

30th January, 2014

To

Shri Pranab Mukherjee
Honourable President of India
Rashtrapati Bhavan,
New Delhi – 110004

Esteemed Rashtrapati Shri Pranab Mukherjee ji,

The Andhra Pradesh Legislative Assembly has, on January 30, 2014, adopted a resolution opposing the Andhra Pradesh Reorganization Bill, 2013, reflecting the serious misgivings of the majority of the people of the State. Unfortunately, there is a surcharged atmosphere prevailing in all the three regions of the State. When primordial loyalties and atavistic fears are aroused, we have a crisis situation. It is vital that prolonged strife is avoided in the interests of the State and the Country.

While the desire of the people of Telangana region to have a separate State is manifestly evident, the procedure and process adopted for formation of the State suffer from grave defects:

- The process of reorganization has not been initiated by the Andhra Pradesh Legislature and is contrary to the federal spirit of the Constitution. It also goes against past traditions, established precedents and practices. Several states have been formed after 1950 but this is the first occasion when a major state – one that was formed with the prior consent of the pre-existing States' legislatures and through an explicit compact - is now sought to be divided without the consent of the State Legislature.

- There has been no effort to arrive at a negotiated settlement among the elected representatives and stake-holders of the three regions – Rayalaseema, Telangana and Coastal Andhra.
- The Bill does not address the consequences of partition, and does not contain measures to deal with the fiscal imbalances, developmental needs and resource constraints in the successor States.

About 60% of the State's population, comprising the Coastal Andhra and Rayalaseema regions and a significant section of the population of Greater Hyderabad city have grave reservations about the Andhra Pradesh reorganization Bill.

Under these circumstances, it is vital that the interests of all the three regions of Andhra Pradesh are harmoniously reconciled. If Parliament now acts precipitately without addressing the legitimate concerns of the regions of Rayalaseema and Coastal Andhra, it will lead to severe disaffection, tensions and disharmony that will weaken the sense of unity among the people of India. It is therefore imperative that the process does not lead to maladjustments at the inter-regional or inter-state and national level.

The most important challenge that needs to be addressed is the fiscal imbalances that residual Andhra Pradesh will face on account of losing the revenues of the Greater Hyderabad city. An analysis of the region-wise revenues and expenditure in 2012-13 shows that, Hyderabad city enjoyed a surplus of Rs. 12854 crore, while Telangana (excluding Hyderabad) and Rayalaseema regions had a **deficit** of Rs. 8407 crore and Rs 7005 crore respectively. As the Bill proposes Hyderabad to be a part of Telangana state, the surpluses of the capital city are more than adequate to cover the deficit of Telangana. However, the residual Andhra Pradesh will have serious fiscal imbalances and revenue deficit, largely because of the deficit in Rayalaseema region. There are only two practical solutions to address this fiscal challenge. Rayalaseema region could form part of Telangana State, and this will address the deficits of Rayalaseema from the surpluses of Hyderabad city. Alternatively, special institutional arrangements should be made to make up the revenue deficits attributable to Rayalaseema; by declaring it as a

Special Category Region on par with Special Category States, specifically providing for special central grants to cover the revenue deficit.

A serious and concerted effort needs to be made to address the negative consequences of division of the State, and the legitimate concerns of residual Andhra Pradesh should be addressed in the law itself before it is introduced in Parliament. I therefore urge you to protect the interests of all Telugu people and the three regions of Andhra Pradesh before recommending the introduction of the Bill in Parliament. In particular, I urge you to kindly ensure that the following seven provisions are incorporated in the Bill:

1. The Rayalaseema region may be given recognition by law as a special category region, and the revenue deficits of the region are fully covered by central grants, and corporate income tax and excise duty exemptions are granted to Rayalaseema on par with the Special Category States.
2. The North Coastal region comprising the districts of Srikakulam, Vizianagaram and Visakhapatnam may be constituted into an autonomous regional council with adequate central grants and resources for economic development.
3. Ramayapatnam major port may be built as a central public sector undertaking to meet the infrastructural needs of Krishna delta region.
4. All permissions and clearances pertaining to Polavaram multi-purpose project may be deemed to have been obtained from successor States and the submerged areas are included in residual Andhra Pradesh.
5. All the on-going Krishna surplus water based projects in Telangana and Rayalaseema regions may be deemed to have been approved by successor states, so that they cannot be stalled on account of any objections in future.
6. Constitutionally viable arrangements may be made to facilitate Greater Hyderabad being the Common Capital for ten years, and legal measures are incorporated to ensure economic security, safety and full enjoyment of all constitutional rights for all citizens irrespective of place of birth.

7. In respect of the educational and infrastructural projects listed in the Bill in all three regions of Andhra Pradesh, irrevocable commitments, specific time limits of three to five years, mandatory central assistance, and expenditure to be incurred from the Consolidated Fund of India may be incorporated in the law.

As the President, you are not only the head of the Republic but also a part of the Parliament. Elected by members of both Houses of Parliament as well as members of the State Legislative Assemblies, you represent both our Union and the States. You are the custodian of the Constitution and federalism along with the Supreme Court.

We therefore urge you to take these and other steps as necessary for a comprehensive and acceptable resolution of the Andhra Pradesh crisis, and for future peace, harmony and prosperity of all the three regions of Andhra Pradesh.

I am enclosing a detailed note on the subject and suggested amendments to the Bill for your kind reference and consideration.

With warm personal regards,

Yours sincerely,

Jayaprakash Narayan

President, Lok Satta Party

MLA – Kukatpally Assembly Constituency (046)