

Statement made by Hon'ble Chief Minister Sri. Nara Chandrababu Naidu on the Union Cabinet decision to give 100% assistance to Polavaram irrigation project and approval to the special assistance measure that is equal to the benefits that would accrue to the state under special category status:

1. The successor state of Andhra Pradesh inherited several problems like lack of capital city, primary sector dominated economy, lack of urbanisation, conflicts over sharing of river waters, servicing of power-sector debt, substantial revenue deficit, inadequate infrastructure, industries and educational facilities, apportionment of assets and liabilities of institutions included in the IX and X Schedules of the Act, allocation of government staff and such other issues directly related to the Reorganisation Act. The new state is uniquely positioned and affected by frequent cyclones and drought.

2. The A.P. Reorganization Act, 2014 contained some provisions for the development of new state but many of them were ambiguous and without having any definite time line. The Polavaram project could not be visualised without having the contiguous seven mandals in the new state and full financial support from the central government. The central institutions promised in the Act and the assurances made by the central government did not have any road map for implementation and severe resource gap hampered the government functioning. The major issues are:

- (i) Special Category Status;
- (ii) Grant for bridging the Resource Gap relating to 2014-15 financial year;
- (iii) Polavaram National Irrigation Project;
- (iv) Financial Assistance to the new capital city, Amaravati;
- (v) Incentives for Industrial Development;
- (vi) Special Development Assistance for development of Rayalaseema & North Coastal Districts;
- (vii) Issues relating to the Companies, Corporations and Institutions included in the Schedule IX and X of the Act;
- (viii) Schedule XIII – Investments for Economic Progress & Railway Zone at Visakhapatnam;
- (ix) Krishna and Godavari River Boards' Management
- (x) Delimitation of Constituencies;

3. It is pertinent to recall that only due to the efforts of our state government, seven mandals needed for making Polavaram project a reality, could be merged with new state of Andhra Pradesh through ordinance after decision in the first meeting of Union Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi. Further, due to relentless efforts made by the state government, some of the above issues could be resolved to certain extent by convincing the union government. The resource assistance to bridge the budget

gap, the grounding of several central educational institutions and other support extended has given timely boost to the state's economy. However, the major issues remain unresolved are Special Category Status to the State of Andhra Pradesh and funding of Polavaram Project.

4. The 14th Finance Commission did not make any distinction between Special category and non-special category states. The Govt. Of India while assuring to extend all benefits that would accrue to the state under special category status through special assistance measure took the stand that *“ following the recommendations of the 14th Finance Commission, the class of special category states ceases to exist. However, the central government has agreed to give a special assistance measure for Govt. Of Andhra Pradesh for five years, which would make up for the additional central share the state might have received during these years, i.e., 2015-16 to 2019-20, as envisaged in the then Prime Minister's statement dated 20.2.2014. This will be in the form of Central Government funding for externally aided projects for the state for Andhra Pradesh signed and disbursed during these years”*.

5. The assurance of the Govt. Of India, regarding Polavaram Project is : “The Central Government will fund the Polavaram Irrigation Project in the following manner: It will provide 100% of the remaining cost of irrigation component only of the project for the period starting from 1.4.2014, to the extent of the cost of irrigation component on that date”.

6. In view of the recommendations of Fourteenth Finance Commission and NITI AYOg, the Government of India extended special assistance measure in lieu of Special Category Status measure as announced by Union Finance minister Sri Arun Jaitley. The state government has welcomed the action of Govt. Of India but insisted that these assurance be made legally binding so as to protect the interests of the people of Andhra Pradesh.

7. The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval for the special assistance measure for the state of Andhra Pradesh by way of special dispensation in funding of Externally Aided Projects (EAPs) and funding of Irrigation component of Polavaram Project.

8. On behalf of Government and people of Andhra Pradesh, we thank Hon'ble Prime Minister Shri Narendra Modi ji for the support extended by the Government of India. We also thank Shri Arun Jaitley, Finance Minister and Shri Venkayya Naidu, Smt Uma Bharati and Smt Nirmala Seetharaman for their unstinted support. We wish to place our appreciation for the efforts of Shri Ashok Gajapathi Raju and Shri Y.S. Chowdary.

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CHIEF MINISTER