

Dividing Andhra Pradesh

2st February 2013

With the proposed trifurcation of the State of Andhra Pradesh it is useful to look at the financial and other outcomes. On 21 March 2007, the then finance minister (and later chief minister) K Rosaiah, replying to a starred question in the State Assembly, gave the breakup of revenue and expenditure over the previous four years (2003-07) for the three regions. These are the latest figures we have till date.

He did not quite comply with the spirit of the question, and a large chunk of revenue and expenditure was attributed to a fourth category - "Headquarters" -

without specifying what this entity represented. Rosaiah's response is less than candid and does not make sense -

unless, of course, the idea is to show Hyderabad as a separate political entity in the future, then Hyderabad revenues will be larger than any of the three regions!

To complicate matters further, another column was added: "revenues from other States." To make matters simple, we need to add it to the ambiguous category "Headquarters" to at least put all ambiguity in one category. This combined 'Headquarters' income and expenditure may be allocated to the three regions on the basis of population between Andhra, Rayalaseema and Telangana - that is, in the ratio of 40:20:40.

The results for the average of three years' (2003-06) balance between revenues and expenditure is given in the table below. It needs to be borne in mind that these figures exclude Central Plan funds and devolution from the Finance Commission.

Financial Viability of Andhra, Rayalaseema and Telengana

Andhra

year	rev	exp	balance
2003-04	2796	3848	1052
2004-05	3494	3799	305
2005-06	3702	4532	830
average	3331	4060	729

Rayalaseema

year	rev	exp	balance
2003-04	730	2150	1420
2004-05	876	2411	1544
2005-06	1004	2684	1680
average	867	2415	1548

Telangana

year	rev	exp	balance
2003-04	5565	5158	407
2004-05	4725	5546	821
2005-06	5935	4111	1824
average	5408	4938	470

HQ

year	rev	exp	balance
2003-04	5095	706	4389
2004-05	8311	893	7418
2005-06	9708	976	8732
average	7705	858	6846

Ex-state

year	rev
2003-04	3220
2004-05	3283
2005-06	4055
average	3519

LAQ NO: 7406(Starred) of AP Legislative Assembly Session-9 answered on 21.03.07

Conclusions: The table indicates that of all new States, Telangana has the most viable finances as it generates large surpluses of revenues over expenditure. These surpluses when invested in Telangana would then ensure a vibrant economy based on agriculture.

re, irrigation (especially the much-neglected tank irrigation) and industry and not just on real estate and services.

Hyderabad metropolis will act as a growth hub and magnet for Telangana development. Without it Telangana will not be a viable state and this would not be acceptable to the people of the region Andhra with its large educated and entrepreneurial population, the two massive river deltas of the Krishna and Godavari, and the gas fields on and offshore has a viable future if it mobilizes its taxation revenues and applies it to industry.

Its main ports, Visakhapatnam, Kakinada and Krishnapatnam will serve as hubs for the increasing foreign trade of the south central region. Visakhapatnam will provide the much needed access to central India and southern Orissa.

Nellore with its proximity to Madras has a great locational advantage for industry having access to the metropolis and its port. Its agriculture is highly developed - the two Deltas have provided extensive irrigation for 150 years and there is an accumulation of private capital that finds its application in diverse places - which could be re-directed to the region itself. The Guntur-Vijayawada conglomeration will serve as its capital.

The problem is less favourable for Rayalaseema, which will need central assistance to a greater extent than the other two regions if its finances are to be stabilized. It has after all only half the population as the two other regions and while it is geographically 1

arge, it is relatively small in terms of productive workforce.

However, it has extensive mineral resources and the prime location of Anantapur, Chittoor and Kurnool districts within reach of the three great metropolises -

Bangalore, Madras and Hyderabad -- will ensure prosperity to them. Cuddapah town can easily become the capital, having access to the KC Canal and Telugu Ganga, and it will generate its own growth for the district Allocation of the State share of Krishna and Godavari river waters in the earlier awards to each of the new states will be done by a commission.

	Coastal Andhra	Telangana	Rayalaseema
Population 2011 (Cr)	3.4	3.5	1.5
Number of MPs	16	17	9
Number of MLAs	122	119	53
Annual Revenue Rs Cr	7821	9890	3112
Expenditure Rs Cr	4403	5281	2587
Annual Balance Rs Cr	+3418	+4609	+525

In political terms, the trifurcation would give the Congress Party a major edge (with the proposed merger of TRS) in Telangana State, where the dominant Reddy and Velama caste is weak numerically but manage to exercise influence disproportionate to their size because the now prosperous backward caste groups have not been able to align themselves.

Rayalaseema State would, as usual see a battle between the Reddy groups in the Congress and YSR Congress. However, the TDP would also be an actor in Rayalaseema and the YSR Congress in Coastal Andhra. But the picture is basically unpredictable as the situation is unique and only be revealed in the 2014 General Election. Only the Congress in Telangana seems certain to dominate the new state.

As far as the Coastal Andhra people are concerned, they have skill, capacities and drive that will ensure whatever happens they and their state will do well economically and be one of the foremost in the country.

This will be especially once they devote their energies and capital to developing their own region further. There does not seem to be any popular feeling on the issue of separation except that of general disgust with the whole matter.

In the case of Rayalaseema, the leaders there are scared of being associated with Coastal Andhra as they fear the same exploitation that they saw in Telangana. It is not to say that the Rayalaseema politicians did anything to stop that exploitation - on the other hand they took part in it while all the time promising the Telangana leadership that they would save them from it. Popular feeling here is one of dismay on how they will manage separately on their own.

The Telangana people are rock solid in favour of separation as they believe many of their problems will be solved after that happens. This remains to be seen and depends largely on whom they elect and how these leaders see their task post-separation.

Hope is what drives movements encouraged by past grievances and present irritation. Equally fear of the future can hold up matters. The past is shabby, the present is impossible and the future, uncertain. It calls for clear thinking and bold decisions.

By
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