

**SPEECH OF SRI K. ROSAIAH, HONOURABLE
FINANCE MINISTER WHILE PRESENTING THE
BUDGET FOR THE YEAR 2008-09 TO THE
ANDHRA PRADESH STATE LEGISLATURE ON
16TH FEBRUARY 2008.**

Sir,

I rise to present the Budget of the Government of Andhra Pradesh for the year 2008-09.

2. It is my proud privilege to present the 5th consecutive budget in the 12th Assembly of the State in the last four years. I am happy that our Government was able to present the last four budgets without proposing any new taxes. Hon'ble Members will be happy to note that we do not propose to levy any new taxes nor will there be increase in the existing taxes. For the fourth consecutive year, we have been able to manage the state finances without resorting to the Ways and Means advances from the RBI. Hon'ble Members are aware that the last four years period perhaps is the longest in the history of the State, when the power tariff to any class of consumers has not been increased. Indeed, the State has been able to supply upwards of 1000 crore units of power free

of cost to the farmers every year; the industrial tariff has been reduced. The pensions have gone up to 47.89 lakhs. The subsidy on food has gone up substantially. The Housing and Irrigation budgets have also gone up many fold in the last four years. Many other initiatives were taken to help the farmers, the weavers, the artisans and other needy, some of them unprecedented both in their reach and financial outlays. Despite all this, the Hon'ble Members will be happy to note that, the State had earned a revenue surplus of about Rs.2800 crores for the year 2006-07, ending the long and unfortunate period of revenue deficits that have adversely impacted the economic growth of the State for the full decade 1994-2004.

3. In May 2004, the first and major challenge before us was to retrieve the State from the near debt trap that it had landed and to kick start the economy, which stagnated at around 5.5 % annual growth for over a decade. As Sri. P. Chidambaram, the Hon'ble Union Minister for Finance, has in the concluding paragraphs of his last budget speech exhorted, growth and growth alone matters. Higher GDP growth means higher tax and non tax revenues. The revenues of the state always bear a proportion to the GDP. Higher revenues in the hands of Government will lead to higher spending on productive capital assets and items that constitute the human

development index. Growth without both social and economic equity is dangerous. At the same time, equity without growth is not possible. Higher growth is directly a function of investment. By substantially increasing the plan outlays year after year, we stepped up the public investment in an unprecedented manner, which is responsible for leading the state to a double digit growth rate.

4. I am happy that the high growth that the State has achieved is the result of higher growth rates in all the three sectors viz., Agriculture, Industry and Services; not only in comparison to those of the previous years but also in comparison to the national growth rates in these sectors for the current year. We will continue with the present strategy of substantially enhancing the plan expenditure of the State for saturating Irrigation, Housing, Pensions, Scholarships to BCs, SCs, STs and Minorities besides implementing the subsidy rice scheme, free power to the farmers, subsidized interest schemes to all the needy and spreading the health network under Aarogyasri scheme, as part of our commitment to promote social and economic equity.

ECONOMIC DEVELOPMENT

5. The GSDP at constant prices (1999-2000) as per Advance Estimates during 2007-08 is likely to be Rs.2,29,461 crores, which is an increase of 10.37% over previous year's quick estimates. At constant (1999-2000) prices, the Agriculture sector has shown a growth of 8.38 per cent as against 2.59% at national level. The Industry and Services sectors in the State registered a growth of 9.88 % and 11.57% respectively as against the national growth rates of 8.90% and 10.73% for these sectors for the current year.

6. The Per Capita Income at current prices for the year 2007-08 (Advance Estimates), is estimated at Rs.33,970 as against quick estimates of Rs.29,582 in 2006-07 showing an increase of 14.83%. The Per Capita Income at constant (1999-2000) prices for the year 2007-08 (Advance Estimates) is estimated at Rs.24,969 as compared to Rs.22,835 in 2006-07 (Quick) by registering a growth of 9.35 per cent, as against the national growth rate of 7.55%.

FISCAL MANAGEMENT

7. Andhra Pradesh is in forefront in implementation of Fiscal Responsibility and Budget Management (FRBM) Act intended to achieve the Fiscal discipline. FRBM Act stipulates that by 2008-09, the State should bring the Revenue Deficit to Zero Level, where as the State Government has achieved the target well in advance by attaining Revenue Surplus by 2006-07. Despite huge allocations for Revenue expenditure like Pensions, Scholarships, Rice Subsidy, Power Subsidy etc., still attaining Revenue Surplus, speaks volume about this Government's fiscal prudence and discipline in the management of resources.

8. It is stipulated in FRBM Act to bring the Fiscal Deficit to 3% of the GSDP by 2008-09 and the total borrowings not exceeding 35% of the GSDP. But our Government has achieved the stipulated targets two years in advance. Fiscal Deficit which stood at 4.04% of the GSDP in 2003-04, was brought down to 2.13% by 2006-07. The total debt as percentage of GSDP during 2006-07, is 28.54% against a ceiling of 35% as per FRBM Act.

9. By achieving the targets set out in FRBM Act with regard to Revenue Deficit and Fiscal Deficit, the State Government is getting twin benefits of debt relief and interest relief from Government of India. Upto 2007-08, State Government has received a debt relief of Rs.1,889 crores and interest relief of Rs.1,574 crores. In 2003-04, the interest burden was 22.98% of the Revenue Expenditure while by 2006-07, the interest burden has been reduced to 17.57 % of Revenue Expenditure.

10. In the year 2006-07, the Capital expenditure was Rs.9,904 crores where as in the year 2003-04, it was Rs.4,251 crores. The net borrowings of the State Government in the year 2006-07, have substantially come down to Rs.5,013 crores as against the borrowings of Rs.8,687 crores during the year 2003-04. The Capital Expenditure to the net borrowings ratio in the year 2003-04, was 49% whereas it was 198% in the year 2006-07. It indicates that the borrowed funds were not used by our Government for financing revenue expenditure; rather we used the revenue surplus efficiently and productively for capital works, which provides returns directly to the State.

11. Our Government has been continuously striving to augment the tax revenues by strengthening the revenue earning departments by improving the staffing, training and providing other facilities and also by making use of the latest technology available. Massive computerization programme is taken up with exclusive broadband networking connectivity in the Commercial Taxes Department and Stamps and Registration Department. At the same time, modernization of check posts and installation of CCTVs in all the integrated check posts to monitor the movement of the goods vehicles from the offices of the Commercial Taxes Department, are also being done.

12. During 2006-07, the total State's own tax revenue was Rs.23,926 crores, i.e., a growth rate of 22 % over the previous year. Since 2004-05 growth rate has been 20.13 % in the tax revenue. During this year, in the first three quarters, the growth rate in the tax revenue has been 19 %. Going by the trend of economic growth and tax collection, we are hopeful of achieving the targets set out in the budget for this year. We have set a target of Rs.37,866 crores as tax to be collected during 2008-09 and this represents an expected growth in tax collection by 20.6 % over the budgeted estimate for this year.

13. We are expecting Rs.1,155 crores as Non-Plan grant from the Government of India for the year 2008-09. Bulk of this is the maintenance grant released on the recommendations of the 12th Finance Commission. Rs.5,115 crores is expected to come as Plan Grant, which includes Rs.2,000 crores under Accelerated Irrigation Benefit Programme, Rs.1,250 crores under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rs.439 crores under Rastriya Krishi Vikas Yozana (RKVY). In addition to the above, we are expecting to receive Rs.5,320 crores under Centrally Sponsored Scheme. We are estimating share of Central Taxes during 2008-09 at Rs.12,597 crores.

PLAN ALLOCATIONS

14. I am happy to inform that plan size for the State of Andhra Pradesh is the highest in the country for the last two years i.e. 2006-07 & 2007-08. During 2008-09, Annual State Plan is estimated at Rs.43,203 crores which is Rs.13,185 crores higher than the previous year's plan. During 2003-04, the plan expenditure was just 24% of the total expenditure. During 2006-07, it went up to

32% of the total expenditure. This year the plan size is proposed to 43% of the total budget.

15. True to our Government's priorities, Irrigation and **INDIRAMMA** Housing got first and second preference in terms of budgetary allocations. During 2008-09, an outlay of Rs.16,500 crores is allocated to Irrigation and Rs.5,850 crores for **INDIRAMMA** Housing. In consonance with the 11th Five Year Plan priorities, Education and Health are being given substantial hike in allocation. During the year 2008-09, an amount of Rs.1771 crores is being apportioned for education which is 115 % higher than the current year. Likewise, Health is being allocated an amount of Rs.1315 crores, 73% higher than the current year allocation. During 2008-09, Agriculture is allocated an outlay of Rs.1,666 Crores which is 257 % higher than the current allocation. Agriculture and Allied Sectors are given Rs.2,723 Crores which is 144 % higher than the current year. Industrial sector is allotted Rs.530 crores which is higher by 25% over current year. Special emphasis has been laid on improving infrastructure in the State. An amount of Rs.2,277 crores is being provided for infrastructure for 2008-09 which is 73% more than the previous allotment.

16. Welfare sector is accorded a special priority by this Government. This year, a massive increase of 55 % is provided for all the Welfare Departments put together, over the current year allocation. Social Welfare Department plan size is increased to Rs.1293 crores in 2008-09 compared to the allocation of Rs.826 crores in 2007-08. Similar increase is there for Tribal Welfare from Rs.317 crores in 2007-08 to Rs.440 crores in 2008-09. Allocation to B.C Welfare department has jumped from Rs.199 crores in 2007-08 to Rs.353 crores in 2008-09. Similar is the case for the Minorities Welfare, where there is an increase of budget from Rs.120 crores in 2007-08 to Rs.177 crores in 2008-09.

17. Equal emphasis has been laid on rural as well as urban development in this budget. Allocation to both these departments has been increased substantially to take care of the growing needs and aspirations of the people living there. An amount of Rs.3,838 crores is allocated for Panchayati Raj and Rural Development and an amount of Rs.3,136 crores is allocated for Municipal Administration during 2008-09, which represents an increase of 68% and 70% over the current year allocations respectively.

AGRICULTURE

18. Agriculture Production and Productivity have attained new dimensions in Andhra Pradesh. The State which ranked 6th in food grain production during 2003-04 has attained 4th rank during 2004-05 and 3rd rank during 2005-06. The current year is going to be another record year as the advanced estimates have predicted 180 lakh metric tones of food grain production which is an all time record. The Oil Seeds production is expected at 29 lakh metric tones, an increase of 61.80% over the previous year. As for the crop productivity, this year kharif season has recorded highest ever productivity in rice, maize and groundnut.

19. Credit is an important input to help the farmer in improving crop production and thereby contributing towards achieving the targeted 4% growth in Agriculture Sector. The Government has taken the decision to implement the **Pavala Vaddi** scheme for crop loans and accordingly an amount of Rs.310 crores is allocated for this purpose for the year 2008-09.

20. To achieve targeted growth of 4% in agriculture and allied sectors, Government is implementing Rashtriya Krishi Vikas

Yojana scheme with additional Central assistance. This scheme will ensure the local needs/ crops/priorities are better reflected in the agricultural plans of the state. An amount of Rs.400 crores is earmarked in the budget to implement this scheme.

21. Livestock is one of the major sources of livelihood for the rural masses. There is a need to improve livestock production efficiencies to make livestock enterprises more remunerative. To achieve the above objective, Government is planning to establish a world class Centre for Advance Research on Livestock at Pulivendula, Kadapa District in an extent of 644 acres. A budget allocation of Rs.100 crores is provided for the year 2008-09 for this purpose.

22. Our Government wants to initiate several new schemes to improve Employment and productivity in Animal Husbandry, Fisheries, and Dairying under Chief Minister's special package. Foremost among them is **Pasukranthi** Scheme. Under this scheme, rural poor will be provided with Milch Animals with 50% subsidy and the remaining 50% cost will be made available through bank loans. Fodder is also being supplied with 50% subsidy. We plan to distribute one lakh Milch Animals during next year for

which an amount of Rs.200 crores is allocated in Budget Estimate 2008-09.

23.. Andhra Pradesh has huge potential for establishing Food Processing Industries. A team of officers led by Hon'ble Minister for Agriculture visited Kolkata and New Delhi to study the Food Processing Industries in West Bengal and the schemes available in Government of India. Based on their recommendations, it is decided to convert the existing Department of Agricultural Marketing as Department of Food Processing and Marketing for Agriculture and Allied Sector to specially focus on food processing industries in addition to the agricultural marketing.

JALAYAGNAM

24. I am happy to inform that our Government has created a new ayacut of 14.25 lakh acres by December 2007, besides providing stabilization to a sizable area. This is the biggest ever initiative by any State Government in the Country and it is expected to transform the rural economy of the state. Let me quote here

**“Let my name stand among who are willing to bear
ridicule and reproach for the truth’s sake, and so earn
some right to rejoice when the victory is won”**

..... Louisa May Alcott.

There were many who prophesied that the Irrigation Projects will never take off. I am happy that we could prove them wrong. The additional irrigation potential created has already helped the State to achieve highest ever food grains production. We are committed to implementing all the projects in the State.

25. 27 projects are expected to be completed by March 2009 and they will create an additional irrigation potential to an extent of 16.18 lakh acres besides providing stabilization to 16.66 lakh acres. Thus the State would create total additional irrigation potential of 30.43 lakh acres.

26. Our Government is enhancing allocations for Irrigation Sector, year by year. In the budget 2008-09, an amount of Rs.16,500 crores is allocated for irrigation. We are also taking up a mega project “Pranahita – Chevalla”. This project is being taken up to provide irrigation facilities to 12.20 lakh acres of the parched

lands of Adilabad, Karimnagar, Nizamabad, Medak, Nalgonda and Rangareddy Districts by diverting 160 TMC from Godavari river. This project is estimated to cost Rs.17,875 Crores.

27. Under Andhra Pradesh Irrigation Development Project, modernization of Nagarjunasagar is being taken up with an outlay of Rs.4444 crores with World Bank assistance to bridge the gap ayacut of about 4.03 lakh acres and to improve the food production by reducing the loss of water etc., These works are proposed to be completed within a span of 5 years.

28. 3000 Minor Irrigation tanks spread over 21 districts of the State are proposed to be renovated at a cost of Rs.1044 crores in three batches over a period of 5 years to benefit an ayacut of 6.25 lakh acres under Andhra Pradesh Community Based Tank Management Project with the assistance of World Bank and Government of India.

INDUSTRIAL SECTOR

29. Government is making its best efforts to make the State the foremost industrialized State in the Country. Reserve Bank of

India Report (Aug-2007) indicated “Andhra Pradesh ranks 2nd among the States in the country with total investment intentions for the year 2006-07 of Rs.25,173 crores next only to “Gujarat”. Similarly, in Confederation of Indian Industry (CII) Survey-March-2007 - “Andhra Pradesh is the Best Performing State” in the manufacturing sector among the Southern States.

30. As the overall economic growth of the state is touching the double digit, the state’s manufacturing sector growth rate has increased from 6.09% in 2004-05 to 10.20 % in 2006-07. The major objective of the Industrial Investment Promotion Policy 2005-10, is to create employment in the State through industrialization. During the last three and half years, Rs.12,350 crores worth of investments in the manufacturing sector have been commissioned creating an employment to 1,72,616 persons. In the next two to three years, Rs.38,671 crores are likely to be invested creating an employment potential of 1,30,458. The most potential sectors of the State are Cement, Steel, Paper, Bulk Drugs and Pharmaceuticals, Textiles etc., which are doubling their capacities in the next 2 years. Multi National Companies (MNC) are evincing a lot of interest to set up units in Andhra Pradesh.

31. Further, the State is promoting number of Special Economic Zones to attract large scale Foreign Direct Investments in different sectors like Food processing, Pharmaceuticals, Textiles, Leather, Biotechnology, Gems & Jewellery etc. A total of 71 Special Economic Zones (SEZs) are coming up in the state. Already 49 SEZs have been notified by Government of India, which is highest for any state in the country, with a potential to raise capital investments of Rs.35,000 crores. These SEZs are envisaged to create employment to about 25 lakh persons in the State.

32. Government is providing guarantee for National Cooperative Development Corporation (NCDC) loan for expanding capacity of 7 Cooperative Sugar Factories. It is expected that the Co-operative Sugar Factories (CSF) will become viable with the modernization coupled with cogeneration taken up with NCDC loan

SERVICE SECTOR

33. Information Technology Sector in the State is growing at a healthy pace with a record growth in Software exports and in

creation of employment to educated youth. The pro-active approach in attracting MNCs and encouraging the home grown companies to establish their presence and increase their operations in the State is continued by IT promotion initiatives. IT Sector contributes 52% of the total exports of the State and has been growing at an impressive rate of over 40% in each of the last 3 years.

34. 40 IT Special Economic Zones (SEZ) are approved by Government of India which is highest in the country and would create IT Office Environment of international standards and would provide employment to over 8 lakhs persons in the next 5 years. 15 private IT parks are being developed by private IT park developers. It is projected that it will provide employment to 1.49 lakh people in the near future.

35. Rajiv Internet Village Programme which is aimed at bringing Government services/benefits closer to the people living in the villages is in progress and became operational in 513 centres.

36. The plan allocation for Information Technology Department has gone upto Rs.397 crores for 2008-09 as compared to Rs.85 crores for the current year.

INFRASTRUCTURE

37. Government is making every possible effort to provide necessary infrastructure facilities needed to sustain high economic growth. Since the investment requirement is enormous, Government is trying to attract private capital in the critical sector by encouraging Public Private Partnership (PPP) in infrastructure as the preferred mode for execution and operation of infrastructure projects. Large size projects such as Airports, Ports, Metro Rail Projects etc are being taken up in PPP mode.

ROADS

38. During the year 2007-08, an amount of Rs.943 crores was provided for R&B Department and Rs.328 crores for P.R. Department for laying of new Roads and Widening of existing Roads. It is proposed to increase these allocations to Rs.1445 crores

for R&B Department and to Rs.549 crores for P.R Department in the Budget 2008-09.

AIRPORTS

39. I am happy to inform that Hyderabad International Airport is getting operational on March 16th 2008. Site has been selected to locate an International Air Port at Vizag. To upgrade the Airports at Rajahmundry, Vijayawada, Warangal, Kadapa, MOUs have been signed with Airport Authority of India (AAI). An amount of Rs.60 crores has been earmarked for all these Air-Ports in the Budget 2008-09. These airports are also proposed to be taken up under PPP mode.

40. In order to provide better aviation services in the State, A.P. Aviation Corporation is established under the Public Sector with an outlay of Rs.55 crores.

PORTS

41. I am happy to inform that State has drawn up a plan to increase development of Ports in all the coastal Districts of the

State. Andhra Pradesh has second highest cargo handling capacity in the country. Gangavaram Port being developed near Vizag, is expected to be operational by this year and is estimated to handle a cargo capacity of 35 million Metric tones. Efforts are being made to bring the Krishnapatnam Port to operation by July 2008. An outlay of Rs.65.24 crores is earmarked in Budget Estimate 2008-09 for the Ports development.

POWER SECTOR

42. With the expansion of economic activities, the demand for energy is also on the rise. To meet the growing demand of electricity, more emphasis was laid on Power Sector during the 11th Plan. The total installed capacity of all the units in the State is 12,339 MW. Realizing the urgency for capacity addition in Power Sector, the State Government has entrusted the State owned A.P. GENCO, the task of capacity addition programme of 8,945 MW, out of which it is proposed to commission 7,109 MW during the 11th Plan period.

43. Transmission and Distribution losses are likely to be reduced to 18.51% by March 2008 as against 19.82 % in the

preceding year. This year, we have provided electrification to 3,204 habitations and 8,00,452 house-holds have been electrified under Rajiv Grameena Vidyudikarna Yojana.

44. During the year 2007-08, electricity charges have been reduced to Rs.3.56 per unit for Industrial Sector as against Rs.3.70 during the year 2005-06. In spite of certain difficulties faced on the generation front due to inadequate natural gas supply, we have provided power to the satisfaction of farming community during the 2007 Kharif season. An amount of Rs.2385 crores has been provided as a subsidy to the power utilities in the Budget 2008-09.

WELFARE

“Politics is not about big money or power games; its about the improvement of people’s lives”

-- Paul Wellstone

45. Our Government is firmly committed to *inclusive growth*, which means higher welfare and better quality of life. **Welfare means providing two square meals a day for those who are starving, shelter to a person who is homeless, employment to**

those who are in penury. Welfare means providing congenial atmosphere for basic education to every child and providing essential medical facilities to a common man to lead a healthy life. Hon'ble Members are aware the kind of efforts being made by our Government to realize the above said agenda.

FOOD SECURITY

46. In order to provide food and nutrition security to every family, Government has decided to launch Rs.2/- per kg Rice scheme. Government will be fulfilling this commitment by enhancing the rice subsidy to Rs.1980 crores during 2008-09. This scheme will help more than 80% of the State population. In addition, the Rural Grain Banks have been established so as to provide food grains on credit basis at times of natural calamities like floods and drought and this scheme is being availed by 1.81 lakh families. Ensuring proper functioning of Rytu Bazars and implementing Market Intervention Schemes, whenever needed, are some of the measures, Government intends to take to control price rise. An amount of Rs.30 crores is provided for Market Intervention Scheme for the year 2008-09.

47. Our Government has increased the number of Anganwadi centres which provide nutritional support to the pregnant women and children. During this year, 6,470 Anganwadi centres have been established. 80% of the population has been covered under the Anganwadi scheme through 73,944 centres. An amount of Rs.471 crores is allocated in the budget 2008-09 for this purpose.

EMPLOYMENT

“A man who willing to work, and unable to find work, is perhaps the saddest sight that fortune’s inequality exhibits under sun”

----- Thomas Carlyle.

48. Our Government has adopted a multi pronged approach to eradicate the unemployment problem by providing opportunities to all, irrespective of their background and literacy level. One way of generating employment is to enhance economic activities in the system. Irrigation projects and **INDIRAMMA** Housing Scheme fall in this category. Second way is to implement certain programmes keeping in view the employment generation viz., Andhra Pradesh Rural Employment Guarantee Programme. Third

way is to train the youth to meet the industrial and market requirements and thereby enhancing their employability.

49. It is paradoxical that on one side, lakhs of students from Engineering / MBA / MCA are coming out of the Institutions every year and on the other side, many of the Software / Banking / Business Process Outsourcing (BPO) companies are searching the job market for talented youth. There is a gap between what the students are taught in the Institutions and set of skills and capabilities required in business houses/industries. In order to bridge this gap and to train the youth to equip them with adequate skills, Government has launched a society under the name and style of “Rajiv Udyoga Sri Society”, to train 10 lakh youth to be employed in various industrial houses in the coming two years. Various programmes have been chalked out to provide employment to 5 lakh youth under Information Technology and Communications category and the remaining 5 lakhs in other areas of importance. An outlay of Rs.25 crores was released for this purpose during the year 2007-08. During the year 2008-09, an amount of Rs.130 crores is being earmarked for this purpose.

50. We are extending financial assistance for training the youth in entrepreneurial skills for promoting self-employment under Rajiv Yuvashakthi programme. Under this scheme, financial assistance is provided to establish small scale units like Cement Bricks manufacturing, Concrete Mix Plant, Centering Units etc. During 2008-09, it is proposed to benefit 1,41,000 youth under training and self-employment programme with a budget of Rs.87.50 crores.

51. With an objective of weaning away youth in the remote and interior areas from the influence of extremist ideology, the Government is implementing various training and employment programmes. During 2006-07, 16,722 youth were trained and 10,543 were given placements. In the current year placements in the private sector have been given to 8875 candidates and currently 5355 candidates are under-going training. It is proposed to train 75000 youth in 2008-09, with a budget provision of Rs.87.50 crores.

52. 294 centres are implementing Jawahar Knowledge Centre programme. 7,648 students trained in these centres have been employed with well paid salaries in reputed software companies,

mostly MNCs. During this year the programme of Jawahar Knowledge Centers is extended in 79 Government degree colleges. Next year, this activity will be extended to another 50 degree colleges so as to improve the employability of technical as well as conventional graduates. For this purpose, a provision of Rs.13 crores is made in Budget 2008-09.

APREGP

53. Andhra Pradesh is in the forefront in implementing Rural Employment Guarantee Scheme. This scheme is a unique social safety net as it is right-based and demand – driven. Andhra Pradesh Rural Employment Guarantee Programme (APREGP) is being implemented in 19 Districts covering 43,30,719 Households. So far, 66.90 lakhs wage labourers were provided employment, and have received wages through their postal savings accounts, opened exclusively for this purpose. During this year, under APGEGP, 12.67 crores man days have been created with an expenditure of Rs.1313 crores.

54. In the Financial year 2008-09, the Rural Employment Guarantee Scheme will be extended to 3 more Districts under

phase-III, w.e.f., 01-04-2008 and it is expected that about 8 million rural households will secure 100 days guaranteed employment. It is proposed to incur an amount of Rs.3000 crores during the year 2008-09, out of which, the State's share of Rs.300 crores is provided in BE 2008-09.

HOUSING

55. Andhra Pradesh stands as a role model to the rest of the country in Housing Programme for the poor. Under **INDIRAMMA** Government proposes to create a hut-free state by covering the entire State in three phases. Under the 1st phase, 19,74,749 houses have been sanctioned at a total project cost of Rs.5141.26 crores in the year 2006-07. Out of this, 11,86,031 houses have been completed by January 2008 and the balance 7,88,718 are expected to be completed by August 2008. Under the Phase-II of the programme, 25.71 lakh houses have been sanctioned and the programme is currently under way. It is the endeavour of the Government to complete all these houses during the financial year 2008-09. Apart from this, it is programmed to cover the balance area under the **INDIRAMMA** Phase – III programme which would be started during 2008-09. On the whole, it is expected to complete

at least 30 lakh houses during the financial year 2008-09, by redoubling our efforts. An amount of Rs.5,850 crores has been provided for 2008-09.

56. Our Government is not only giving assistance to construct a house under **INDIRAMMA** programme, but is also providing house sites to the needy. Since 2006-07, house site pattas were distributed to 4,24,724 beneficiaries belonging to weaker sections.

EDUCATION

“If a man empties his purse into his head, no man can take it away from him. An investment in knowledge always pays the best interest”

--- Benjamin Franklin

57. Hon’ble Members are well aware of the importance of education in modern society. One of the greatest aspirations of all the parents is to provide quality education to their children. Unfortunately, due to poor economic conditions, this may not be happening. Our Government is determined to ensure that no meritorious student should be deprived of education merely

because his or her parents cannot afford to pay for their education. We are therefore introducing a novel scheme of providing scholarships to aid the children who are economically backward irrespective of their caste / religion / sect. For this purpose, an amount of Rs.25 crores is earmarked in the budget 2008-09.

58. Government has already provided scholarships to all eligible students belonging to SCs and STs . This year, the same facility is extended to the students belonging to Backward Classes and Minorities. It is also decided to reimburse the tuition fee for the students of Backward Classes and Minorities on par with the students belonging to SCs and STs. In order to meet this increased expenditure on Scholarships and tuition fee, the budget allocation for BCs and Minorities, have been increased from Rs.287 crores during 2007-08 to Rs.423 crores in Budget Estimate 2008-09 for scholarships and from Rs.50 crores during 2007-08 to Rs.185 crores in 2008-09 for Tuition fee reimbursement.

59. Diet charges meant for the hostel boarders were hiked by 25% by our Government one and half years ago. Now we have decided to increase the same by 40% for students between classes 3-7 and by 30% for the students of classes 8-10. We have also

decided to provide 4 pairs of uniforms to all the hostel boarders in place of 2 pairs being provided now.

60. Our Government has decided to establish a hostel for college going BC girls in each assembly constituency. An outlay of Rs.20 crores is allocated for this purpose during 2008-09.

61. Hon'ble Members are quite aware that this Government is committed to achieve the total literacy by 2015 and in this direction several steps have been initiated which are showing good results, as has been brought out by the latest annual report on education published by PRATHAM, a non-Governmental organization which has shown a remarkable improvement in the quality of instruction in Andhra Pradesh in elementary education stage.

62. With a view to strengthen the education at secondary level, Government have decided to implement the Mid Day Meal Scheme up to Class 10th in all Government, Zilla Parishad, Municipal Schools and Aided Schools in 737 Educationally Backward Mandals in the State, as approved by the Government of India. For this purpose, an amount of Rs.853 crores has been allocated in the Budget Estimate for 2008 -09.

63. Government have decided to carry out a major revamping of selected High Schools in the State by providing the full-fledged infrastructure including class-rooms, laboratories, computers and library etc. I am very happy to inform that all the above facilities will be provided under a new scheme called SUCCESS (Scheme for Universal Access and Quality at Secondary Stage), and are proposed to be implemented in co-ordination with Govt. of India. An amount of Rs.1,000 crores has been earmarked in the Budget Estimate for 2008-09 for this purpose, out of which the State share is Rs.250 crores.

64. Hon'ble Members are aware that in this age of information technology, education cannot be said to be complete without Computer Literacy. In this direction, our Government has decided to implement a program for imparting computer education to all students in 5,000 selected High Schools and Junior Colleges in the State. For this purpose, an amount of Rs.60 crores is provided in the Budget 2008-09. With this project, the number of High Schools under the Government sector, in the state that will be imparting computer education to its students, will be 6,300.

65. In order to improve the quality of education and infrastructural facilities available in 636 Residential Schools under the Government sector, the scheme is prepared with an outlay of approximately Rs.5,350 crores to be carried out in a phased manner. An amount of Rs.400 crores has been provided for this scheme in the Budget 2008-09, spread over the departments of Social Welfare, Tribal Welfare and School Education.

66. The total allocation for School Education Department has increased from Rs.6181 crores during 2007-08 to Rs.8655 crores in 2008-09 which reflects an increase of 40 %.

67. Government has been taking several steps to improve the access to higher education while promoting equity and inclusiveness and giving utmost emphasis to the quality and relevance of the subjects taught in the institutions of higher education.

68. Government has already sanctioned four new Universities at Rajahmundry, Kadapa, Nizamabad and Nalgonda, three more Universities are proposed to be set up at Srikakulam,

Mahabubnagar and Kurnool next year. An amount of Rs.15 crores is earmarked for this purpose in the Budget 2008-09.

69. Finishing Schools have been started in 3 Universities during this year in two courses viz., Financial Services and Medical Transcription. The scope of finishing schools will be expanded during the year 2008-09. In order to improve the educational facilities in the interior tribal areas, Government have sanctioned 5 new Government Degree Colleges in the Tribal Agency Areas of Srikakulam, Vizianagaram, Visakhapatnam, Warangal and Adilabad Districts. Government also proposed to establish Centre for Excellence in the Universities to promote research activities.

70. I am happy to announce that our Government has taken a decision to establish three new Indian Institutes of Information Technologies (IIITs) each at Idupulapaya in Kadapa District, at Basara in Adilabad District, and at Nuziveedu in Krishna District. These will be affiliated to Rajiv Gandhi University of Knowledge Technologies. The courses in these Institutes will commence from the academic year **2008-09**. An amount of Rs.320 crores is provided in Budget 2008-09. These IIIT's will soon become Temples of learning for rural students.

MEDICAL AND HEALTH

“The ground work of all happiness is health”.

--- Leigh Hunt.

71. Our Government’s innovative, first of its kind **Arogya Sri** Health Insurance Scheme intended to serve the poor by treating the serious ailments, is attracting the nation wide attention. This scheme provides financial protection to the families living Below Poverty Line (BPL) upto Rs.2.00 lakhs per annum for treatment of serious ailments. It is proposed to cover the entire State with this scheme by 2nd October, 2008 with the Government paying the insurance premium for all the beneficiaries. An amount of Rs.450 crores has been provided for implementation of this scheme during 2008-09.

72. Government has proposed a substantial increase in the Plan allocation to Medical & Health Department to Rs.1315 crores to bring a qualitative improvement in its working. The allocation includes Rs.117 crores for the AP Health Sector Reforms Project to benefit the rural population by improving health delivery in under-served areas, enhance community participation in the management

of health institutions and provide funds for the strengthening of emergency services in the referral hospitals.

73. Innovative programmes like Emergency Management and Research Institute (EMRI) through a 108 toll free line as well as Helpline 104 has been launched to provide 'Fixed Day Health Service' in rural area.

74. Important projects taken up for implementation, during the year 2008-09, are the construction of Super-specialty and Trauma Blocks in the Nizam Institute of Medical Sciences (NIMS), Hyderabad, development of NIMS University campus at Rangapur (Bibinagar), buildings for three new Medical Colleges at Adilabad, Ongole and Srikakulam, new nursing colleges at Adilabad and Srikakulam and strengthening of Super Specialty Hospitals at Guntur, Kurnool and Warangal.

75. For better health care in remote and interior areas, it is proposed to provide Rs.29.00 crores to establish two ANM training centers, two nurse training colleges and to provide additional new buildings for 60 Primary Health Centres.

SOCIAL SECURITY AND EQUALITY

76. Our Government has taken up land distribution to root out the inequalities in the society. So far, land to an extent of 6.04 lakh acres has been distributed under four spells to 4.33 lakh landless poor, out of which 1.26 lakhs are SCs, 1.06 lakhs are STs, 1.48 Lakhs are B.Cs and 0.53 lakhs others. To bring the distributed land under cultivation, a scheme called 'Indira Prabha' was conceived with an outlay of Rs.300 crores to bring 3.85 lakh acres of assigned land under cultivation. In the current financial year, it is proposed to bring another 1.59 lakh acres with an estimated cost of Rs.100 crores.

77. Andhra Pradesh has become a model state for emulation as regards extension of benefits to the aged, orphans and destitute by providing monetary help through Social Pension Scheme. State Government is providing, a total of 47.89 lakh pensions in the State. In the year 2008-09 an amount of Rs.1390 crores is earmarked for pensions. Under phase-III of **INDIRAMMA**, we want to sanctions the pensions to all the eligible beneficiaries in the remaining one third of the villages, there by attaining a level of saturation in providing pensions. I am very happy to inform that

the provision for pension for artists has been substantially increased from Rs.1.44 crores during this year to Rs.6.44 crores in 2008-09 in order to help many more such artists.

78. The Government has decided to establish orphanages in each Assembly segment in a phased manner to help the destitute and orphans. Rs.22.50 crores is allocated in the Budget 2008-09 for this purpose. Mahatma Gandhi founded Kasturba Gandhi Memorial Trust in memory of his illustrious wife, Smt. Kasturba for promoting women empowerment. We have been fortunate to have a branch of that Trust at Hydershah Kote, in Ranga Reddy district which has been running, among others, an orphanage and a training centre for destitute women and mentally retarded children. We have recently observed Mahatma's 60th death anniversary with the solemnity that the occasion demanded. To mark this occasion, our Government has decided to extend a one time grant of Rs.50 lakhs to Kasturba Gandhi Memorial Trust, Hydershah Kote, as token of our support for their programmes.

79. Government is committed to overall development of handloom weavers. We are providing Health Insurance cover to handloom weavers. We are also providing subsidy for yarn

purchase besides providing money for modernization of handlooms. We are also implementing the scheme for training and infrastructure support for handloom sector and at the same time efforts are being made for revival of dormant societies. An allocation of Rs.34.40 crores is provided as the financial assistance for handloom weavers in the Budget 2008-09. It is also proposed to implement PAVALA VADDI scheme for handloom weavers and an amount of Rs.16.09 crores have been provided for implementation of this scheme in the budget 2008-09.

80. Government is committed for the welfare of the minorities. An amount of Rs.5 crores, is allocated for the repairs to the Mosques and Churches in the Budget 2008-09. It is also proposed to provide an amount of Rs.5 crores for conducting mass marriages for the minorities and an amount of Rs.2 crores for Christian pilgrimage.

81. Our Government is committed to implement Scheduled Tribes and other Traditional Forest Dwellers Act 2006 to ensure legal rights for all the occupants and enjoyment of Scheduled Tribes in the forests. This is a revolutionary measure for ST

population living in the forest areas. An amount of Rs.20 crores is provided in the budget 2008-09 for this purpose.

WOMEN EMPOWERMENT

82. The Government is promoting Self Help Groups of women and their federations as an effective strategy for poverty elimination through a dedicated society called Society for Elimination of Rural Poverty.

83. Bank lending to SHGs has rapidly increased from Rs.197.70 crores in 2001-02 to Rs.3063.87 crores in 2006-07. The target set for Bank loans for 2007-08 is Rs.6527 crores. During the year 2008-09, SHGs in the rural areas will be facilitated to secure a loan of Rs.10,000 crores from the Banks.

84. The major initiative of present Government is introduction of **PAVALAVADDI** incentive to rural poor SHGs, which repay bank loans promptly. Under this scheme an incentive of Rs.172.70 crores is given to 11,61,883 SHGs upto December 2007. An amount of Rs.250 crores is allocated for interest subsidy in the Budget 2008-09.

RURAL DEVELOPMENT

85. In order to improve the internal roads in villages, we have decided to allocate an amount of Rs.992.70 crores in the Budget 2008-09. The Government is committed to provide safe drinking water and promote sanitation in villages. Accordingly, this year the Government has formed a new Secretariat Department called Rural Water Supply and Sanitation Department. It is proposed to cover 5688 habitations to upgrade drinking water supply with an allocation of Rs.840 crores provided in the Budget 2008-09.

86. Government has provided Rs.150 crores for assistance to unanimously elected Gram Panchayats. Further an amount of Rs.381 crores has been allocated for the development of the backward regions under the Backward Regions Grant Fund provided by Govt. of India for taking up developmental schemes in the backward regions.

URBAN DEVELOPMENT

87. Andhra Pradesh is witnessing rapid urbanization in the last two decades and it has become a big challenge 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 recently launched Government of India Scheme, Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Special emphasis has been given on Water Supply and Sewerage, Transport, Integrated development of slums including Housing and Infrastructure Projects, and Solid Waste Management etc,. Under these schemes, **208 projects have been sanctioned so far with an estimated cost of Rs.8,340.20 crores.** We have allotted **Rs.1500 crores for JNNURM** schemes for the coming year.

88. A major initiative of our Government is to make Hyderabad a world class City. Greater Hyderabad Municipal Corporation has been established in April 2007 for achieving integrated growth of civic and economic infrastructure in the suburbs of Hyderabad.

89. Our Government is expediting the construction of Outer Ring Road with an estimated cost of approximately Rs.4000 crores, Elevated Expressway Project with an estimated cost of Rs.600 crores to connect new International Airport and Hyderabad Metro Rail Project spanning over 66 kms on three high density traffic

corridors with an estimated cost of Rs.8,482 crores in order to ease traffic congestion in Hyderabad city. An amount of Rs.150 crores is provided in B.E. 2008-09 to facilitate Metro Rail Project to take up land acquisition and shifting of utilities.

90. Our Government has taken expeditious action for completion of Krishna Drinking Water Supply Scheme Phase II with estimated cost of Rs.1082 crores during 2007, adding 90 MGD of water thereby enabling daily supply of water in the area of Greater Hyderabad Municipal Corporation.

91. Our Government has given top priority to provide protected drinking water in all the Urban Local Bodies by strengthening the existing infrastructure and service levels. It is our endeavour to increase average water supply to 158 LPCD by 2009-10. Further, to improve the infrastructure in Local Bodies, an amount of Rs.200 crores is provided for taking up internal roads in Urban Local Bodies.

92. Taking a cue from the success of Indira Kranthi Padham in Self-Help Group strategy in rural area, our Government has launched a new programme called IKP-Urban. It is programmed to

organize One lakh group of poor women in slums and provide credit to them through bank linkage, to help them to achieve better quality of life and enabling them to get out of poverty. An amount of Rs.5 crores has been provided for **Pavala Vaddi** in urban areas.

93. We have increased the allocation to Municipal Administration and Urban Development Department to Rs.3136 crores for 2008-09 from Rs.1843 crores provided in 2007-08 under Plan Budget and it reflects our commitment to provide better amenities to the public in urban areas.

ACCOUNTS 2006-07

94. The final accounts of 2006-07, show revenue surplus of Rs.2,807 crores. After taking into account the transactions on capital as well as public debt and public account, the year closed with a negative balance of Rs.281 crores.

REVISED ESTIMATES 2007-08

95. Transactions as per the revised estimates of 2007-08, indicate a revenue surplus of Rs.451 crores against the budgeted

revenue deficit of Rs.36 crores. The overall transactions of the year are estimated to result in a net surplus of Rs.267 crores. After taking into account the opening negative balance of Rs.281 crores the year-end balance is estimated to be negative Rs.14 crores.

BUDGET ESTIMATES 2008-09

96. For the financial year 2008-09, it is programmed for an expenditure of Rs.51,885 crores under non-plan and Rs.48,551 crores under Plan. This will result in a revenue surplus of Rs.709 crores, which would be 0.2 percent of GSDP. The fiscal deficit is estimated to be Rs.9,657 crores, which would be 2.82 percent of GSDP. After taking into account the overall transactions of the year, we will have a net surplus of Rs.134 crores. The financial year 2008-09 is expected to end with a cash balance of Rs.120 crores.

97. Sir, with these words, I now commend the Budget to the House for approval.

// JAI HIND //