

# Time Now for Telangana to Receive and Enjoy its Full Revenue

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The constant theme in Andhra\_Telangana regional politics has been that of state revenues from each region, with various attempts by official bodies to calculate their relative differences.

The Dar Commission, appointed by the Constituent Assembly in 1948, found that the annual revenues (during 1945~48) from the Telugu districts of Madras Province was Rs 17.00 crore while the population was 1.88 crore ~giving a per capita annual revenue of Rs 9.04. The proposed Andhra State in its very first year would have a deficit of Rs 6.52 crore! Andhra needed a “rich wife” and none was available at that time. Till that was found, nothing would happen.

Incidentally, Dar also gave the corresponding revenue figure for unified Hyderabad State at Rs 20.86 crore for a population of 1.63 crore yielding per capita revenue of Rs 12.80.

The State Reorganisation Commission (SRC) found that Telangana revenues yielded Rs 17 crore per annum and its population was 1.13 crore (after Hyderabad’s Marathi and Kannada districts were excluded). The SRC stated that Andhra State had annual revenues of Rs 22 crore with a population of 2.09 crore. Thus the per capita annual revenue from Telangana was Rs 15.04 while that from Andhra was Rs 10.53. It implied that every resident of Telangana was taxed 43% more than every resident of Andhra.

But, in spite of the SRC recommendation for Telangana statehood and despite the relative fiscal imbalance, Telangana was forcibly merged with Andhra. The first Telangana Agitation (1969) raised the issue of diversion of Telangana revenues. Kumar Lalit of the C&AG reported that, over twelve years (1956~57 till 1967~68), the total revenues from Telangana were Rs 514.46 crore while those from Andhra were Rs 719.01 crore. In the median year 1961, Telangana’s population was 1.46 crore and Andhra’s 2.77 crore ~thus Rs 29.36 per capita annual revenue was extracted from Telangana and Rs 21.63 from Andhra. The Telangana Movement was subverted and crushed.

The second Telangana Movement began in the 2000s. Replying to a query in the Legislature, the Finance Minister Rosaiah gave the figures of average annual revenues over the period 2003~2007 for the regions. Excluding ‘Headquarters’ revenue (Rs 8,108 crore), the State received Rs 5,580 crore of revenue from Telangana and Rs 4,318 crore from Andhra (including Rayalaseema). The 2001 population of Telangana was 2.82 crore and of Andhra, 4.50 crore. Thus the Government extracted Rs 1,978.72 per person from Telangana while only Rs 959.56 per capita was contributed by Andhras. Telangana thus contributed more than twice per capita as compared to Andhra.

Finally, after a painful struggle Telangana State was formed on 2 June, 2014. The truth about the relative revenues showed up, after separation, when the very first full budgets were presented by the Finance Ministers for Telangana and Andhra Pradesh. The 2014~15 revised estimate of State Own Receipts (SOR) for Telangana State was Rs 48,620 crore while for Andhra, it was Rs 47,397 crore. Considering the 2011 population of Telangana at 3.53 crore and of Andhra at 4.94 crore, the Telangana revenue receipts were Rs 13,777.30 per capita and for Andhra, Rs 9,598.40.

The 14th Finance Commission projected the next five~year (2015~20) position for the two States. It painted a very rosy fiscal picture for Telangana with revenue surpluses for each of the next five years.

The Commission predicted a total SOR of Rs 3,91,256 crore for Telangana and Rs 3,94,076 crore for Andhra over the five~year period. This works out to an average annual revenue per capita of Rs 22,167.48 from Telangana and from Andhra of Rs 15,954.49.

However, the Commission predicted a very dire fiscal future for Andhra. Even after Andhra receives its legitimate share of Central funds, it will still have continued annual deficits (totaling Rs 22,113 crore over five years). These are to be financed by the Centre. To sum up, the Table indicates the relative per capita revenue from both regions over 75 years (1945~2020). It is clear that Telangana people have been forced to contribute 36 to 106% more revenue per capita than their Andhra counterparts.

#### **ANNUAL REVENUE CONTRIBUTION FROM TELANGANA AND ANDHRA**

Period	Authority	Telangana (Rs/capita)	Andhra (Rs/capita)	% Telangana revenues over Andhra
1945-48	Dar Commission	12.80	9.04	41.59
1955-56	SRC	15.04	10.53	42.83
1956-68	Kumar Lalit	29.36	21.63	35.74
2003-07	Rosaiah	1978.72	959.56	106.21
2014-15	Both Budgets	13,777.30	9,598.40	43.54
2015-20	14 <sup>th</sup> Finance Commission	22,167.48	15,954.49	38.94

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