

“The woods are lovely, dark and deep,
But I have promises to keep,
And miles to go before I sleep,
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- Robert Frost

Telangana, the youngest State in the Union of India, was the result of a prolonged struggle, actively participated by the people cutting across all sections, for a new life of hopes and aspirations. The genesis of the movement can be traced to a deliberate neglect of Telangana in the combined State of Andhra Pradesh, in most areas such as, water resources, finance and employment opportunities, popularly known as, “*Neellu, Nidbulu, Niyaamakaalu.*”

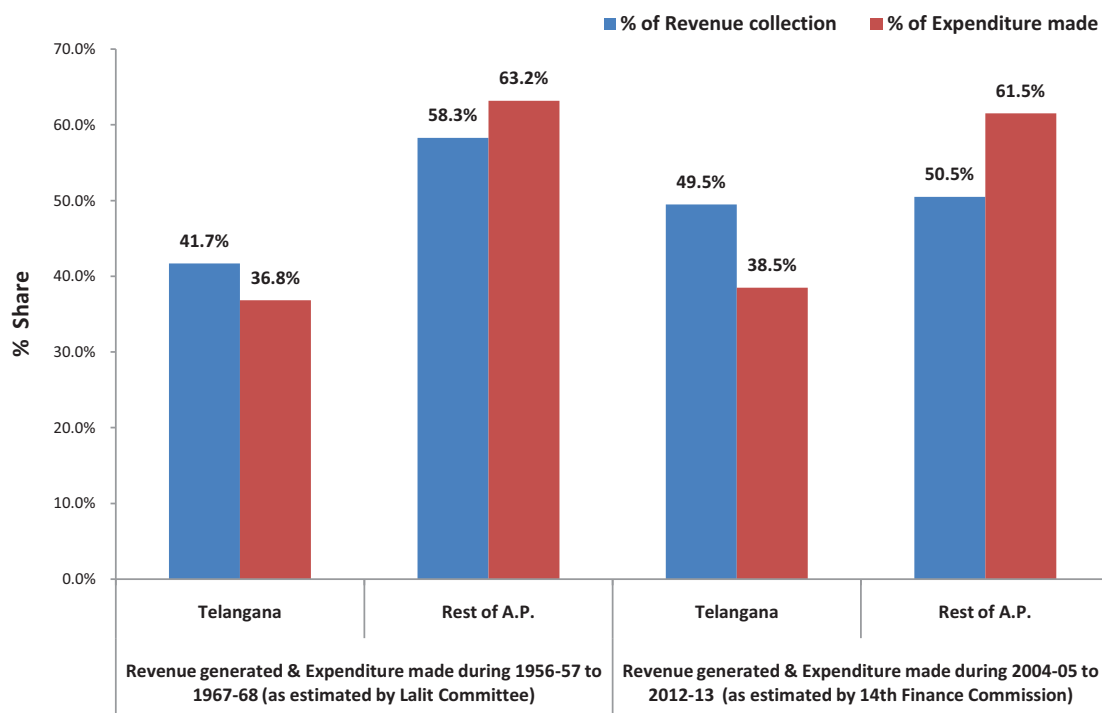
I. The Legacy of Neglect

The assessment of past expenditure has clearly established the fact that there has been significant under-spending in Telangana, relative to its revenue generation. As per the report of the Lalit Committee appointed by the Government of India in 1969, the overall budgetary surplus of Telangana during 1956 to 1969, was about Rs. 85.83 crore, though the present value of this is much more in terms of economic loss along with loss of several direct and indirect benefits in terms of income, employment and public revenues. This report was analysed by the noted economist Prof. CH. Hanumantha Rao in his book entitled, *Regional Disparities, Smaller States and Statehood for Telangana*, to quantify the neglect of Telangana area during this period.

Based on the district-wise revenue receipts and expenditure during the years 2004-05 to 2012-13, the Fourteenth Finance Commission came to a broad conclusion that Telangana districts accounted for 49.5 percent of resources raised by the combined State of Andhra Pradesh, of which only 38.5 percent of the revenue was spent in Telangana area. The districts of Andhra and Rayalseema regions accounted for 50.5 percent of revenues and 61.5 percent of total revenue expenditure of the combined State. Thus, surplus revenue in Telangana was entirely on account of deliberate neglect and under-spending in relation to revenue

collections and developmental needs and not on account of the higher revenue potential. Transfer of surplus budgetary resources continued all through the 58 years from 1956 to 2014 (see Figure 1.1), causing low public investment in socio-economic development, resulting in inheritance of a lopsided economy.

Figure 1.1: Diversion of Budgetary Surpluses of Telangana in Combined A.P.



II. Vision of the Government: Building a ‘Bangaru Telangana’

The key challenge for the Telangana State was to overcome this legacy of deliberate neglect and to create an enabling political, social, and economic environment, which promotes investment, growth and human development. The formation of the State is a golden opportunity to undo many of the disoriented policies and to introduce reforms for a participatory, accountable, and a development oriented governance structure. The vision of the present Government is not only to undo the past neglect, but also to build a ‘Bangaru (Golden) Telangana’, which is inclusive and forward-looking.

In last twenty-one months, the Government of Telangana, has taken formidable steps to undo the historic wrongs meted out to the State by reorienting the existing policies and laying out a way forward for building a ‘Bangaru Telangana’. The challenge for building ‘Bangaru Telangana’ was summed up in the following words of the Hon’ble Chief Minister: “The major challenge before the State Government is not only to regain the growth momentum but also make it inclusive. I firmly believe that growth has no meaning and even legitimacy if the deprived sections of the society are left behind...The initiatives taken by the Government since the formation of the State in June this year have entirely been guided by these compelling imperatives” (speech before 14th Finance Commission, 2014).

Initiatives taken by the Government so far, for achieving the vision of ‘Bangaru Telangana’, can be broadly grouped into three categories: (i) measures to accelerate economic growth, (ii) improving infrastructure facilities, (iii) programmes targeting social welfare and inclusive growth.

Measures to Accelerate Economic Growth

It's a matter of pride for the people of Telangana that within a year and nine months, Telangana's economy has turned around and is on a high growth trajectory, mainly due to initiatives taken by the Government. Telangana is among the fastest growing States in India by registering a growth of 11.7 percent, at current prices, as against national average of 8.6 percent in 2015-16 (Advanced Estimates). The State economy is expected to grow at 9.2 percent at constant (2011-12) prices, as against national average of 7.6 percent during the same period.

A stable and high growth in agriculture sector is essential for uplifting the standard of living of rural population. However, one of the worrying features of the recent growth experience has been that of the deceleration in agriculture growth. Agriculture sector has been experiencing negative growth in the last two years, on account of consecutive drought and structural rigidity. In other words, more than half of the State's population is experiencing reduced income. Keeping the drought conditions in mind, Government has prepared an Action Plan for mitigating adverse impact of drought through provision of input subsidy, augmenting fodder availability, livelihood assistance etc.

Government also realises that there is an increased need for a second green revolution in order to overcome the structural rigidities in agriculture sector and to make farming more remunerative. This, for instance, needs farmers to diversify towards production of non-cereals, protein-rich food products such as milk, egg, etc. In this direction, Government of Telangana has given a lot of emphasis on horticulture and animal husbandry. Telangana is a significant contributor in production of horticultural crops such as, mango, red-chilli, turmeric, vegetables etc., and production of milk and poultry products. In order to boost growth in these sectors, Government launched five major schemes (i) micro-irrigation (ii) green houses/polyhouses scheme, (iii) farm mechanisation (iv) Rs. 4 subsidy per litre milk to dairy farmers, and (v) power subsidy to poultry farmers.

Irrigation is a critical determinant of agriculture productivity, especially in times of drought. In order to increase irrigated agriculture, Government has taken two major initiatives: (i) launching of 'Mission Kakatiya' to repair and revive the existing tanks to their full potential, and (ii) according high priority to complete all major irrigation projects to utilise State's water share from major rivers, duly modifying the design wherever necessary, to suit the State's needs. Mission Kakatiya is another flagship programme of the Government, under which over 45,000 water bodies are planned to be rejuvenated in a phased manner. In the phase I of this Mission over 8200 tanks were taken up for restoration and the work has already been completed on more than 6000 tanks. Now works will be taken up on 9000 tanks under Phase-II.

Accelerating the growth of industrial and services sectors, is vital for employment generation, especially for youth. Higher growth rate in industrial and services sectors, is possible only through attracting new investments into the State. In this direction, Government enacted 'the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS)' for speedy processing of applications for issuing various clearances without hassle at a single point and for creating a business-friendly environment in the State. Apart from this, Government of Telangana started various incentives for encouraging new entrepreneurship.

Telangana is one the major exporter of Information Technology enabled services in the country. Hyderabad has become a premier global destination for IT and ITeS. Proactive initiatives are being taken by the Government to create state-of-the-art physical infrastructure for the growth of the IT Sector in the State.

In order to expand IT industry in other cities, Government has identified Warangal as Tier-2 IT hub and is providing suitable infrastructure facilities. Government has launched the T-Hub for developing Hyderabad as a start-up city and Telangana as a Start-Up State.

Improving Infrastructural Facilities

Infrastructure contributes to economic development both by increasing productivity and by providing amenities that enhance the quality of life. Investment in infrastructure is essential to place the State on a higher growth path. As very large volumes of resources are required, there is need for prioritisation of infrastructure. Accordingly, the Government is putting efforts in improving infrastructure in irrigation, electricity, and roads. In electricity sector, State Government is targeting to provide at least, 9 hours of power supply for agricultural purpose and uninterrupted power supply for industrial and domestic consumption. To meet these targets, Government has commissioned six new power projects with the target of producing additional 6840 MWs of power. Despite inheriting huge deficit the Government in power sector, could ensure a regime of uninterrupted and quality availability of power throughout 2015-16. This turnaround of Telangana Energy sector and significant improvement in power situation in the State, has been one of the greatest success stories. In this regard, Government has undertaken an ambitious programme to add additional capacity, including solar power to take the total installed capacity in the State to 23,912 MWs in coming three years, to be not only completely self reliant, but also to meet the growing requirements of the upcoming robust industrial sector in the State. A total financial closure to the tune of Rs.91,500 crore, has already been achieved for State generating unit TSGENCO, Singareni Collieries Co Ltd, NTPC and Solar generating units.

A well-connected road network is essential for easy movement of goods and passengers. Major programmes undertaken by the Government in road sector include: (i) improving connectivity between Mandal headquarters with District headquarters by widening roads from single lane to double lane, (ii) major district roads, State highways, core road network are being widened from single lane to double lane road to cater to the increased traffic. This would cover a total road length of over 15,000 kms, including 358 new bridges.

Programmes Targeted towards Social Welfare and Inclusive Growth

Government has accorded high priority to uplift the weaker sections of the society and to bring them on par with the mainstream through a multi-pronged approach. Some of the initiatives under taken in this regard include, (i) emphasis on health and education for Human Resource Development, (ii) Programmes supporting vulnerable sections of our population such as old-age, destitute, etc. and (iii) social welfare programmes targeting economically and socially weaker sections.

It is an irony that while Telangana State has made some important strides by achieving high economic growth and prosperity, performance in health and education sector is rather poor. Social sector indicators such as literacy rate, male-female literacy gap, IMR, MMR are still a cause of concern, especially in some of the districts. It has been recognised that economic progress without social progress is unsustainable in the long-run. Therefore, it is imperative that we make efforts to improve our social indicators. In this direction, the Government has been implementing several schemes in health and education sectors. Government is committed to strengthen, stabilize and consolidate the existing health care facilities by providing the required manpower, equipment and medicines, so as to restore the faith of the public in the Government hospitals.

Government has initiated several steps to reduce the Infant Mortality Rate (IMR) in the State. IMR in Telangana has now come down from 39 to 28 per 1000 live births, as against the national average of 40, which is a significant achievement after the formation of the State.

Enactment of the National Food Security Act has changed the food distribution scenario in the State, apart from improving the nutritional levels. The Act seeks to make the right to food a legal entitlement by providing subsidised food grains. In addition to the mandated coverage under the Act, State Government increased the coverage by relaxing eligibility criteria and providing additional rice at a cheaper rate. Every eligible person is provided with 6 kgs. of rice per month without any ceiling for a family. Government is also providing “Sanna Biyyam” (fine rice) to the students at all social welfare hostels and under Mid-Day meal scheme in the schools, which is now proposed to be extended to college students also.

Government has launched a massive drinking water supply scheme, “Mission Bhagheeratha”, with a vision to provide tapped water connection to each and every household in all habitations. This pioneering scheme has been commended by the Government of India for other States to emulate. Rural development with public participation has become the focus of the Government. Grama Jyothi scheme is aimed at empowering Gram Panchayats for the holistic development of the Panchayats in the spirit of 73rd Constitutional Amendment. Telangana Pale Pragathi, focuses on improving livelihood opportunities of poor rural households through intervention in five focal areas.

Government has been providing Aasara Pensions to protect the most vulnerable sections of the society in particular, the old and infirm, physically challenged persons, people with HIV-AIDS, widows, incapacitated weavers and toddy tappers (32.18 lakh). Government is also providing monthly financial assistance to Beedi workers (3.53 lakh). These schemes have been a great support to the families in providing social security to meet minimum needs of a dignified life.

In achieving the objective of dignified and secured life to the poor, the Government has introduced 2BHK housing scheme for homeless families in rural and urban areas, discarding the earlier model of single room houses. According to the new scheme, each house will have two bedrooms, kitchen, hall and two bath-cum-toilets. For the first time in the country, such a unique housing programme has been conceived, symbolizing the concern of my Government for the poor to live with dignity.

‘Kalyana Lakshmi’ and ‘Shaadi Mubaarak’ Schemes are the most popular and successful flagship programmes launched by the Government, to provide one-time financial assistance of Rs. 51,000 to brides’ family hailing from economically backward SCs, STs, and Minority families to alleviate financial distress at the time of the marriage. T-PRIDE Scheme was launched to develop entrepreneurship among SCs and STs. Government launched Land Purchase Scheme in the State to provide livelihood opportunities to the poor agricultural families belonging to Scheduled Castes community.

Outlook

Since the formation of the State, the Government of Telangana has taken bold initiatives to revive the economic growth by providing an enabling business environment and appropriate physical infrastructural facilities in the State. While these initiatives have led to transition of the State economy into a sustained and higher growth trajectory in a short span of time, fluctuations in agriculture sector has been a area concern.

Government is committed to revive the agriculture sector that is vital for inclusive growth and towards to that end launched various schemes to make agriculture a remunerative activity for people depending on it. An immediate action plan is prepared and being implemented for mitigating the adverse impact of drought conditions in the State. Renewed focus is being given to social sector for uplifting the social and economic conditions of downtrodden and vulnerable sections of our society.

The Socio-Economic Outlook-2016, third such publication after formation of the State, highlights major policy initiatives taken by the present Government in the last one year and nine months and status of implementation. The report is divided into following four broad Sections. Section-I: Reinventing Telangana: The Way Forward, and Macroeconomic trends, Section-II: Sectoral analysis of agriculture, industry, services sectors, Section-III: Human Development Index and Status of MDG & Sustainable Development Goals, Section IV: Statistical Profile of Telangana State.



Thousand Pillar Temple, Warangal