

## **Short-Term Impact Of Andhra Pradesh Navaratnalu Schemes, Speculation Of The Long-Term Scenario**

**Salikineedi Sahithi Vincy**

*Dr B R Ambedkar School of Economics University  
Bengaluru*

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### **Abstract**

*Andhra Pradesh Navaratnalu is a set of nine welfare schemes that were announced by the YSR Congress Party in their election manifesto for the 2019 Andhra Pradesh Assembly Elections. The Navaratnalu schemes cover a range of sectors such as agriculture, education, healthcare, social welfare, and employment. The high welfare expenditure incurred by the State due to these schemes has led to high deficits in its budget which has been criticised severely by the opposition. However, the operations of the schemes are successful in most ways which makes them undeniable. This contrast is resulting in chaos regarding the speculation of the future of the state, the success of the schemes in uplifting the beneficiaries, and recovery from huge debts. Though the literature review hints towards a major success, possible paths towards the same and failure must be critically analysed.*

### **Research Question**

*This Research aims to answer the questions of the abnormal opportunity cost involved in the implementation, the high risk to the economic stability and the social, political, and economic viability of the schemes in short-term and the long-term.*

### **Methodology**

*The Research uses descriptive and analytical approach to study various schemes and their viability based on similar instances in relatable states and statistical and econometric approach like the Regression analysis and correlation to draw conclusions from data on expenditure and the respective indicators.*

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## **I. INTRODUCTION**

The Andhra Pradesh Navaratnalu schemes were announced by the YSR Congress Party in their election manifesto for the 2019 Andhra Pradesh Assembly Elections. The schemes are a set of nine welfare programs that cover a range of sectors, including agriculture, education, healthcare, social welfare, and employment. The objective of these schemes is to uplift the beneficiaries of the state and improve their overall welfare.

The schemes have been widely hailed for their ambitious nature and their potential to transform the lives of the people in Andhra Pradesh. However, the high welfare expenditure incurred by the state due to these schemes has led to high deficits in its budget, which has been criticized severely by the opposition.

The implementation of these schemes has faced several challenges, including financial constraints, administrative hurdles, and opposition from vested interests. In particular, the impact on the state's budget has been a major point of contention. The opposition parties have accused the government of reckless spending and mismanagement of the state's finances. As of 2021, Andhra Pradesh has a total debt of around Rs. 5.5 lakh crore (\$74 billion USD). The state's revenue deficit for the year 2020-21 was Rs. 21,478 crore (\$2.9 billion USD), while the fiscal deficit was Rs. 64,471 crore (\$8.7 billion USD). The state's debt-to-GDP ratio stands at around 27%, which is below the prescribed limit of 30% set by the 15th Finance Commission.

The implementation of the Andhra Pradesh Navaratnalu schemes has contributed to the state's rising debt and budget deficits. The schemes involve a high level of welfare expenditure, which has strained the state's finances. However, the government has argued that these schemes are necessary for the welfare of the people and that their impact on the state's finances is a short-term concern.

Overall, the financial status of Andhra Pradesh remains a matter of concern, given the high level of debt and budget deficits. The success of the Andhra Pradesh Navaratnalu schemes in improving the welfare of the people will depend on the state's ability to manage its finances effectively and find sustainable sources of revenue to support the schemes.

Despite the challenges, the operations of the schemes have been successful in many ways. For instance, the implementation of the Rythu Bharosa scheme has provided financial assistance to farmers and improved their agricultural productivity. Similarly, the implementation of the Aarogyasri scheme has made healthcare more accessible to the poor and marginalized sections of society.

Given the contrasting perspectives on the Andhra Pradesh Navaratnalu schemes, it is crucial to examine their impact in a comprehensive and objective manner. This research aims to provide a critical analysis of the schemes and their outcomes.

## **II. LITERATURE REVIEW**

Some of the schemes introduced under Navaratnalu are as follows:

**YSR Rythu Bharosa:** This scheme aims to provide financial assistance to farmers. The budget allocation for this scheme for the year 2021-22 is Rs. 7,900 crores. This is aimed at providing financial assistance to small and marginal farmers in the state. The government provides an annual subsidy of Rs. 13,500 to each eligible farmer family, along with free crop insurance and interest-free loans.

**Amma Vodi:** This scheme provides financial assistance to mothers or guardians of school-going children. The budget allocation for this scheme for the year 2021-22 is Rs. 6,455 crores. This is designed to provide financial assistance to mothers or guardians of children who attend school. The scheme offers an annual financial assistance of Rs. 15,000 to each beneficiary family, to support the education of their children.

**Aarogyasri:** This scheme provides healthcare services to the poor and needy. The budget allocation for this scheme for the year 2021-22 is Rs. 1,500 crores. This provides free healthcare services to low-income families in the state. Under the scheme, the government covers the cost of medical treatment for a range of serious illnesses and surgeries including cancer, organ transplants, endocrine disorders, etc.

**Jagananna Vidya Deevena:** This scheme provides financial assistance to students pursuing higher education. The budget allocation for this scheme for the year 2021-22 is Rs. 4,150 crores. This aims to provide financial assistance to students from economically weaker sections to pursue higher education. Under the scheme, the government pays the entire tuition fee for eligible students in all government and government-aided colleges.

**Jagananna Vasathi Deevena:** This scheme provides financial assistance to students pursuing intermediate education. The budget allocation for this scheme for the year 2021-22 is Rs. 2,300 crores. This aims to provide financial assistance to students from economically weaker sections to meet their hostel and mess expenses. Under the scheme, the government provides an annual subsidy of Rs. 20,000 per year to eligible students.

**Nadu-Nedu:** This scheme aims to improve the infrastructure of government schools. The budget allocation for this scheme for the year 2021-22 is Rs. 4,880 crores.

**YSR Pension Scheme:** This scheme provides financial assistance to the elderly, widows, and differently abled persons. The budget allocation for this scheme for the year 2021-22 is Rs. 18,605 crores. This is aimed at providing financial assistance to old-age persons, widows, and persons with disabilities. Under the scheme, eligible beneficiaries receive a monthly pension ranging from Rs. 2,250 to Rs. 3,000.

**YSR Housing Scheme:** This scheme aims to provide housing to the poor and needy. The budget allocation for this scheme for the year 2021-22 is Rs. 2,438 crores.

**Housing for all:** This scheme aims to provide housing to the homeless. The budget allocation for this scheme for the year 2021-22 is Rs. 2,239 crores. This scheme aims to provide housing to eligible families in the state. The government provides financial assistance of Rs. 1.5 lakhs to beneficiaries to construct a house or repair an existing one.

**YSR Aasara:** This scheme aims to provide financial assistance to women from self-help groups (SHGs) in the state. Under the scheme, the government offers loans at a low-interest rate, along with a subsidy of up to Rs. 15,000 for each eligible beneficiary.

**Fee Reimbursement:** This scheme aims to provide financial assistance to students from economically weaker sections to pursue higher education in private colleges. Under the scheme, the government reimburses the entire tuition fee paid by eligible students in private colleges.

Besides these, the government has also introduced many initiatives like Ban on Alcohol, English-medium government schools, textbooks printed in both Telugu and English, digital classrooms and proper sanitation in schools, provision of 2214 additional ambulances and so on.

As per the government's data, more than 1.38 crore people have benefited from these schemes. The government claims that these schemes have particularly helped the marginalized sections of society, including farmers, women, students, and the elderly.

A study on 'Remittances, Investment and New Emigration Trends in Kerala' Justin Sunny, Jajati K. Parida and Mohammed Azurudeen revealed that remittances increased per capita income for households and altered their purchasing habits. Families that receive remittances typically spend a greater percentage of their monthly income on non-food durable items. Additionally, receiving remittances enables people to save money, invest more in property, structures, and assets, and create human capital (by increasing their expenditure on health and education). Instead of the customary low-skilled Gulf emigration, households that spend a significant portion of their income on education and health also record a surprisingly high percentage of skilled emigration

to either the Global North or Oceania regions. Therefore, policies that support these new emigration tendencies are expected to maintain Kerala's process of general socio-economic development as well as the rise of remittance inflows. 'What Is Wrong with Kerala's Education System?' by K.K. George and N. Ajith Kumar is another study that talk about the failures of such huge investment, despite increase in numbers, especially in terms of quality and lack of effect on the target population.

There may not be a parallel drawn between Andhra Pradesh and Kerala, but Kerala's popularity in leading the development charts due to high investment in households and education allows to sketch a possible scenario. Andhra Pradesh government has guarded many kinds of accusations faced by the Kerala government in terms of quality and efficiency. However, the validity of return on investment seems to be a concern if at all it must be, since it is welfare state promoting social welfare.

### III. VALIDITY OF EDUCATION EXPENDITURE

In the long- run, Intuitively, there must be a positive relation between the expenditure on education and the literacy rates. Regression analysis has been performed to test for the same:

Hypothesis:

H0: There is not statistically significant and positive relation between the expenditure on education and literacy rates.

H1: There is a statistically significant and positive relation between the expenditure on education and literacy rates.

Data:

Indian statistics have been considered in this analysis to control for cultural and territorial differences and to study the effect on an aggregate Indian population. The historical data on the expenditure on education from 1952 to 2001 is used as the independent variable and the literacy rates of the same time frame with gaps filled in arithmetic progression manner have been used as the dependent variable.

### IV. Results Summary:

Regression Statistics								
Multiple R	0.804051393							
R Square	0.646498642							
Adjusted R Square	0.63881383							
Standard Error	7.710433877							
Observations	48							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	5001.40469	5001.40469	84.12679867	5.90327E-12			
Residual	46	2734.736367	59.45079058					
Total	47	7736.141057						
Coefficients								
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	34.76146051	1.305386042	26.62925709	1.35009E-29	32.13385469	37.38906633	32.13385469	37.38906633
X Variable 1	0.000588779	6.41927E-05	9.172066216	5.90327E-12	0.000459566	0.000717992	0.000459566	0.000717992

The coefficient for Expenditure on Education (X) is 0.000589. This means that for every unit increase in X, we would expect a 0.000589 unit increase in Y, holding all other variables constant.

The standard error for X is 6.41927E-05, which is a measure of the precision of the estimated coefficient. The lower the standard error, the more precise the estimate.

The t-statistic for X is 9.172066216, which indicates that the coefficient is statistically significant at a high level of confidence (assuming a two-tailed test). In other words, we can reject the null hypothesis that the true coefficient is zero and conclude that there is a significant relationship between X and Y.

The p-value for X is 5.90327E-12, which is less than the significance level of 0.05 (assuming a two-tailed test). This provides further evidence that the coefficient for X is statistically significant and not due to chance.

The coefficient for the intercept is 34.76146051, which represents the estimated value of Y when X is zero.

The standard error for the intercept is 1.305386042, which is a measure of the precision of the estimated intercept.

The t-statistic for the intercept is 26.62925709, which indicates that the intercept is statistically significant at a high level of confidence (assuming a two-tailed test).

The p-value for the intercept is 1.35009E-29, which is less than the significance level of 0.05 (assuming a two-tailed test). This provides evidence that the intercept is statistically significant and not due to chance.

In summary, the results suggest that there is a very significant positive relationship between Expenditure on Education and Literacy Rates in the population, and the intercept is also statistically significant.

In the short term, the comparison between the increase in education expenditure and the increase in literacy rates for the same data but divided into four decades is as follows:

Year	Increase in Exp (% of previous year)	Increase in literacy rates (% of previous year)
1960-70	260.2283889	21.73144876
1970-80	328.4518265	26.47314949
1980-90	372.4993306	19.83015837
1990-00	386.4993017	24.19076805

An increase of 260.2283889% in the education expenditure has led to an increase of 21.73144876% in literacy rates. Later an increase of 372.4993306% in the education expenditure has led to only 19.83015837% increase in the literacy rates.

The following table shows the long-term and short-term correlation between the Education Expenditure and the literacy rates:

Long term Correl	Short term Correl
0.872881746	0.028661123

The long-term data shows a high positive correlation whereas the short-term data reveals a very small correlation.

## V. AGGREGATE STUDY AND OBSERVATIONS OF SCHEMES

It is important to note that there may not be an instant quid pro quo for the huge investments done by the state government and an exact review can only be revealed by the future instances. The following is a descriptive analysis of the schemes:

The number of schools in Andhra Pradesh reduced from 40,703 in 2014 to 38,793 in 2015. Many schools have been either merged or shut down. The state had the lowest literacy rate of 67.35%. Gross Enrolment Ratio of Andhra Pradesh for Tertiary Education of Scheduled Castes in Male data is updated yearly, averaging 29.500 % from Sep 2010 to 2020, with 11 observations. The data reached an all-time high of 34.000 % in 2020 and a record low of 23.898 % in 2013. We can see that the reduction the number of schools directly affect the enrolment ratio. Andhra Pradesh now has 69561 well-equipped schools. And the excess expenditure is not necessarily a burden on the economy of the state but a moral obligation and a responsibility.

The targeted population of the numerous policies implemented are those that are in need. These people will only try to make themselves better off by availing the aid and gaining access to necessities. P Chidambaram, a politician, and a lawyer in one of his interviews confessed that one mistake his political party has done is to not invest more in education, the second generation of leadership which reflects on the importance and impact of education on the people. In the same interview, he also points out that there exists unnecessary anti-poor ideology by narrating an instance where 5,27,000 crores of debt of 514 companies had been written off for which there was no commotion, whereas, if the existing just 98,000 crore education loan of the students who are aspiring to pursue further studies were written off, it would be called a freebie. It is crucial to surmount such ideologies and invest in good.

In research done in Kurnool district of Andhra Pradesh, to check the utility of welfare schemes by underprivileged students, it was found that there is a significant utilization of social welfare schemes by the high school students. There is no significant difference between male and female students in utility of social welfare schemes by students but there is a significant difference among urban and rural high school student, as in, the rural students utilized welfare schemes better than urban students. "Unemployment is the biggest concern in India"- Shashi Tharoor, a politician and public intellectual. AP government has provided an additional 2.06 lakh jobs to the existing 3.19 lakh jobs in the public sector which is unparalleled. YSR Adarsham Scheme of AP has provided vehicles to the unemployed youth for self-employment opportunities by APMDC, APCSC and APBCL

corporations for transportation of sand & other items. By this source unemployed youth can earn Rs. 20,000 per month. 1088 ambulances have also been launched with a budget of Rs 201 crore. YSR Rahadari Bhadratha scheme is being implemented where any road accident will be treated at a free of cost in any hospital across the state for the first 48 hours and up to Rs 50,000 cost. To facilitate digital learning, the state government also chose to provide 4.7 lakh class 8 students with tablets at a cost of Rs 500 crore. YSR Rythu Bharosa scheme provides financial assistance to the farmer families, including tenant farmers across the State at Rs 13,500 per farmer family, per year, to support the cultivators in meeting the investment during the crop season with a view to enable them to timely sourcing of quality inputs and services for higher crop productivity. AP government has also distributed house sites to more than 30 lakh poor families and the documentation has been done preferably on the name of the woman which implies a clear indication of reducing inequality in both gender and wealth.

## **DEBT**

Andhra Pradesh has numerous other welfare schemes being perfectly implemented and impacting the lives of many to an extent that has not been there before, but this did come with having too much debt. It is a known fact that Andhra Pradesh has been financially struggling since the bifurcation of state. The state had a debt of Rs 97,000 crores before the previous administration. By the end of 5 years, it has increased to Rs 2,58,928 crores, i.e., an addition of Rs 1,61,928 crores debt. The current government has borrowed Rs 1,43,549 crores over the span of 3.75 years bringing the total debt up to Rs 4,04,477 crores making it the 6th highest in debt. It is important to notice that Andhra's debt has been accumulating over the years. The government has come under fire from some, who claim his welfarism hinders true growth for which the Chief Minister argued that putting money in people's hands improves their quality of life, which in turn promotes economic growth.

U.S. Sen. Elizabeth Warren popularized the 50/20/30 budget rule in her book, *All Your Worth: The Ultimate Lifetime Money Plan*, which says, 50% should be spent on 'must-have or must-do', 20% on 'savings and debt repayment', and 30% on 'others'. Although, this might not be the most empirical

in terms of planning the budget of a government, it could be assumed ideal for the furtherance of comparison.

Elizabeth's rule can be takes as: 50% of the budget on 'must-have or must-do' indicating 50% of the budget for welfare schemes, 20% on 'savings and debt repayment', 30% on 'others' i.e., 30% of the budget on miscellaneous expenditure.

As per the data from PRS Legislative Research, Andhra Pradesh, over the years 2019-22, has spent 52.54% of its expenditure on welfare schemes, 16.97% on debt servicing and 30.48% on miscellaneous. Hence, the budget allocation is still under control, and the debt is usual for the level of the development that is aimed.

## **VI. CONCLUSION**

the Andhra Pradesh Navaratnalu schemes have been a subject of intense debate, with supporters hailing them as transformative and critics raising concerns about their impact on the state's finances. While the implementation of these schemes has faced several challenges, their success in improving the welfare of the people cannot be overlooked. The schemes have provided much-needed financial assistance to farmers, made healthcare more accessible to the poor, and helped uplift the marginalized sections of society. Going forward, it will be essential to find a balance between welfare expenditure and financial sustainability to ensure the long-term success of these schemes.

The study on remittances in Kerala highlights the positive impact of investments in education and health on the household income and purchasing habits. While the Andhra Pradesh government has guarded against accusations faced by the Kerala government in terms of quality and efficiency, it is necessary to ensure that these investments yield a valid return on investment in terms of long-term social and economic development.

The regression analysis shows that there is a significant positive relationship between Expenditure on Education (X) and Literacy Rates (Y) in the population. These results indicate that increasing expenditure on education can have a significant impact on literacy rates in the population. Further, there is a strong positive correlation between education expenditure and literacy rates in the long-term. However, in the short-term, the correlation appears to be weaker. The increase in education expenditure resulted in a larger increase in literacy rates initially, but the subsequent increase in expenditure did not lead to a proportional increase in literacy rates which advocates for patience for future.

The reduction in the number of schools in Andhra Pradesh has negatively affected the Gross Enrolment Ratio of Scheduled Castes in Tertiary Education, particularly for males. However, the state government has taken steps to provide assistance and support to the underprivileged population through various welfare schemes, such as providing tablets for digital learning, financial assistance to farmers, and distributing house sites to poor families. The utilization of these schemes has been observed to be significant, especially in rural areas. The government's efforts to address unemployment by providing jobs in the public sector and creating

self-employment opportunities have been commendable. It is essential to prioritize investment in education and eliminate anti-poor ideologies to reduce inequality and uplift the underprivileged population.

Andhra Pradesh has implemented numerous welfare schemes, which have improved the lives of many but also led to a significant increase in debt. However, the budget allocation is still under control, with 52.54% spent on welfare schemes, 16.97% on debt servicing, and 30.48% on miscellaneous expenditures, which is within a reasonable range for the state's level of development.

The government is doing its best and beyond for the welfare of the people with a long-term goal of building a powerful economy with least unemployment, poverty, hunger and inequality. Andhra Pradesh government is doing what is required for the poor to come out of the vicious poverty circle. It has aimed to generate quality citizens who can bring their family out of poverty and experience a new and better economic position. The budget allocation is still under control, and the debt is usual for the level of the development that is aimed. The successful implementation of its policies and schemes is a proof that the extravagant expenditure is not going in vain. However, the real success of will be reflected in what the economy will be in a decade and beyond.

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