



Confederation of  
Indian Industry



# ANDHRA PRADESH

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# VISION 2025

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**VISION**

*2025*



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# Andhra Pradesh Vision 2025

## **Background**

Andhra Pradesh was formed on 1st November, 1956. It is the fifth largest State with an area of 2,76,754 sq. km, accounting for 8.4 % of India's territory. The State has the longest coastline (972 km) among all the States in India.

Historically, the earliest mention of the Andhras appeared in the Aitareya Brahmana (B.C.800). It was called Dakshina Padh during those days. Megasthenese, who visited the Court of Chandragupta Maurya (B.C.322 - 297), mentioned that the Andhra country had 30 fortified towns and an army of 1,00,000 infantry, 2,000 cavalry and 1,000 elephants. Buddhist books reveal that the Andhras established their kingdoms on the Godavari belt at that time. Asoka referred in his 13th rock edict to the Andhras. Telugu is the official language and Nannaya's (1022--1063) translation of the Sanskrit Mahabharata is the earliest piece of Telugu literature as yet discovered. The diction is so masterly that historians think that there must have been earlier works in Telugu [1].

Some of the notable aspects of the State, both historical and modern, include:

- A rich cultural, religious and literary tradition with major contributions to Carnatic Music, where Telugu became the preferred language<sup>1</sup> for composing classical music in South India and to Classical dance through Kuchipudi. The State has also had a large number of eminent poets right from Nannaya to the modern times.

1 It (Telugu) is peculiarly smooth and elegant in its sound, and the poets have cautiously preserved its euphony. Hence Europeans have called it the Italian of India. C.P. Brown

The 17th century was the golden age of Urdu, with poets like Mohammed Quli, Mulla Wajhi, and Sheikh Ahmed contributing to the literature. Some of the prominent religious towns and temples include Tirupati, Annavaram, Bhadrachalam, Basara, Ahobilam, Srisailam, Mantralayam and Kalahasti.

- Administrative excellence, which for instance, was seen during the Kakatiya and the Vijayanagar dynasties.
- Some of the country's leading educational Institutions like CCMB, ICRISAT, ISB, IIIT, University of Hyderabad and NIT, Warangal are located in Andhra Pradesh.
- A strong base in Information Technology with perhaps the largest pool of trained software professionals in the country.
- It ranks 2nd in the country in mineral wealth and has good hydro-electric potential, some which has been tapped. It has about one third of India's limestone, at about 30 billion tonnes. The state ranks first nationwide in hydro electricity generation with national market share of over 11% [2].
- Recent discoveries of abundant natural gas off the coast near the Godavari basin
- Compared to most States, Andhra Pradesh has a good quality road network, rail connectivity (except for some tribal regions), sea ports and air connectivity. However, given the growing aspirations of people, this needs to be further built up.

APs' performance on various indicators can be seen in the Table below.

Table 1: AP on different dimensions of development				
	Parameter	Score	Rank	Source
	Human Development Index (2001)	0.416	10 (out of 15 major states)	GOI (2001)
2	Infant Mortality rate (2002)	62	9 (out of 15 major states)	GOI (2001)
3	Life expectancy at birth (2003)	63.9	9 (out of 15 major states)	GOI (2001)
4	Literacy rate (2001)	60.5	12 (out of 15 major states)	GOI (2001)
5	Primary Education Index	2.37 (out of 5)	11 (out of 15 major states)	GOI (2001)
6	Population below poverty line (1999-2000)	15.77%	6 (out of 15 major states)	GOI (2001)
7	Per capita GSDP (2001-02)	-	8 (out of 15 major states)	GOI (2001)
8	Infrastructure Index	2.2	11 (out of 20 major states)	India Today, August 2005
9	Best State to Live in	-	11 (out of 20 major states)	India Today, August 2005

The Table shows that while there have been significant achievements, some challenges remain. Except in the percentage of people below the poverty line, where Andhra Pradesh ranks 6 out of the 15 major States in India and perhaps per capita income, it is below average on the other indicators. There have been some debates on the poverty measurements, and alternate estimates put the percent of people below the poverty line closer to the all India average of around 26%. There are regional variations as well. For instance, Infant Mortality Rate (IMR) varied from 22 in Hyderabad to 99 in Vizianagaram in 1991.



The next Table shows the economic performance of Andhra Pradesh in brief:

**Gross State Domestic Product of Andhra Pradesh at Current Prices** (various years)

Item	State Income (Crore Rs.)	Primary Sector (Crore Rs.)	Secondary Sector (Crore Rs.)	Tertiary Sector (Crore Rs.)	Per Capita Income (Rs.)
1960-61	983	578	126	279	275
1970-71	2523	1442	339	742	585
1980-81	7324	3414	1217	2693	1380
1990-91	29867	10887	6570	12410	4531
1999-00	129403	40718	27612	61073	15507
2005-06 (Q)	232330	67273	49201	115856	26211
2006-07 (UA)	264230	72706	57285	134239	29498

Q: Quick; UA: Updated Advance

**Source:** State Domestic Product of Andhra Pradesh, Directorate of Economics and Statistics, Government of Andhra Pradesh, Hyderabad

However, recently the performance has been very good. Andhra Pradesh achieved a record growth rate of 10.37 per cent. This is 1.57 per cent higher than that of the previous year. According to data released by the Central Statistical Organization, Andhra Pradesh has crossed the national average growth rate of 8.73 per cent. For the first time in its history, Andhra Pradesh has achieved double-digit growth. Industrial investments in the state rose to Rs.12,350 crores during the last three and half years up to 2006-07, generating additional employment to 172,616 persons, as against an investment of Rs.4,524 crores during 2001-04. According to a Reserve Bank of India report released in August, 2007, Andhra Pradesh ranked second among the states in the country for total investment intentions for 2006-07, next only to Gujarat.

The industrial sector grew at 9.88 per cent as against 8.90 per cent at the national level. The service sector grew at 11.5 per cent as against 10.73 per cent at the national level. Presently the per capita income of the

country is Rs 33,131. But Andhra Pradesh recorded a per capita income of Rs 33,970[3].

Agriculture, a traditional area of strength, recorded a growth rate of 8.38 per cent as against the national average of 2.59 per cent. This offset the below average growth rates in the last decade.

Performance in the social sector has lagged behind resulting in poor quality of services in health and education.

The amount of total foreign direct investment between 1991 and 2002 was Rs. 13092 crores. Andhra Pradesh attracted FDI equivalent to \$138 million recently and entered the list of top 5 States in India.

Transparency India ranks Andhra Pradesh as the 4th best State in terms of corruption perception [4]. Perhaps the largest number of students studying in elite Institutions like the IITs and IIIT are from Andhra Pradesh. IT exports reached Rs.19,000 million in 2006 - 2007 and ranked fourth in India. The service sector of the state already accounts for 43% of the GSDP and employs 20% of the work force [5].

Andhra Pradesh is thus poised to make significant progress on various fronts. The people of Andhra Pradesh are enthusiastic about moving ahead as reflected in the vision that emerged from this study. In particular the younger generation is eager to make progress and is upbeat about the future. They are also interested in contributing to the development of the State.

## **Andhra Pradesh Vision 2025**

The vision that emerged was holistic and inclusive. It embraced economics, society, culture, environment and good governance. It also made special efforts to address the issues of poverty and human development, regional imbalances and eliminating discrimination based on gender, caste or religion. There was a strong consensus on universal primary education, inclusive growth, sustainability in development, and ensuring that the fruits of development spread to all the Districts. The following vision therefore emerged.

### **In 2025, Andhra Pradesh will:**

- 1 Be a leader in human development and in quality of life**
- 2 Ensure that growth is inclusive and sustainable, while being sensitive to environmental issues**
- 3 Provide employment opportunities for all**
- 4 Be a leader in all aspects of education**
- 5 Have world class infrastructure meeting the needs of both the urban and rural areas**
- 6 Provide good governance, meeting the aspirations of the people**
- 7 Maintain and enrich its cultural traditions and values**

People everywhere believe that quality of life, very broadly defined, is an essential part of development. This includes provision of basic essential services like education, health, water, sanitation, housing, law and order, safety, security and elimination of all forms of discrimination. At the same time, they wish to create something that the people of the State can be proud of. These include making a mark in higher education, industry, particularly, IT and bio-technology, re-capturing AP's eminence in agriculture but in a modern way, developing world class infrastructure, and at least one world class University.

On the human development front, we need to make sure that poverty is substantially reduced or eliminated and that there is focus on the development of the backward regions of the State. There was concern about the widespread grievances in some parts of the State and about violent forms of extremism. Unless these issues are addressed, development would lag behind. A more widespread diffusion of the benefits of development would not only address these issues, but also reduce the pressure on the urban areas due to migration from rural areas.

Education and health also emerged as two major areas where there was a complete consensus. People said all the children of Andhra Pradesh should be educated at least until the primary level and preferably until Class 10. They also felt there should be greater emphasis on vocational training including in ITIs and polytechnics. Higher education in general should not only be on par with the best in the country, but amongst the best in the world.

Industrial growth needs to be strengthened and be more widespread in different parts of the State. That would require more innovative and creative policy measures and development of infrastructure like roads, power, transport (including rail and air), education, irrigation, communication and IT in all the districts. At the same time, the people were concerned about environmental degradation and pollution and wanted to ensure that industrial growth does not lead to a worsening of the situation.

Closely linked to industrial growth is the power sector. While Andhra Pradesh has done well in terms of power sector reforms, unbundling the electricity sector and slight reduction in the industrial power tariff, efforts need to continue to match the supply of power with the growing demand going forward. Generating power supply more than the

demand is the current challenge. However, with the recent gas find and number of projects on the anvil the state should be able to meet the challenge.

Agriculture growth is also needed. This requires fairly large investments that will generate long term benefits in terms of productivity and value addition. The net area sown has remained steady at about 11 million hectares. The area under irrigation has grown since 1956, but was about 4.29 million hectares in 1999-2000 [6]. This means that 61% of the land is still not irrigated. Most of these areas are in the more backward regions of the State, particularly in Telengana and Rayalaseema. All suitable forms of irrigation, including river, canal, tank and farm ponds need to be explored. In addition to irrigation, land development, particularly for the small and marginal farmers can be taken up, perhaps under the NREGA. This might prevent misuse of this scheme. Rural food processing also needs to be taken up in a major way through the private sector and through farmer organizations and/or self help groups and MACS Societies. There is an urgent need to implement a PFP ( Public Private Farmer Partnership ) model, where the farmers and their independent organizations become the foci of all such activities. Their genuine involvement would ensure that only those activities actually beneficial to the farmer are initiated. Irrelevant, badly designed and rent seeking activities would lessen.

People also want to see preservation and encouragement to Andhra's rich cultural heritage in arts, craft, music, dance and literature. The vision embraces inclusive growth and development but does not wish to lose hold of the best aspects of AP's culture and values.

## **How to Achieve this Vision**

Achieving the vision requires participation of all major stakeholders including the Government, Industry and Commerce, farmers, labour, NGOs, civil society and the media. We discuss the role of these stakeholders next.

### **Role of Government**

The general consensus was that Government should focus on essential services, infrastructure, law and order, and policy issues. Economic activities should be left to the private sector, people's organizations, MACS Societies, self help groups and other actors outside the Government. Better tax collection, efficient utilization of resources, proper implementation of various schemes and projects would go a long way in achieving the vision. Some of the recent important initiatives include Arogyashree in health, Jalayagnam for water, Swagruha scheme for rural housing, Indira Kanti Patham on poverty reduction (earlier called Velugu). Wherever required, better implementation of these and other schemes should be taken up. The Centrally sponsored National Rural Employment Guarantee Act (NREGA), while doing well compared to several other States, needs more attention as it is scaled up to all the districts in Andhra Pradesh. Various task forces and committees have been constituted by the Government in the recent past. For instance, in 2002 an expert committee for revival of Urban Cooperative Banks was set up. Later a Committee on Land was set up in 2005. Many of them contain valuable advice and proper implementation of these reports is required.

Some initiatives that are consistent with the Vision 2025 for Andhra Pradesh are as follows:

## **Agriculture and agro-processing**

As mentioned earlier, the Government needs to invest in agriculture, including R & D / Extension and more specifically on irrigation of all types, appropriate farm mechanization and land development. In addition, the food processing industry needs to be supported and encouraged, particularly in rural areas. A policy that encourages setting up such industries (e.g., oil mills, cotton ginning, food grain processing, fruit and vegetable processing, dairy, fisheries, meat processing etc.) in rural areas is required. In some other states, red tape for various permissions have been eliminated, requirements for permissions waived, and taxes on food processing have been removed. The Andhra Pradesh Government has taken some initiatives, and has also put in place some schemes for subsidies, but there are still some lacunae at the field level.

- 1 In particular, in backward regions, all taxes on such agro-industries should be waived. Apart from the economic incentive, it breaks the cycle of petty corruption and tax evasion without hurting Government revenues significantly.
- 2 The practice of charging agricultural market cess should also be done away with, and free sale of agricultural produce permitted. APMC act needs to be further liberalized to facilitate direct procurement without market cess as the market facilities are anyway not used in such transactions.
- 3 The Swaminathan Committee has recommended MSP for coarse grains and millets. Currently the focus of government incentives in agriculture is largely for irrigated crops like rice. The rain fed crops, including pulses and oilseeds also need more attention. The Andhra Pradesh Government should go beyond that and

- start procurement of these commodities for distribution through the Public Distribution System (PDS). It will give a boost to these commodities, improve food security as the poorer sections go back from cash crops to food crops due to better returns, and also improve PDS as grain movement will be more local. It will also reduce the subsidy burden on the Government.
- 4 In line with the ecologically sensitive vision, the Government should provide the same incentives for organic agriculture that it provides for chemical based agriculture. At the same time, it should promote organic food with the consumers (market) rather than with the producers. Market development requires long term investment and the Government can play a significant role.
  - 5 The financial sector also needs to support the agro-industries. These typically require relatively low capital investment but need high working capital. Though there are some incentives in place for capital investments, obtaining working capital, especially for farmer organizations and for holding inventory of seasonal produce by processors remains a challenge. The Government should consider working out a policy so that mainstream financial institutions can provide the required financing for these agro-industries. There should be an explicit policy for making bank financing available to food processing units set up by farmer organizations registered under the AP MACS Act.

## **Education**

Various Government programs on school education have been undertaken. The most recent is the Sarva Shiksha Abhiyan that covers the whole country. A proper implementation of this and other schemes will help considerably in achieving the vision. There are various views



on how to achieve the goal, ranging from leaving everything to the Government (while attempting to reform it) to leaving it to the private sector. However, for the poorest and for the socially disadvantaged groups, particularly in the rural areas, the Government needs to play an active role.

Regarding higher education, vocational training in ITI's and polytechnic Institutes needs to be scaled up and brought to international standards. This will give a boost to the manufacturing industry and business, as well as provide better quality employment. A similar initiative is required in setting up farming focused ITI's.

The vision also includes setting up at least one world class and large scale University (with more than 20,000 students) that is ranked in the top 20 in the world. To achieve this, the higher education sector needs to be opened up to public private partnership much like infrastructure has been. However, the world over, the best quality University education is provided through a not for profit model, even by the private sector. While opening up the sector, care should be taken that top quality higher education does not merely become a profit making venture.

## **Governance**

This is the key function of the Government and the vision can best be achieved by continuing the process of economic reforms while keeping inclusive growth as an overarching goal. At the same time, red tape and corruption affects business and the common man. These problems can best be addressed by focusing on transparency, policy formulation that involves people, excellence in implementation, and reduction of corruption.

## **Role of Industry and Commerce**

Industry and commerce have an important role to play in achieving the vision 2025 of Andhra Pradesh. While achieving world class scale and quality, adherence to high standards of corporate governance, would be important. While Andhra Pradesh already has some internationally reputed corporations, there is potential for many more. Good corporate governance would ensure that taxes are paid and environmental concerns are addressed. This would also address the emerging concerns of sustainability. Corporate Social Responsibility is another area where Industry and Commerce in Andhra Pradesh can achieve higher levels of excellence.

While achieving growth and profits should remain the primary focus, the Industry can play a role in technical and vocational training and education to increase the skill base of the workforce. It can also play a significant role on preserving the artistic traditions in music, art, sculpture, handicrafts and literature by playing the role of a patron through corporate sponsorships and other means.

The financial sector also needs to go beyond the current models of microfinance and reach businesses and individuals who need credit.

## **Role of Civil Society**

Civil Society, which includes farmers' organizations, NGOs, citizens, societies and people's movements have a role in (i) holding the Government accountable, (ii) direct action on issues of public interest and concern, and the issues of human development, poverty, human rights, and development of backward regions (iii) holding the Corporate sector accountable. They also have an important role to play in the social and cultural life of the State, especially in promoting and patronizing music, art, literature and craft.

Fortunately, the civil society in Andhra Pradesh is active. They can put pressure on the Government and the Corporate sector where required and also find ways to collaborate with them. Recent experience and various studies have shown that the role of civil society is important in making people aware of their rights and improving education and health services.

## **Action Agenda for CII**

To work with Government and policy makers to ensure that barriers to growth are removed. One aspect of this includes making sure economic reforms reach small and medium enterprises, community owned businesses, proprietorships and Cooperatives and the ordinary citizens / farmers. Many of them still suffer from red tape and meeting the requirements of a large number of Inspectors and of archaic laws, rules and regulations. By releasing the energy of this sector, decentralized growth is much more likely. Another aspect is infrastructure development. Work needs to be done with the Government and the Industry, including overseas PPP players, to ensure that infrastructure projects are in public interest, contracts are drafted and signed on fair and equitable terms and collateral damage if any, is either completely eliminated through proper compensation or reduced substantially. A third barrier is the pool of well qualified workforce that needs to be increased. This includes technical and IT skills at a higher level, and larger scale of vocational training, including farming skills. In short, the three barriers of over-regulation, infrastructure and human skills need to be overcome so that the outcomes are fair to all concerned.

**Involvement in development:** While this is primarily the responsibility of the Government, supporting its efforts can enhance the quality of results. Some of the specific measures could be manpower training, taking Government officials for a year or two on deputation, sending company executives to the Government on deputation, providing knowhow on IT and e-governance, enabling IT for primary education, voluntary affirmative action on employment, adoption of schools and so on.

At a different level, most members of CII are involved in CSR work. Synergies wherever possible can be explored to achieve higher impact.

Commitment to good Corporate Governance and Corporate Citizenship  
Ensure that all taxes are paid, provided that the taxes are seen to be fair, equitable and used for genuine needs and not for populism, reduce corruption both within each company and in dealing with the Government, markets or competitors. Refusing to pay bribes, taking collective action against corrupt Government officials.

**Environment and Sustainability:** Meeting or exceeding standards set for water, air and other forms of pollution, efficiency in the use of energy and natural resources, eliminating waste, meeting ISO 14000 standards, effluent treatment for waste disposal. All buildings should incorporate elements of "Green Building" and should recycle resources whenever feasible.

## **Appendix : Process of Arriving at the Vision Document**

This exercise was initiated by the Chairman, CII - Southern Region. IIM Bangalore was requested to take up this exercise and they agreed to do so for the States of Andhra Pradesh and Karnataka. In Andhra Pradesh, it was decided that consultations with a wide cross section of people would be undertaken before the vision document was finalized. This Vision would not limit itself to CII, its members or to the Industry, but would be a vision for the overall development of the State.

Day long workshops were held in various towns and cities of Andhra Pradesh to get inputs from people drawn from the Industry, academia, farming, NGOs, politics and bureaucracy. The participants were first informed about key development indicators of the State. This was followed by presentations by the participants on their vision for Andhra Pradesh. This was synthesized and put together as a Vision document. It was also supplemented by prior research on various parameters of development in Andhra Pradesh.

Various studies have shown that such consultative Vision exercises have the potential to harness ideas, and bring to light concerns that may otherwise get left out [7]. Such exercises have been done in many other regions of the world with good results<sup>2</sup>. A truly representative vision evolved through wide consultations would balance the priorities of the Government, the ruling party, the Industry, the poor and people from different parts of the region or State. This study has also followed that process. The Role of the various stakeholders in the State's development and the action points, emerged from the suggestions of participants and from other research.

2 Regional Plan Association (RPA) is an independent, not-for-profit regional planning organization that improves the quality of life and the economic competitiveness of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy. For more than 80 years, RPA has been shaping transportation systems, protecting open spaces, and promoting better community design for the region's continued growth.

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