Growth Platform

The growth experience of Andhra Pradesh in the recent past has been commendable. Compared to previous decades, the average growth rate of the state economy in the last decade is substantially higher. During last decade (2002-2012), the state economy grew at an average rate of 8%, exceeding the Nation's average growth rate of 7.82% for the same period. It is pertinent to recall that the growth performance of the State has been better than the national average during both the 10th and the 11th Plan particularly in agriculture and industry sectors.

The higher growth of GSDP and faster decline in rate of growth in population in the state further raised the level of per capita income in the State to 10% higher than the national average per capita income. One important feature of the growth experienced in the Eleventh Plan, as revealed by the 12th Plan which is relevant for inclusiveness, is that high rates of economic growth have been more broadly shared than ever before across the States.

12th Five Year Plan(2012-17)

Government of India prepared the approach paper for 12th Plan by involving the civil society and NGOs, seeking their inputs, suggestions and experiences in identifying challenges and areas that require special focus. The Planning Commission, upon discussing the approach paper for the 12th Plan, brought out the document for the 12th Plan and got approval in the NDC meeting.

Keeping in view of the slowdown of the economy in the recent past, the overall growth target of 9% originally envisaged by the GoI for the 12th Plan has been revised to 8.2%. Accordingly, the sectoral growths targets for Agriculture, Industry and Services sectors have been revised to 4%, 8.1% and 9.1% respectively. The main theme of the 12th Plan is ‘faster, sustainable and more inclusive growth’.

The 12th Plan document outlined the following 25 most important monitorable indicators.

Economic Growth

1. Real GDP Growth Rate of 8.2 per cent.
2. Agriculture Growth Rate of 4.0 per cent.
3. Manufacturing Growth Rate of 10.0 per cent.
4. Every State must have a higher average growth rate in the XII Plan than that achieved in the Eleventh Plan.

Poverty and Employment

5. Head-count ratio of consumption poverty to be reduced by 10 percentage points over the preceding estimates by the end of XII Plan.
6. Generate 50 million new work opportunities in the non-farm sector and provide skill certification to equivalent numbers during the XII Plan.

Education

7. Mean Years of Schooling to increase to seven years by the end of XII Plan.
8. Enhance access to higher education by creating two million additional seats for each age cohort aligned to the skill needs of the economy.
9. Eliminate gender and social gap in school enrolment (that is, between girls and boys, and between SCs, STs, Muslims and the rest of the population) by the end of XII Plan.

Health

10. Reduce IMR to 25 and MMR to 1 per 1000 live births, and improve Child Sex Ratio (0-6 years) to 950 by the end of the XII Plan.
11. Reduce Total Fertility Rate to 2.1 by the end of XII Plan.
12. Reduce under-nutrition among children aged 0-3 years to half of the NFHS-3 levels by the end of XII Plan.
Infrastructure, Including Rural Infrastructure

13. Increase investment in infrastructure as a percentage of GDP to 9 per cent by the end of XII Plan.

14. Increase the Gross Irrigated Area from 90 million hectare to 103 million hectare by the end of XII Plan.

15. Provide electricity to all villages and reduce AT&C losses to 20 per cent by the end of XII Plan.

16. Connect all villages with all-weather roads by the end of XII Plan.

17. Upgrade national and state highways to the minimum two-lane standard by the end of XII Plan.

18. Complete Eastern and Western Dedicated Freight Corridors by the end of XII Plan.

19. Increase rural tele-density to 70 per cent by the end of XII Plan.

20. Ensure 50 per cent of rural population has access to 55 LPCD piped drinking water supply and 50 per cent of gram panchayats achieve the Nirmal Gram Status by the end of XII Plan.

Environment and Sustainability

21. Increase green cover (as measured by satellite imagery) by 1 million hectare every year during the XII Plan.

22. Add 30000 MW of renewable energy capacity in the XII Plan.

23. Reduce emission intensity of GDP in line with the target of 20 per cent to 25 per cent reduction by 2020 over 2005 levels.

Service Delivery

24. Provide access to banking services to 90 per cent Indian households by the end of XII Plan

25. Major subsidies and welfare related beneficiary payments to be shifted to a direct cash transfer by the end of the XII Plan, using the Aadhar platform with linked bank accounts.

Andhra Pradesh –preparations for 12th Plan

The State along with the Nation entered the 12th Five Year Plan (2012-17) on an optimistic note from the 1st April, 2012.

The State Government in its endeavour to firm up the ideas and prepare appropriate strategies and eventually come up with an approach for its 12th Five Year Plan in line with the thinking of the Government of India, have broadly formed ten working groups covering Agriculture, Industry and Services sectors and stationed them at the Centre for Economic and Social Studies (CESS). Each of these working groups is headed by a Professor/Senior faculty from the CESS and ensuring due representation from line departments, NGOs, Civil Society Organizations. These working groups made detailed discussions with the respective line departments for firming the strategies for preparing the approach for the 12th Plan in line with State’s thinking and with broad overall Nation’s objectives. Similar to the 25 key monitorable indicators identified by the Planning Commission for the XII Plan, the State has also identified 50 monitorable indicators whose regular monitoring is expected to propel growth.

In the 56th National Development Council (NDC) meeting on Approach to 12th Five Year Plan the State’s approach and Strategies for the 12th Five Year Plan have been discussed at length. Some of the identified issues include: Priority to agriculture and subsidy provided to power use, interest on the loans and other inputs. The State is making large investments in developing water potential both for irrigation and for drinking purposes as well.

Growth Targets for the 12th Plan

With the experience gained during the last few years through implementation of several welfare and developmental programmes reinforced with fiscal discipline, Andhra Pradesh is confident of targeting a growth of 10% during the 12th Plan period with the corresponding sectoral growth targets of 6% for Agriculture, 10.5% for Industry and 11.5% for Services.
A growth rate of 10% requires significant acceleration in growth in agriculture, mining, registered manufacturing, construction and in services. Agricultural growth has always been an important component for effecting inclusiveness. However, the task of providing additional jobs to the growing labour force rests on manufacturing, construction and services sectors.

**Highest outlay for 12th Plan**

Andhra Pradesh stands tall among all the States and Union Territories with the largest projected outlay of over Rs.3,42,842 crore for the 12th Plan, accounting nearly for over 9.2% of the total outlay of all the States.

**Important strategies for 12th Plan**

The 12th Plan provides an opportunity to restructure policies to achieve a new vision of growth that will be faster, more broad-based, sustainable and more inclusive. With the fairly decent growth experience behind, the Nation is poised to make yet another impressive mark during the 12th Five Year Plan.

The following are some of the priorities and strategies for the 12th Plan.

**Poverty reduction**

The performance of Andhra Pradesh in reducing income poverty has been impressive, particularly in rural areas. Estimates for 2009-10 indicate a further decline in poverty to 21.1% in the state from 29.6% in 2004-05 in AP while it fell to 29.8% from 37% at all India level during the same period. A noteworthy feature is that the faster rate of poverty reduction has led to a fall in absolute number of poor in the state.

**Agriculture, allied sectors, Irrigation and Rural Development**

The Group of Secretaries constituted for working out convergence in Primary Sector will work on firming up strategies for strengthening Agriculture Technology Mission(ATM) covering the subjects of agriculture, horticulture, fisheries, food processing, storage and marketing. The main thrust areas are: promoting System of Rice Intensification (SRI) cultivation in 10.00 lakh ha. by 2016-17, seed replacement, oil palm development, cluster development for value addition up to 50%, avoidance of handling losses and agri-business strategy. In rain-fed areas, Agriculture diversification to high value commodities has been given importance.

The foodgrain production, which attained a level of 204 lakh tonnes during the 11th Plan (2007-12) is targeted to reach a new peak of 300 lakh MTs(increase of 47%) during the 12th Plan. Rice being the staple food, it is planned to increase the production of rice during the 12th Plan from the present normal level of 131.3 lakh MTs to 216.2 lakh MTs.

The State also targets to increase the production of pulses to 24.2 lakh tonnes by the end of 12th Plan from the present normal level of 19.7 lakh MTs and enhance

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**Chart 11.1 : Growth Target for 12th Plan**

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<tr>
<th>Sector</th>
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<td>Services</td>
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<td>GSDP</td>
<td>11.5</td>
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Over All Growth Target is 10%  
Agriculture 6%  
Industry 10.5%  
Services 11.5%
Maize production from the present level of 37.5 lakh MTs to 51 Lakh tonnes by the end of 12th Plan. By 2016-17, it is planned to supply 18.8 lakh quintals of seed on subsidy out of the estimated total seed requirement of about 52.5 lakh quintals.

Micronutrient deficiency in Andhra Pradesh soils is identified as one of the major constraints to crop productivity while there are areas where the Zinc, Sulphur, Iron and Manganese deficiencies are vast. Correcting micro nutrient deficiency will be a major initiative in the 12th Plan.

Credit flow to farmers has increased during the last few years. However, due to erratic monsoon and uncertain markets, the debt burden is going up considerably and the State is planning to provide large amounts of agriculture loans to farmers. Further, improved incentive scheme of Vaddi Leni Runalu (0% interest loans) introduced in place of Pavala Vaddi to farmers who have made prompt repayment of crop loans, will be a boon for the farmers. The Government is requesting the GoI to expedite the operationalisation of interest subvention of 7% on par with farmers to all the SHGs to cover all districts in Andhra Pradesh. This will help the poor to move out of poverty faster.

A programme for construction of 25 lakh tonnes of scientific storage space is also initiated. It is aimed to reduce post-harvest losses from 35% to less than 25% by investing and building post-harvest infrastructure facilities like cold storages, integrated pack houses, ripening chambers and reefer vans etc and strengthening the linkages between production clusters and buyers.

During the XII Plan, it is also planned to consider setting up of cold storages and attract entrepreneurs to establish their infrastructure. Value addition in Horticulture and agri-business is possible with proper marketing infrastructure in place.

The role of private players under the PPP mode with Government as a facilitator is being worked out as a viable option to overcome shortage of godown space. During the 12th Plan, strategies are being worked out to establish a Mega Food park in each district in the State. Preparation of roadmaps for translating priorities, targets etc. into action plans for implementation, duly supported by strategies for value addition and creation of infrastructure facilities for propelling growth of Agriculture, Horticulture, Milk, Meat and Eggs and Fisheries sectors have been worked out.

The Government of India’s reform-oriented decision of allowing Foreign Direct Investment (FDI) in multi-brand retail in the Country helps not only to introduce new technology and bring in investment in marketing agricultural produce but also strengthen the supply chain considerably.

Fisheries sector has performed well in the 11th Plan period. The total fish production in the State is expected to increase to 22.5 lakh tonnes by 2016-17 from its current level of 16.5 lakh tonnes. Inland fisheries account for about 75% production of the total fisheries. More than five lakh families are engaged in marine fishing which supports livelihoods of approximately 15 lakh people.

Livestock is a key area of intervention during the 12th Plan. Andhra Pradesh currently ranks 2nd in milk production in the country with 120 lakh metric tonnes. With the State Milk Mission in place, it is programmed to double milk production and thereby increase incomes of famers.

Irrigation as an essential input to agriculture will continue to be the focus during the 12th Plan also. In addition, the priority is to enhance water use efficiency for increasing irrigated area. During the 12th Five Year Plan, it is planned to create 78.9 lakh acres of Irrigation Potential at an estimated cost of over Rs.1.2 lakh crore. During the first two years of the 12th Plan, it is targetted to complete 50 projects for creating Irrigation Potential of over 30 lakh acres.

Reflecting genuine concern of the Government for the farmers, a separate document for the farming sector to bring progress and invigorate the agriculture and allied sectors, is proposed for the first time in the State.

The government had launched the programme Indira Jal Prabha during November, 2011 to convert 10 lakh acres of uncultivated lands belonging to the poorest of poor SC/ST households to cultivable irrigated lands. A projected expenditure of Rs. 395 crores is envisaged under the project during the 12th Plan.

Since economic empowerment of women holds the key for transformative rejuvenation of the poor, a number of pension schemes like Abhaya Hastham, Aam Admi Bhima Yojana and Janshree Bhima Yojana have been initiated to cover the SHG member’s access to Social Safety nets and entitlements. For ensuring effective implementation of the rural development initiatives, an expenditure plan of over Rs. 14,000 crore for the 12th Plan is being conceived.
Rural road connectivity is an important concern for the State. Out of the total Road (all roads) length of 2.15 lakh kms in the State, the Panchayat Roads account for 1.44 lakh kms and the balance 0.71 lakh kms roads is under Roads and Buildings Department.

Energy

Even though power situation has been difficult in the recent past, supply of adequate power has been ensured to over 32 lakh pump sets in the state. Due to reduction in the Gas supply from the KG 6 Basin, quantum of energy produced by gas based power plants has come down drastically. All necessary steps are being taken to meet this deficit. APGENCO continues to add additional capacity of power and in the next one year, it plans to add 2200 MW through commissioning of new units at Kakatiya Thermal Power Station and Krishnapatnam Thermal Power station.

The state Government is also going in a big way for harnessing solar power in the state and accordingly announced “Andhra Pradesh Solar Power Policy, 2012” to encourage generation of solar power in the state. The state has also planned for purchase of 1000 MW of solar power through DISCOMs.

Industry

The State has a strong industrial base with huge industrial investments providing employment to 28.26 lakh persons in both – the Large and Marginal, Small and Medium Enterprises (MSMEs). Employment in MSMEs is nearly 10 times that of the large industries.

Our Industrial strategy envisages productivity enhancement of MSMEs through clusters, under PPP model particularly in the employment intensive sectors like readymade garments, textile, electronics, footwear, food processing etc. Skill development and employment generation especially under the manufacturing sector through development of MSME is going to be yet another focus area during the 12th Plan period. The government is planning to create over 3.70 million additional employment opportunities in the textiles, construction, and IT & ITES, tourism and health care and other sectors during the 12th Plan period.

Information Technology

Andhra Pradesh has emerged as the most preferred destination in the country that provides the right climate for the growth of IT business and is a home for a host of Indian IT majors. The Government has also taken up new initiatives to promote and augment the growth of IT sector in the state through Development of Information Technology Investment Region (ITIR) in an area of 202 sq. kms in and around Hyderabad and Rangareddy districts. The IT and ITES sectors have directly created 3.19 lakh jobs in the emerging new economy. IT sector contributes 39% of total exports from our state.

The Government introduced a new initiative - Mee Seva, an online web based citizen-centric service facility to provide access to the citizens for getting services from multiple Government offices. Since inception, the total number of transactions through Mee Seva have crossed one Crore.

Skill Development

The Rajiv Yuva Kiranalu programme under the Rajiv Education and Employment Mission has been launched to enhance employment opportunities for the youth of the State. The Mission targets to provide placement to 15 lakh youth by 2014 @ 5 lakh youth per year for three years.

The development of higher education-including technical education leading to enhancement of skill development remains the core agenda for 12th Plan period. Towards this, 97 Skill Development Centers have been commissioned in the State.

Social sector initiatives

Focus is given to improving Drinking water and Sanitation conditions in the state. Of the 72,388 habitations in the State, 17,318 habitations are fully covered (55 lpcd) and 40,276 habitations partially covered by safe drinking water. It is proposed to cover the balance partially covered and quality affected habitations with 40 lpcd service level by the end of the 12th Plan period.

A major concern for the 12th plan is the increasing number of quality affected habitations. The 14,794 quality affected habitations are proposed to be covered for safe drinking water in a phased manner by 2014-15.

It is proposed to cover all the 21,757 Gram Panchayats in the State with sanitation facilities during the 12th Plan. Providing water supply to schools, school toilets and anganwadis is being taken up seriously.
For improving public health services in the state, about 4264 Nutrition cum Day Care Centers (NDCCs) have been established under the Health and Nutrition convergence initiative. The NDCCs are run by the SHGs and provide nutritious hot cooked meals to pregnant woman daily. The villages where the NDCCs have been established have shown encouraging results and have reported 97% safe deliveries among the women enrolled in these centres. The Group of Secretaries, constituted recently for improving the social sector performance and bringing in convergence through linking of NDCCs with the ICDS Anganwadi centres, is consciously working on devising strategies to usher in a safe and healthy future for all.

Population growth rate in our State has considerably come down during the last 20 years. Annual growth rate stands at 1.11% today. It has been one of the most dramatic success stories of population control in the country. As part of the efforts to reduce Maternal Mortality Ratio (MMR) and Infant Mortality Rate (IMR) and ensure health growth of infants, the government have recently launched the scheme of ‘Indiramma Amrutha Hastham’ under which, one nutritious meal a day to pregnant woman and lactating mothers is being provided at Anganwadis in 102 high risk Integrated Child Development Scheme (ICDS) Projects. Mother and Child Tracking System (MCTS) to monitor the holistic improvements in the health of the people is put in place. A convergence initiative, MAARPU among departments relating to delivery of health services with twin focus on strengthening the district administration and the strong self help groups at the community is being implemented.

The three important programmes which earned worldwide recognition and replicated in many states across the country - Rajiv Arogya Sri Health Insurance Scheme to all BPL families, 108-Emergency response services and 104-Universal Health Information Helpline and fixed day Health services, are being run successfully in the state expanding their coverage and acceptability.

Education has been recognized as a critical aspect for ensuring equitable and sustainable human development. Andhra Pradesh is committed to Education for All and Millennium Development Goals (MDGs). Although substantial progress has been made during the 11th Plan in access, enrollment, retention, equity and quality in education, it requires rigorous efforts to achieve set goals in elementary and secondary education. The State has experienced a breakthrough in implementation of schemes under District Primary Education Programme and Sarva Siksha Abhiyan (SSA) and also registered good progress in implementation of National Flagship programmes of Mid-Day Meals and Sarva Siksha Abhiyan.

Government is equally inclined towards urban development. The Hyderabad Metro Rail Project currently under construction on PPP mode is planned to cover 71 kms in the city spreading across three high density traffic corridors and this project is declared as one of the Strategic 100 Mega Investment projects in the World. The project being developed on Design, Build, Finance, Operate and Transfer mode is considered to be the single largest private investment in a PPP project in India besides being one of the largest metro rail projects build and operated by a private entity anywhere in the World. The works are on a fast track.

Union Government’s flagship programmes like the JnNURM have been very helpful in addressing a number of urban management problems. Andhra Pradesh with 252 sanctioned projects costing Rs. 11,877 crores under JnNURM stands 2nd highest in the country. The Government of Andhra Pradesh has also unveiled a policy for a Slum Free Andhra Pradesh by 2014 and committed to provide houses and infrastructure facilities to all houseless urban poor. Urban poor families in Andhra Pradesh are organized into 2.5 lakh Self Help Groups (SHGs) in slums to help them improve their quality of life.

Social justice, equity and equality

One significant innovative initiative taken up by the Andhra Pradesh Government in recent past during the 1st year of the 12th Plan is the enactment of the Act, “Andhra Pradesh Scheduled Castes Sub-Plan and Tribal Sub-Plan (Planning Allocation and Utilisation of Financial Resources), 2013.

The Act, proposes to ensure accelerated development of Scheduled Castes and Scheduled Tribes with emphasis on achieving equality in the next ten years focusing on economic, educational and human development along with ensuring the security and social dignity and promoting equity among the SCs and STs by earmarking a portion, in proportion to population of SCs and STs in the State of the Total Plan Outlay of the State as the outlay of the Scheduled Castes Sub-Plan and Tribal Sub-Plan of the State. The SCSP/TSP plan would be implemented in a focused and targeted manner.
**Flagship programmes – a new thrust during the 12th Plan**

One area that attracts due attention during the 12th Plan period is more effective implementation of flagship programmes. The 12th Plan document of the GoI highlights that there is a proliferation of centrally sponsored schemes over a period which led to poor implementation, duplication, lack of convergence and sub-optimal results and stressed the urgency of transforming the system and considerably reduce the number of schemes. The Central Government plans to restructure the Centrally Sponsored Schemes in the light of the recommendations of Dr. Chaturvedi Committee where the State will have flexibility to utilise 20% of these funds to formulate schemes suiting State specific requirements.

**Convergence of departments- Effective monitoring through RFDs and SPIUs**

The 12th Plan document highlighted that a key deficiency of Plan programmes is that they continue to function within the confines of departmental silos without requisite convergence and with a high degree of duplication of efforts. Interestingly, exactly with a similar thought process, the state Government has set up 5 separate Groups of Secretaries for - Social sector, Primary sector, Road sector, Rural and Urban Infrastructure for poverty eradication and Industry sectors under the Chairmanship of the Chief Secretary to workout convergence of departments for optimizing results.

The State Government is also working out on evolving a Result Framework on the lines of the Government of India which provides a summary of the most important results that a department expects to achieve during the financial year. This document shall have two main purposes:

(a) shifting the focus from process- orientation to results-orientation, and

(b) provide an objective and fair basis to evaluate department’s overall performance at the end of the year.

Fitting into the Result framework, the State Government is embarking on an innovative idea to identify a few most important outcomes of core departments for regular and systematic monitoring for better results, shifting the traditional focus from the outlays to outcomes. As a part of the 12th Plan strategy, it is also proposed to establish Strategic Planning and Innovative Units (SPIUs) which will be governed by each of the Convergence Groups.

**Effective delivery through Aadhar**

Andhra Pradesh is a fore runner in implementing Aadhar Project where over 6 crore enrolments out of the total population of 8.4 crore have already been enrolled. Five districts of the State to be included in the pilot list of districts where Aadhar enabled payments will be made.

East Godavari district was conferred Aadhar Governance Award by the UIDAI. Efforts are being made to integrate various databases through State Resident Data Hub (SRDH) for arresting leakages in Aadhar delivery.