

Andhra Pradesh Legislative Assembly

June 18, 2019

ANDHRA PRADESH LEGISLATIVE ASSEMBLY

The Andhra Pradesh Assembly expresses serious concern about the distressing situation prevailing in the State of Andhra Pradesh. The Assembly affirms that the erstwhile State of Andhra Pradesh was bifurcated in unjust and inequitable manner against the wishes of majority of the people. The fact that bifurcation would cause serious economic and financial hardships and unjust balance from jobs perspective to the successor State of Andhra Pradesh was completely ignored at the time of bifurcation. Andhra Pradesh inherited nearly 59% of the population, debt, and liabilities of the erstwhile Andhra Pradesh, but only 47% of the revenues. The Fourteenth Finance Commission estimated that post devolution revenue deficit for Andhra Pradesh for the five-year period 2015-20 would be Rs. 22,113 crores and for the same period the Telangana State would have a post-devolution revenue surplus of Rs. 1,18,678 crores. The Assembly is deeply concerned that the revenue deficit for the past five-year period reached a whopping Rs. 66,362 crores, which is three times the amount estimated by the Finance Commission.

The Assembly is aware of the fact that Hyderabad emerged during the last several decades as a super economic power house, as is the case with several other capital cities in the country. Of the Rs. 57,000 crores of Software exports from Andhra Pradesh for the year 2013-14, Hyderabad city alone accounted for Rs. 56,500 crores. The present State of Andhra has essentially remained an agrarian State, with low economic buoyancy. The per capita revenue for 2015-16 financial year of Telangana stood at Rs. 14,411, whereas the same for Andhra Pradesh was Rs. 8,397.

The Assembly recalls that the Parliament assured the nation, especially the people of Andhra Pradesh, that it would be granted Special Category Status for a five-year period as a precondition to bifurcation and the residuary state would be

adequately compensated through a number of development interventions, investments, and direct financial assistance to mitigate the economic hardships.

The Assembly expresses its disappointment that the promises made in the Parliament by the ruling as well as the opposition parties while bifurcating the state have remained unfulfilled leading to great financial and social distress in the State. The debt of the residuary state which was Rs 97,000 crores at the time of bifurcation has reached a whopping Rs. 2,58,928 crores by the end of 2018-19. The House expresses concern that the interest on the debt alone is projected to be over Rs. 20,000 crores per annum, in addition to the repayment of principal to the tune of another Rs. 20,000 crores. Further, there are huge contingent liabilities in the form of guarantees given for loans availed by the State Government entities. The Assembly is concerned that the employment generating potential has dropped so drastically that our children are leaving the state scouting for jobs.

The Assembly recognises that the grant of Special Category Status would mean higher grants-in-aid to the State Government; the per capita grants to the Special Category States is Rs 5,573, whereas Andhra Pradesh received only Rs 3,428. The grant of Special Category Status assumes significance because states that have special status alone enjoy special industrial incentives such as Income Tax exemption, exemptions pertaining to GST, other concessions, etc. The Assembly reiterates that such special incentives are vital for our agrarian state, as it would enable rapid industrialisation leading to improved employment opportunities for the youth and overall development of the State.

The Assembly urges that the State requires super speciality hospitals, five-star hotels, manufacturing industries, high-value service industries such as IT, premier institutions of higher education and research to transform the economic architecture of the State, which is possible only with Special Category Status.

The Assembly has also noted that one of the ostensible reasons for not granting special category status to Andhra Pradesh was the recommendations of the Fourteenth Finance Commission. This House is aware that distinguished member of the 14th Finance Commission, Professor Abhijit Sen explicitly stated that, “the 14th Finance Commission did not recommend the abolition of Special Category Status’.

The Assembly has noted the fact that the Union Cabinet, which met on March 02, 2014 had resolved to accord SCS to Andhra Pradesh and instructed the then Planning Commission to take expeditious action to implement the decision. The Assembly expresses its concern that due to lack of persuasion, the issue remained without any action in the Planning Commission until its abolition on January 01, 2015 when NITI Ayog came in to existence.

The Assembly expresses its firm opinion that there are no impediments whatsoever to conferring SCS on Andhra Pradesh.

The Assembly has noted the fact that in the history of this country no other state was bifurcated with a pre-condition that special category status would be accorded to compensate the economic and financial hardships such bifurcation would entail, which was supported by both ruling and opposition parties that had representatives from all the states.

The Assembly reiterates that this was also the first time that the state demanding bifurcation took away the capital city that contributed significant revenues, while the residuary state was denied the capital city.

The Assembly reaffirms that grant of Special Category Status is an essential imperative to compensate the State for the economic and financial deprivation and help launch it on the path of development trajectory.

Considering that Special Category Status is the Essential Lifeline for Andhra Pradesh, the Andhra Pradesh Assembly Resolves to request Government of India to confer Special Category Status on the State, with all attendant financial benefits and industrial incentives without further delay. The Assembly also resolves to request the Central Government to fulfil all the provisions and assurances relating to the Andhra Pradesh Reorganisation Act 2014 in letter and spirit.