 661 educationally backward mandals. Through the Government of India scheme, "*Kasturbha Gandhi Balika Vidyalayas (KGBV*, Andhra Pradesh Residential Educational Institutions Society (APREIS), Andhra Pradesh Social Welfare Residential Educational Institutions Society (APSWREIS), Andhra Pradesh Tribal Welfare Residential Educational Institutions Society (APTWREIS) and Disabled Welfare Department are providing boarding facilities at elementary level for girls belonging predominantly to SC, ST, BC & Minorities in Educationally Backward Blocks in the state. Is also proposed implement Vocational Training in the hostels. To reach out to the children of migrant families, work site schools are in operation and extension of formal education

to madaras through SSA is a major intervention in the state,

47. Under Rashtriya Madhyamik Siksha Abhiyan (RMSA), a Centrally Sponsored Scheme, construction of new school Buildings, sanction of additional School Assistant Posts are taken up in a large scale. A further 355 Model Schools in Educationally backward Blocks in Andhra Pradesh with 7100 posts have been sanctioned under Model Schools scheme of Government of India. The project '*Information and Communication Technology (ICT)*' is being implemented on BOOT (Build, Own, Operate & Transfer) Model with 75% central assistance to mainstream use of IT in public sector schools. The A.P. State Open School Society is providing flexible, Non-formal, distance mode of education to over 1 lakh drop-outs of Class X and Senior Secondary course and Open Basic Education of Class VII level. *Adult Education* in the state is furthered through the Saakshar Bharat Programme in 19 districts in the state except East Godavari, West Godavari, Krishna and Hyderabad. An allocation of Rs.15,510 crores is made in B.E 2012-13 for School Education.

Technical Education

"Futile is the knowledge that does not translate into action"
- Kaloji Narayana Rao

48. Government has followed a proactive policy with respect to expansion of capacity of technical education institutions. With 2,845 institutions in the State and intake of over 6 lakh students, and 251 polytechnics and 47

pharmacy colleges, the department anchors a key sub-mission under Rajiv Yuva Kiranalu. During the year Government has ordered recruitment of 625 vacant posts through APPSC, sanctioned 563 Promotional Teaching and Non Teaching Posts and accorded administrative sanction for 21 new polytechnic buildings and for establishing 25 Skill Development Centers in all the districts on self sustaining basis. An allocation of Rs.1087 crores is made in B.E 2012-13 which is an increase of 30% over last year.

Higher Education

49. Government has been taking several steps in the direction of improving access to Higher Education, while promoting quality, equity and inclusiveness. The efforts are reflected in a higher Gross Enrollment Ratio (GER) of 17.0 in Higher Education for the state compared to the National average of 13.8. To improve GER further and reach the figure of 30.00 by 2020, Government has given approval to 12 new Engineering Colleges, taking the total number of Colleges to 710 with an intake of 3.05 lakh students. Second shift Polytechnic is introduced in 68 Engineering colleges. Recruitment for all vacant lecturer posts by APPSC is underway in the state. The Government has given permission to (98) colleges in Private sector, during 2011-12. The state is also implementing the Centrally Sponsored Scheme of Technical Education Quality Improvement Programme (TEQIP) in University and professional colleges at P.G. Level.

50. The department is identified under Sub-Mission (3) of RAJIV YUVA KIRANALU to enhance skill development programmes. The department will increase focus on

introduction of need-based, job-oriented new courses like Biotechnology, Industrial Chemistry, Microbiology, Computer Science, Communicative English, Tourism, Advertising and Sales promotion etc. in Government Colleges on partial self financing basis. The provision made for Higher Education is Rs.1841 crores in B.E. 2012-13.

Welfare

51. AP is a pioneer in the country in the formulation and implementation of welfare programmes for the disadvantaged groups. The scheme of scholarships to students to pursue higher education is one of our flagship programmes, for which we committed Rs.3,769 crore in 2010-11 and Rs.3872 crores in 2011-12.

Social Welfare

52. During the year 2011-12, Social Welfare Department has successfully streamlined the major schemes implemented for the welfare of Scheduled Castes. Steps were taken to supply essential Commodities like Dal, Oil, Wheat, directly from Civil Supplies Department to the Social Welfare Hostels through fair price shops. This helped to provide better quality and quantity of food supplies to hostels. The e- Hostel Management System was introduced under which all information pertaining to the functioning of 2358 hostels in the Department is computerized, including profiles of hostel boarders, staff, and infrastructure availability in the hostels. The e-hostel management system is successful in addressing the problem of bogus attendance in hostels and has brought down the number of

inmates in hostels from 2.31 lakhs in 2010-11 to 1.96 lakhs in 2011-12 leading to Rs.30 crores from diet charges being utilized for other needy schemes by way of reappropriation. AP Social Welfare Residential Educational Society is providing qualitative education to children belonging to Scheduled Caste and other weaker sections by running 28 Residential Schools and 78 Kasturba Balikavidyalayas from classes 5th to 10th. During 2011-12, 1,51,200 students were provided education.

53. The scheme of Post-Matric Scholarships was made totally online with introduction of Corporate Internet Banking System which facilitated instantaneous adjustment of scholarship amount into the students and college accounts. During 2011-12, an amount of Rs.1794 crores was released so far to clear the arrears pertaining to 2010-11 and to take up the sanctions for current year.

54. Land Acquisition for House sites is another major scheme implemented by the Social Welfare Department. An action plan is drawn for assisting 2.2 lakh families with a budget of Rs.350 Cr to be implemented over a period of two years with the assistance of Govt. of India funds. Under the Inter-caste Marriages scheme, the incentive amount has been increased from Rs.10,000/- per couple to Rs.50,000/- per couple.

55. An allocation of Rs.2677 crores is provided for the Social Welfare department for BE 2012-13, against an amount of Rs.2351 crores in B.E 2011-12 which is an increase of 14% over last year.

Tribal Welfare

56. Government strategy for the welfare of Scheduled Tribes in the state has been to focus on strengthening educational interventions to enable the communities to access the employment and economic opportunities guaranteed under the Constitution and fast track their development. During the year 2011-12, 64% of the total budget has been allocated to educational programs only. Tribal Welfare Department is maintaining (442) Hostels, (599) Ashram Schools, (284) Residential Institutions with a total strength of 3.86 lakh ST children. During 2011-12, Government has enhanced rates of the Post-matric Scholarships by 25 percent for both hostellers and day scholars. Government has also sanctioned 126 post-matric hostels to accommodate 12,600 ST boarders. Under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights Act, 2006) (1,67,797) titles were issued to cover 14.51 lakh acres.

57. Under economic support schemes, Coffee plantation and Silver Oak plantation is taken up extensively, besides irrigation and off-farm activities. For the development of particularly Vulnerable Groups (PTGs), Conservation Cum Development Plan (CCDP) is being implemented with an outlay of Rs.53.00 crores. More importantly, through convergence with MGNREGS, construction of Gram Panchayat buildings and road works are taken up at a cost of Rs.437.29 crore.

58. Integrated Action Plan (IAP) is under implementation in Adilabad and Khammam districts with central financial assistance of Rs.74.54 crore. Recently, Government of India

has included (6) more districts Srikakulam Vizianagaram, Visakhapatnam, East Godavari, Warangal and Karimnagar districts under IAP. In the direction of strengthening the ITDAs, Government have fixed the cadre strength of ITDAs and sanctioned (245) posts additionally. An allocation of Rs.1540 is made in B.E. 2012-13 crores which is an increase of 26% over last year.

Backward Classes Welfare

59. Government has accorded top most priority to the educational and economic development of Backward Classes in the state. Under the Reimbursement of Tuition Fees (RTF) and providing Maintenance Fees (MTF) to the students belonging to Backward Classes about 17 Lakh students on an average from these communities are being covered every year. Government has substantially stepped up the allocation for the year 2012-13 to Rs.2142 Crores as against the allocation of Rs.1325 Crores during 2011-12. 1,422 BC Hostels are started by the government covering 1.68 Lakh students in the high school stage. To further the economic development of the Backward Classes government has increased allocation to the Andhra Pradesh Backward Classes Co-Operative Finance Corporation to Rs.120 Crores in 2012-13 as against the allocation of only Rs.7.25 Crores in 2011-12. Similarly, assistance to the societies through the 7 Federations is substantially stepped up to Rs.90 Crores in 2012-13 as against Rs.2 Crores during the year 2011-12. The total allocation for the department is proposed at Rs.3014 Crores in 2012-13 as against the allocation of Rs.2101 Crores during the year 2011-12 which is an increase of 43% over last year.

Women Welfare

60. AP is one of the leading states in the implementation of ICDS in the country. The programme has resulted in reduction in Infant Mortality Rate and Maternal Mortality Rate, and the percentage of children with normal birth weight has also improved in the State. For the first time in the country, the state has developed and launched an activity based pre-school curriculum with pre-School certificates to Anganwadi Centre Children to promote holistic development in 3-6 years children.

61. Supplementary Nutrition Programme is being implemented in 387 ICDS Projects covering 42,63,687 beneficiaries in the age group of 6 months to 6 years and 13,62,009 Pregnant & Lactating Women in 91,307AWCs to improve their Nutritional status and overcome malnourishment. The weak and vulnerable AWCs have been identified for continuous monitoring to improve the health and nutritional status of children, adolescent girls, pregnant and lactating mothers. The centrally sponsored schemes of Indira Gandhi Matritva Sahyog Yojana (IGMSY) on a pilot basis and Integrated Child Protection Scheme (ICPS) (Centrally sponsored scheme) are being implemented with a view to bring in optimum gains to the beneficiaries. An allocation of Rs.2,283 crores is made in B.E. 2012-13 crores which is an increase of 22% over last year.

Disabled Welfare

62. For the welfare of the disabled and senior citizens, government is implementing several initiatives with an outlay of Rs.100 crores including special hostels, scholarships for disabled students etc. During the year, Government enhanced the Marriage Incentive Award from Rs.10,000/- to Rs.50,000/- for marriages between disabled and normal person's and issued orders for implementation of 3% reservation in promotion to the disabled employees. Government also issued orders for providing 3% seats in coaching and training facilities for disabled in all the Welfare departments irrespective of caste/religion. For the welfare of juvenile and street children residing in correctional Homes, emotional and psychological support for attitudinal change is being extended through regular counseling services and setting up of 'YUVA' Adolescent Counselling and Guidance Clinics through hospitals and NGOs. An allocation of Rs.66 crores is provided in BE 2012-13 to further the efforts towards women and child development and juvenile and disabled and senior citizen welfare. The increase is 37% over last year.

Minority Welfare

63. In line with the policy of Government to focus on strengthening access to education to the disadvantaged groups, the State Government is giving utmost priority to education of the Minorities. In the current year 5,73,843 students were benefited with an outlay of Rs. 271.97 crores for scholarships. The Urdu Academy, the A.P. State Christian (Minorities) Finance Corporation and A.P. State

Minorities Finance Corporation are disbursing scholarships to respective students, besides implementing other economic support programmes. A 100 percent Centrally Sponsored Scheme has been launched for computerization of Wakf records. Electronic Mapping of Wakf Properties, a New Haj House, A.P. Study Circle for Minorities for providing coaching for UPSC/APPSC exams, are some of the new initiatives of the government. Government has in principle agreed to establish a separate Commissionerate for the welfare and development of Minorities. The allocation for minority welfare is Rs.489 Crores, which is 62% over the allocation of last year.

Housing

64. Our governments housing programme, has achieved remarkable results since 2005. We have succeeded in taking AP very close to the target status of the only hut-less state in the country in a span of a few years. As on date, 57 lakh houses have been completed and 12.55 lakh houses are in various stages of progress with an expenditure of Rs.14,949.32 crore. Government has increased the unit cost of houses from Rs.31200/- to Rs.45,000/- in rural areas and from Rs.43,000/- to Rs.55,000/- in urban areas. In addition, for SC and ST beneficiaries, government gives an additional amount of Rs.20,000 in rural areas and Rs.30,000 in urban areas. An additional 6.00 lakh houses are sanctioned during the year with a financial outlay of Rs.3449.04 crores in the Rachabanda II programme which will be completed in 2012-13. An allocation of Rs.2302 crores is provided for housing during B.E 2012-13.

Employment and Labour

65. The growth rate of employment as well as its elasticity in the State is lower than the All India trend. Keeping this in view, government has launched Rajiv Yuva Kiranalu Scheme in addition to the strengthening the earlier programmes of Rajiv Yuva Shakthi and Rajiv Udyoga Sri. Labour Department is implementing welfare schemes including scholarships to students of worker families from the A.P. Labour Welfare Board and comprehensive welfare schemes through the A.P. Building and Other Construction Workers Welfare Board to the construction workers, besides welfare schemes through ESI and EPF. An allocation of Rs.500 crores provided for the department during 2012-13.

Tourism and Culture

66. Investments in and promotion of tourism has a multiplier effect on the economy, with a positive impact on employment and growth of related service sector industries. Government is focusing on infrastructure development for select circuits including Adilabad, Nizamabad, Hamsala Deevi in Krishna district and the further development of Charminar area. Government proposes to elevate them to the status of Mega Tourism Destinations. Increasing emphasis is being placed to projects under the PPP mode.

67. Government is implementing various programmes for the preservation, propagation and promotion of Art & Culture of the state. Support is being provided for revitalizing academies for dance, music and fine art. Adequate funds are being allotted for construction of

Ravindra Sadans at Rajahmundry, Vijayawada, Kadapa, Nizamabad, Medak and Khammam. An amount of Rs.200.00 Lakhs is proposed for maintenance and renovation of Telugu Lalitha Kala Thoranam and Ravindra Bharati at Hyderabad. Funds are also being allotted for old age pensions for artistes.

Sports

68. To further Sports talent in the state, I am happy to announce that in the next year government aims to build at least one Mini Stadium comprising of an Indoor and Outdoor Stadium and Athletic track of 200 / 400 metres as per land availability in every Assembly Constituency. Eventually, we plan to extend it to every Mandal in the next 2 to 3 years.

69. Currently, development of sports infrastructure, availability of trainers / coaches and sports equipment through the Centrally Sponsored scheme of Panchayat Yuva Krida aur Khel Abhiyan (PYKKA) on the one hand by providing Matching State Share and by upgrading the State Infrastructure through our own funds on the other. The Budget for Sports is enhanced to Rs.220 crores from Rs.20 crores in B.R. 2011-12 in tune with our ambitious programmes for the sector.

Health, Medical & Family Welfare Department

70. The Government is committed to providing affordable and equitable quality health care to all citizens of the state

and reduce infant and maternal mortality and morbidity and the burden of communicable and non-communicable diseases. In this direction, the government is increasing allocation to the health sector, in addition to leveraging funds under the National Rural Health Mission (NRHM) and 13th Finance Commission grants.

71. In this direction, the Government has initiated a number of measures to strengthen the health system. The primary health service delivery system has been strengthened by increasing the efficiency of Community Health and Nutrition Cluster offices (CHNCs) and 1,624 primary health centres. The close monitoring of pregnant and lactating mothers and ensuring institutional deliveries is likely to have significant impact on the infant and maternal mortality. The activities being implemented for effective surveillance, prevention and management of communicable and non-communicable diseases will reduce the burden on tertiary hospitals. Further, 475 mobile health vans with a medical officer, public health nurse and community health officer provide fixed-day health services for each of the 12,566 sub-centres and the neighbouring villages. We also propose to mainstream HIV / AIDS Control activities and AYUSH services with the primary health system to improve access to quality services.

72. The Government has focused attention to the quality of health care by strengthening the secondary hospitals with the necessary equipment, specialist doctors and trained nurses. 260 secondary and tertiary hospitals are being equipped with comprehensive emergency obstetric and neonatal care services that would enable these hospitals to perform caesarean sections and treat sick new-born babies.

A comprehensive action plan is being launched by the government to strengthen health services in the tribal areas of the state to address the health needs of vulnerable population like migrant labour, homeless people, fisherfolk, scheduled castes and scheduled tribe persons. We have strengthened the 108 services by expanding the scope of emergency medical transport system and are in the process of establishing emergency medical management system.

73. A programme for prevention, control and effective management of non-communicable diseases, cancer and the health problems of senior citizens has been launched. The Jawahar Bala Arogya Raksha programme, which provides comprehensive health services to all school children is being consolidated and strengthened.

74. The Government is also strengthening medical education and super-specialist care services across the state by strengthening the Nizam's Institute of Medical Sciences (NIMS) and Sri Venkateswara Institute of Medical Sciences (SVIMS). The Visakhapatnam Institute of Medical Sciences will be built up as a centre of excellence in super-specialist care. We are also strengthening and consolidating our flagship health programme, Arogya Sri, that has provided – and continues to provide - advanced tertiary care for lakhs of patients. The Arogya Sri trust will also administer the health care needs of the government employees.

75. The government is making concerted efforts to strengthen the quality of medical, nursing and para-medical education. The government is also establishing *Jana Jeevani* centres in all districts to market quality generic

medicines at reasonable prices to all citizens. The Government is committed to providing quality medicines in required quantity in all health facilities. The budget allocation for the medical and health department for 2012-13 is Rs.5889 crores, compared to the Rs.5040 crores in the year 2011-12. Which is an increase of 16.86% over last year.

Governance Reforms

Decentralisation through Local bodies Rural & Urban

76. Strengthening of rural and urban local bodies following the 73rd and 74th Constitutional amendments is increasingly an important measure for better decentralized governance. Besides continuous capacity building programmes, Panchayat Raj Institutions and Urban Local Bodies are enabled functional autonomy through the direct transfer of funds to the bodies under the Backward regions grant fund implemented in 13 selected districts in the State, and the 13th Finance Commission grants for execution of works. The same objectives are subserved in the implementation of the World Bank assisted Water Sector and Municipal Development projects. For the year 2012-2013, government is proposing to substantially increase the untied grants to the local bodies under the State Finance Commission from Rs.175 crores to Rs.675 crores.

Law & Order

77. With a view to strengthening the law and order machinery in the state to provide for basic security to the

people, government has initiated recruitment of 24697 persons in the police department. This includes 34 Dy SPs, 1866 SIs and 19210 constables. Adequate funds for construction of police quarters, prefabricated structures, improvement in prison administration, police training institutions including greyhounds and Octopus are being provided. Concrete plans to strengthen the State Disaster Response and Fire Services Department are also approved. 1185 Fire Men were recruited during the year in order to fill up the vacancies in the Department. An allocation of Rs.4832 crores is made for Home Department in B.E 2012-13 which is an increase of Rs.16.65% over last year.

General Administration

78. Government is making concerted efforts to make governance citizen-friendly, transparent, responsive and inclusive. It is often unable to provide the desired level of services because of lack of adequate trained staff. One important element of our strategy to provide improved governance is filling up of vacant posts. We have so far notified filling up of 1,12,835 vacancies by the appropriate recruitment agencies. Another 7,138 posts will be approved shortly. These include both gazetted and non gazetted categories across all departments including critical departments like Health, Education, Forests, Labour and Transport. Though this will result in a substantial additional commitment for salaries, we are confident that the increased level of services we will be able to provide to the people will fully justify this.

79. Another important governance initiative, during the year, is the “MeeSeva” project launched in Chittoor district

on a pilot basis. A total of 3.63 crore land records were computerized in 22 districts. This data is being used for issue of various land related certificates like Adnagal/Pahani, ROR-1B, etc. from Bhoomi counters established in Tahsil offices. These records are now being ported to State Data Center, Hyderabad and will be used for electronic delivery of various land related certificates in MeeSeva project. It removes the dependency on the "ink signature" of the concerned statutory authority for statutory certificates like, copy of the record, Encumbrance Certificate, Birth Certificate, Caste Certificate and Income Certificate.

80. Mee-Seva Project has been designed to deliver Across-the-Counter services to the public. The Mee-Seva Kiosks established under the project (@ one in every six (6) villages), downloads the digitally signed record and the required certificate is issued to the citizen within 15 minutes in respect of some services and 3 to 7 days in respect of others.

81. A set of rules called **A.P. Information Technology (Electronic Delivery of Services) Rules, 2011** has been issued under the provisions of the Central I.T Act, 2000 to provide statutory support to the above process. 15 Services relating to Revenue and Registration Dept., have so far been notified under the Rules.

82. The project, started on a pilot basis at Chittoor District, has received a very good response from the public. Over 1.14 lakh certificates have been issued in Chittoor District as on 16.2.2012. It is proposed to extend Mee Seva to the entire State shortly.

83. Parallely, revenue administration is being strengthened to better administer these new initiatives. It is proposed to set up 7 new revenue divisions and 25 urban tehsil offices. An allocation of Rs.20 crore has been made for construction/upgradation of Tahsildar office buildings in the state.

84. To enhance responsiveness of Government and provide more proximate access to people, government directed the conduct of 'Revenue Sadassulu' during the current year. All villages including the hamlets in the State will be visited by government functionaries to attend to outstanding land disputes, besides other grievances of the people. Government has acknowledged the need to strengthen the infrastructure for the administration of justice in the state. Allocation of funds for construction of court buildings is increased by Rs.75 crores to Rs.88 crores for 2012-13. Under the aegis of the Centre for Good Governance, an annual outlay of Rs.2 crores is made for the Reform incentive Fund (RIF) for supporting such reforms across departments.

Budgetary Process

85. Before I conclude, I would like to inform the House about certain innovations adopted in the budget preparation process this year. The Budget Proposals for 2012-13 were received from all the Heads of Departments/Secretariat Departments on-line, and the entire process of verification, validation and finalization of Budget proposals has been paperless, using the on-line work flow system. This process, I believe, has enabled better analysis of proposals,

and a more participatory, transparent and realistic reflection of requirements of the departments in the final allocation of resources. With the introduction of the on-line module I am confident that the stage is set for online release of Budget Release Orders from the beginning of the next financial year, completely eliminating delays due to paper work in the matter and facilitating ease of expenditure and timely implementation of schemes by all the line departments.

86. Another significant step towards greater transparency in the department is the proposed introduction of the On-line Bill Monitoring System for Works and Projects. The entire process of clearance of bills for payment relating to Major Works and Projects taken up by different departments will be made available for viewing on-line by the stake-holders as well as citizens in general. With a view to expanding these successful IT initiatives across the entire gamut of activities of the department, a web-based Comprehensive Financial Management System is under design and will be tendered out during the year. It will bring in efficiency and transparency in the working of the department and improve cash management in the state with the availability of real-time data. It will also enhance monitoring of expenditure on all programs

87. I would also like to state that the scheme of Green Channel that was introduced during the current year to ensure predictability of resource transfers to beneficiary-oriented priority Government programmes was very well-received and significantly improved expenditure. The scheme will be continued in the ensuing year with any additional features that may be found necessary.

Accounts 2010-11

88. The final accounts of 2010-11, show a revenue surplus of 2,462 crores, and fiscal deficit is well within the FRBM Act, at Rs.11,803 crores which is 2.25% of GSDP.

Revised Estimates 2011-12

89. The revised estimates of 2011-12 indicate a revenue surplus of Rs.780 crores against the budgeted revenue surplus of Rs.3,826 crores. The fiscal deficit is estimated at Rs.17,784 crores which would be 2.63% of GSDP.

Budget Estimates 2012-13

90. For the financial year 2012-13, government proposes an expenditure of Rs.1,45,854 crores; Non-plan expenditure is estimated at Rs.91,824 crores and Plan expenditure at Rs.54,030 crores. The estimated revenue surplus is Rs.4,444 crores and fiscal deficit is estimated at Rs.20,008.crores, at 2.5% of GSDP.

To conclude I wish to echo Varaha Mihira who said
"it is by investing everything in the present, that we express our faith in the future"

91. I commend this Budget for the approval of the House.

// JAI HIND //