

**A STATE IN PERIODIC CRISES**  
**Andhra Pradesh**

B P R Vithal



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## CONTENTS

Sl. No		Page no.
	Acknowledgments	v
1.	Introduction	1
2.	Hyderabad State - Nizam's Government and the Govt, of India March 1948	5
3.	Police Action - September 1948	20
4.	Muslims of Hyderabad	36
5.	The Telangana Surpluses- A Case Study	44
6.	Further Reflections on Andhra Pradesh	84
7.	Looking Back at Planning and Development in Andhra Pradesh	106

## Acknowledgements

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Centre for Documentation, Research and Communication. Himayathnagar, Hyderabad.

## About Author

Born at Hyderabad on 30-11-1927

Studied at Madrasa-I-Aliya, Hyderabad and Madras Christian College, Madras.

Joined the Indian Administrative Service (IAS) IN 1950.

Secretary to Government of Andhra Pradesh in the Planning and Development Department, 1964-1974.

Principal Secretary to Government of Andhra Pradesh, Finance & Planning Department, 1974-82.

Fiscal Expert of the International Monetary Fund (IMF). Worked as IMF Budget Adviser to Government of Sudan, 1982-1984.

Deputy Chairman, State Planning Board, Government of Andhra Pradesh (rank of Chief Secretary) 1984-85.

Retired from IAS 1985.

IMF Budget Adviser to Government Malawi, 1985-86.

Member, Committee on Taxation of Agricultural Wealth and Income, Government of India, 1972.

Member, High Power Pay Committee for Public Sector Undertakings, Ministry of Industry, Government of India – 1986-88.

Chairman, Expenditure Commission, Government of Kerala 1987-89 (with the status of Cabinet Minister of the State).

Deputy Chairman, State Planning Board, Government of Andhra Pradesh – 1990-93 (with the status of Cabinet Minister of the State).

Chairman, Expert Committee on Panchayati Raj Institutions, Government of Andhra Pradesh – 1991-92.

Chairman, Research Programmes Committee, Planning Department, Government of Andhra Pradesh (with the status of Cabinet Minister of the State) – 1993-94.

Member, Tenth Finance Commission (with the status of Minister of State, Government of India) – 1992-94.

Chairman, Informal Advisory Committee on Ways and Means Advances to State Governments, Reserve Bank of India – 1998.

Founding Member, Board of Governors and Honorary Senior Fellow, Centre for Economic and Social Studies, Hyderabad.

Awarded Honorary Doctorates by Osmania and Annamalai Universities.

Has written extensively on Public Finance, Federal Financial Relations and Planning.

*“Fiscal Federalism in India”* (Co-author M.L. Sastry), published by Oxford University Press, 2001.

*“The Gadgil Formula”* (Co-author M.L. Sastry), Centre for Economic and Social Studies (CESS), 2002.

## Introduction

I can look back at the history of Andhra Pradesh with some authority based on a long, unbroken and, in all modesty, unrivalled experience as a civil servant. (Note attached. bprv) I have, therefore, collected together here some of my writings which throw light on the current history of Andhra Pradesh from its formation up to the year 2000.

I start with the minutes of the last meeting between the Prime Minister of Hyderabad, Mir Laik Ali Khan and the Governor-General of India, Lord Mountbatten. I explain the unusual circumstances under which I came into possession of the record of such a historic meeting.

Then I go on to the Police Action. It was some unique prescience that made me get back to Hyderabad from Madras by the last train that was allowed to come in. The Police Action was a climacteric event. The day after the Police Action, power changed hands in Hyderabad in a manner in which it had not changed in Delhi. I felt sad when I heard Prime Minister Laik Ali and HEH the Nizam on Hyderabad Radio (no longer Nasrghah-i-Hyderabad). I felt a moment in history was passing, which I did not feel on August 15, 1947! Nehru was after all Prime Minister before and for many years after that Midnight Hour.

The Police Action changed the lives of everyone in Hyderabad, including mine. The greatest apprehensions, however, were naturally of the Muslims of Hyderabad. As my father pointed out, the British transferred power and physically left India by symbolically marching through the Gateway of India! But the Nizam transferred power and continued to live here, among his people till he died at a ripe old age! The leaders of the Muslims had thoughtlessly involved the ordinary Muslims by calling them "the body of his (Nizam's) kingship". These people did not have the wealth or influence to insulate them from events after the Police Action to the extent the rich and powerful had.

I have, therefore, included next an article of mine on the "Muslims of Hyderabad". I have tried to look at the various issues with understanding and sympathy. I claim some privilege for my witness of this period. I grew up in the Muslim localities of those days - Red Hills and Nampally. I was through-out a student of Madrasa-i-Aliya, where all my classmates were children of the higher civil servants of the State. At home, our constant visitors were the students of the Nizam College, children of nawabs and rajas and of the

Andhra middle-classes of Secunderabad, whose favourite professor my father was. At that time, during the twilight of the nawabs, I lived, moved and had my being in this ethos..

The State of Andhra had a number of firsts to its credit. It was alphabetically the first. It was recommended by the JVP (Jawaharlal, Vallabhai, Pattabhi) Committee, but rejected by a Cabinet headed by Jawaharlal, where Vallabhai was the Home Minister. It was conceded due to the first Fast Unto Death that really resulted in death! It was the first to then disappear! Like a good South Indian boy of those days it was betrothed on birth to Vishalandhra and waited patiently for his cousin to grow up. Again, like any rich South Indian family, this marriage was consummated in controversy regarding properties, continued through them, and is still threatened by them.

The logic of the original British Provinces was the progress of British conquests and the need thereafter to consolidate them and establish a settled administration.. That many of them were multilingual by virtue of their previous history did not matter because the language of administration was English. On the other hand, each of the Indian Princely States mostly represented one culture and one language. Nizam's Hyderabad State was an exception to this because it also represented the extension of the rule of the Delhi Mughals and the Nizam was their Viceroy, till he declared his independence. It was the fate of the Telugus that they were divided between two imperial dispensations. The only way to deny this fact to themselves and to restore their self-respect was to claim that they were two different cultures.

In 1956, however, for reasons which I briefly touch upon in these papers, they were brought together in what is called, in Western Movies, a Shot Gun Marriage! The marriage started with a quarrel about name. The composite State could not be called Andhra because that sounded like annexation. The old romantic name Vishal Andhra could not be used because this would sound expansionist in the new free India. Telugu Nadu sounded too much like Tamil Nadu. Finally, someone argued that we should not lose our alphabetical primacy and Pradesh had already been used; so came Andhra Pradesh! Little did they imagine then that alphabetical primacy is all that will remain with us!

The first Telengana agitation started with the striking down of the Mulki Rules. The Centre however deftly settled it by giving some well-justified protections about finances and development. This resulted in some historic and unprecedented budgetary procedures authorised by a Presidential Order. The Regional Committee of Andhra Pradesh Assembly also set a model of legislative control of such procedures. The Andhra agitation of 1974 arose out of the revival of the Mulki Rules by the Supreme Court. In settling this agitation these entirely unrelated protections given earlier were also withdrawn. I have included here my Working Paper of June 2002, published by the CESS which deals with these developments at some length.

That brings me to my Memorial Lecture delivered at Kakinada in March 1998, "Andhra Pradesh - The First Linguistic State ". I began this lecture by quoting St. Paul, who had claimed the privileges of two cultures - of being a 'trueborn' Jew and of being a Roman Citizen. I too was claiming a knowledge of two cultures; one derived from my grandparents who then still lived on the Godavari Bund in Rajahmundry and the other from my own life shaped initially in the Madrasa-i-Aliya, widened in the Madras Christian College, planted in the governance of Hyderabad, transplanted to the State of Andhra Pradesh! When I and my wife, Seshu, were living on the Bund of the Nile, at the confluence of the White and Blue Niles, it struck us that we had similarly lived on the banks of the Musi and the Godavari. Whenever I consider any issue concerning this unhappy State of Andhra Pradesh, I think back to these accidents of my life!

I have included finally a chapter, "Looking Back" of March 2006. I was, even then, apprehensive of looking forward, considering what was happening in the State. I conveyed these apprehensions whenever I was asked. These have now caught up with us; with some as sins and with others as regrets! Looking back is an expected failing of the aged. But, now I am wiser; I no longer even look forward.

Our State has followed the Marxist paradigm of thesis, anti-thesis and synthesis. Its history has also followed the Marxist dictum of repeating itself, first as tragedy and then as farce. Where we begin our retrospect will decide whether we are today in the midst of a tragedy or a farce! The Telugus had a great tradition in both these forms and revelled in them. But a deus ex machina has now made this hazardous. Having been a civil servant I avoid hazards!

Friends of my soul, you twain  
Rule in this realm and the gored state sustain.

- - -

The weight of this sad time we must obey,  
Speak what we feel, not what we ought to say.

Shakespeare. King Lear. Act V Scene 3. 293 - 297

Ugadi, March 16 2010

**Note:**

I joined the Civil Service when Hyderabad was still under Military Government. I entered the Shah Manzil when Dr. Burugula Ramakrishna Rao became the first popularly elected Chief Minister of Hyderabad. I was District Collector, Karimnagar when the new State of Andhra Pradesh was inaugurated on November 1, 1956.

I was Registrar of the Osmania University from 1961 to 1964. Dr. M. Channa Reddy, Sri. P.V. Narasimha Rao and Sri. (later Justice) Gopalrao Ekbote were members of its Syndicate. Many of the current Telengana leaders, like Sri. Jaipal Reddy, were fiery student leaders then.

I was the Planning Secretary, as also later Finance Secretary from 1964 to 1982.

Sri. PV Narasimha Rao was deputed by Mrs. Gandhi in 1982 to give her a report on the political situation in Hyderabad. He consulted Sri. SR Rammurthy, Chief Secretary, who asked me. I gave a report according to which, in my view, AP was entering an unprecedented political phase. I suggested some remedial steps. In the event, quite different steps were taken and I felt that the finances of the State, which I had restructured with great effort, were now bound to collapse. I did not want to be associated with such a debacle. Therefore, for the first time I left Hyderabad in 1982 to go to the desert town of Khartoum, which was then like Hyderabad had been in the early 1940s

I returned in late 1984 and took voluntary retirement in early 1985.

I lived the history of Andhra Pradesh in all its ups and downs. Whether it now has only a history or a future remains to be seen!.

**March 21, 2010**

## Hyderabad State - Nizam's Government and the Govt. of India - 1948

### A. Introduction:

#### I. About the papers discussed here.

When I took charge as Finance Secretary of Andhra Pradesh from Sri. N. Ramesan, IAS. in March 1974, he handed over to me the papers in his personal custody in the customary fashion, by preparing and signing a list of all of them. He then handed over to me the key to a small steel almirah in his office room, which he said had been handed over to him by his predecessor, Abbasi. He then added, "It contains some papers concerning your Hyderabad State, which I have not gone through; but which may interest you."

I went through the files in this almirah after I had settled down in my new assignment. I could see from an engagement diary found in it that the papers were last kept there by Sri.L.N. Gupta, HCS., who was Secretary, Finance Department of the Nizam's Government in 1948. All of them pertained to the period before Police Action and were of little consequence later. Mr. L.N. Gupta's last posting before retirement was as Planning Secretary, Govt. of AP. I took charge from him in 1964.

However, I found in this almirah the following historically interesting and important papers:

1. Proceedings of the Conference on Hyderabad affairs held on Friday, the 30th. January, 1948 in the Ministry of States, New Delhi.
2. Minutes of meetings of His Excellency the Governor-General with the Hyderabad Delegation held at 6 p.m. on Tuesday, 2nd. March 1948 and again at 3 p.m. on Thursday, 4th March 1948.

These minutes do not contain any signatures or authentication; but the quality of the paper shows that they were genuine old documents. The Minutes of the meeting on 2nd. March had "Copy No.7" typed on it. The Minutes of 4th. March had no number typed on it, but the number "40" was written in pencil. I believe these are genuine documents and that they were kept there by Sri.L.N.Gupta, then Finance Secretary of the Nizam's Government, who participated in the meeting of officials on 30th January 1948.

The original proceedings deal with a number of issues which would not be of interest now; in fact some of them deal with issues which the present generation may not even be aware of. Therefore, I have reproduced here extracts which deal with issues which I think are important and which may be of interest even today.

## II. MEETING OF OFFICIALS ON 30th. JANUARY 1948.

It is a curious coincidence that this meeting was held on the day Gandhiji was assassinated! The minutes of the later meetings with the Governor-General mention the exact time, but these proceedings do not.

I. Officials present at the Conference on Hyderabad affairs held on Friday, the 30th January, 1948, in the Ministry of States, New Delhi.

Hyderabad Representatives	Government of India Representatives
1. <b>Nawab Moin Nawaz Jung</b> Minister for External Affairs and Finance, Hyderabad Government.	1. <b>Mr. V.P. Menon, Secretary,</b> Ministry of States.
2. <b>Mr. S.M.A. Razvi,</b> Chief Secretary,	2. <b>Mr. C.C. Desai,</b> Additional Secretary, Ministry of States.
3. <b>Mr. L.N. Gupta,</b> Secretary, Finance Ministry.	3. <b>Mr. Shavax A. Lal,</b> Secretary, Ministry of Law.
4. <b>Mr. C.B. Taraporewalla,</b> Addl. Secretary, Finance Ministry.	4. <b>Mr. B.K. Nehru,</b> Secretary, Ministry of Finance.
5. <b>Mr. M.A. Ansari, Legal advisor.</b>	5. <b>Mr. M.V. Rangachari,</b> Budget officer
6. <b>Mr. K. Nizamuddin Hasan</b>	6. <b>Mr. Sudhir Ghosh</b>

(Note: Nawab Moin Nawaz Jung was a HCS Officer, who was given the title of Nawab when he was made a Minister, in accordance with the practice in the Nizam's Government. All the other persons mentioned in the Proceedings of the meeting on January 30, 1948 were also HCS Officers except Mr.C.B. Taraporewalla, who later became the Financial Advisor of H.E.H. the Nizam)

"Proceedings of the Conference on Hyderabad affairs held on Friday, the 30th January, 1948, in the Ministry of States, New Delhi.

"NAWAB MOIN NAWAZ JUNG, ... mentioned that there existed today an atmosphere of suspicion and distrust between the Government of India and the Government of Hyderabad. ... He smelt this suspicion soon after the Standstill Agreement was entered into.

"The Hyderabad side felt that they entered into one year's agreement with India to gain time for cool thinking and for working out the right relationship between Hyderabad and India; but they regretted that utterances had been made by prominent public figures on the Indian side which had not been at all helpful. Accession - and nothing short of accession - to the Indian Dominion had been insisted upon. The repercussion of this demand had been unfortunate on the Hyderabad side and this had led to extreme demand for independence - and nothing short of independence."

" MR. MENON said that he thought the purpose of the conference was to discuss the Memorandum which had been forwarded by the Hyderabad representatives, but since Nawab Moin Nawaz Jung had raised some general issues, Mr. Menon had to say a few words. He wished to make it plain that the Government of India never contemplated a Standstill Agreement except with a view to eventual accession; but they did not press for immediate accession. They never disguised the fact that the ultimate object was accession. It was made plain at every stage by the Government of India."

"The things, Nawab Moin Nawaz Jung continued, that led to the deterioration of relationship between Hyderabad and India were, -

The Currency Ordinance.

The restriction on the export of metals.

Hyderabad's Loan of Rs. 20 Crores to Pakistan.

A minor matter - the appointment of a Publicity Officer to Karachi.

#### **THE CURRENCY ORDINANCE:**

The Nizam was the only Indian Ruler whom the British Government had allowed to issue a currency of his own, which was known as OS or Osmania Sicca, while the British Government Currency of India was called IG or Indian Government. Both were in circulation in Hyderabad State. There was an officially fixed ratio of conversion between the two currencies, which varied between Rs. 100 IG equal to Rs. 115 and 117 OS. There was a slight difference between the IG/OS rate and the OS/IG rate which was the

Bank's profit. HE Hyderabad Government had issued an Ordinance that made the Nizam's Currency alone the legal currency in Hyderabad State. BPRV.)

"Nawab Moin Nawaz Jung explained that, "The Currency Ordinance was promulgated with a view only to popularizing Hyderabad's own currency. It did not in any way affect the economy of India and involved no constitutional breach."

"In response to a query by Mr. S.A. Lal, Mr. Taraporewalla stated that the Hyderabad Currency in circulation was about 55 to 56 Crores while the amount of Indian currency in circulation in the State was about 50 lakhs. On this Mr. Lal said that this showed that the Hyderabad currency was already popular and "obviously there was no need to promulgate an ordinance to penalize the use of Indian currency with a view to popularizing the State's own currency. .. the purpose behind the ordinance was something other than popularizing Hyderabad currency."

Mr. Menon explained that he had sent a telegram to the Hyderabad Government because, "he was quite clear in his mind that the Hyderabad action was wrong. The British Government would never have allowed the Hyderabad Government to promulgate such an Ordinance and if such a thing was not possible before the 15th of August, it was clearly wrong on their part to do it after the 15th of August."

"Mr. Menon stated that the British Government would never have allowed a measure of this type. Mr. Menon stated that the whole thing boiled down to this, that cash transactions in Indian currency was not illegal before 15th August 1947. But now they were illegal. Constitutionally it was not possible before the 15th. August 1947. Hence the present action of Hyderabad was not constitutional."

#### **THE LOAN OF RS. TWENTY CRORES BY HYDERABAD TO PAKISTAN.**

Nawab Moin Nawaz Jung said that ...,

"The main features of the loan were:

That it was sanctioned by H.E.H. the Nizam before the present Hyderabad Ministry took office and before they entered into the Standstill Agreement with India.

that the securities were there and they had just been transferred to the Pakistan Government; and

that this transaction was purely economic and had no political significance whatsoever.

"The main allegation, continued Nawab Moin Jung, of the Indian side was that this meant a breach of the Standstill Agreement. This transaction was only an investment.

The Hyderabad Government was entitled to pursue its investment policy independently without consulting the Government of India before the 15th August 1947. .... A great deal of Press propaganda had been made in India in this matter .... Nawab Moin Nawaz Jung suggested that the Indian Press should be curbed in a delicate situation such as we had today.

"Mr. Menon said that, "The Government of India is a popular Government and must represent the popular will. Popular opinion was that the Hyderabad loan was given deliberately to Pakistan. It must be remembered that the Kashmir issue had become serious and naturally the man in the street thought that Hyderabad had helped Pakistan to attack India. .. It was true that the arrangement was entered into some time ago; there could be no good reason for withholding the information from the Government when in November the Standstill Agreement was entered into."

(At one stage Nawab Moin Nawaz Jung left the meeting and the discussions continued between the rest of the officials. BPRV.)

"Mr. Gupta maintained that the investment of 20 crores of Hyderabad in Pakistan did not affect foreign relations.

"Mr. Menon said that surely as a matter of information the Hyderabad Delegation should have told the Government of India about this transaction at the time of the signing of the Standstill agreement.

"Mr. Desai mentioned that the essential point was whether the bias was political or financial.

"Mr. Gupta stated that the Hyderabad representatives were not to discuss the merits of the transaction.

"Mr. Lal pointed out that, since the transaction was not on merits, the motive behind it was easily guessed.

"Mr. Gupta explained that when this transaction was finalized the Hyderabad authorities did not visualize deterioration in the relations between India and Pakistan.

"Mr. Menon pointed out that H.E. the Governor-General had told the Hyderabad representatives at every stage of the negotiations about the Kashmir situation and also about the state of relations between India and Pakistan.

"Mr. Razvi stated that the financial settlement between India and Pakistan was so generous that Hyderabad assumed good relations between India and Pakistan. And did not anticipate any difference arising out of Hyderabad's loan to Pakistan.

"Mr. Menon stated that one side of the contention was that the transaction was pure investment, and the other side of it was that the aim was to obtain foreign exchange. The least the Hyderabad Government could do was to inform the Government of India. The Government of India took a serious view of Hyderabad's failure to do so. If Hyderabad's aim was really to obtain foreign exchange, the obvious course for them to adopt was to approach the Government of India and not the Government of Pakistan. Hyderabad clearly could not obtain foreign exchange through Pakistan, a foreign country. A transaction of this magnitude involving 20 crores of rupees should not have been done secretly.

"Mr. Menon emphasized that the Government of India must ask the Hyderabad Government to reconsider the whole position.

"Mr. Razvi enquired what would happen if the Pakistan Government did not agree to return the amount.

"Mr. Menon informed the the Hyderabad representatives that, in the event of Pakistan's refusal to return the 20 crores, the Government of India would tell the Hyderabad Government what should be done. Mr. Menon added that Hyderabad should first ask Pakistan Government."

*Note:*

The above extracts are taken verbatim from the proceedings of the meeting on January 30, 1948.

The following items were also discussed at this meeting. They have been omitted to make these extracts more focused:

1. The appointment of Hyderabad trade representatives and publicity officers abroad. Mr. Menon emphasized that their activities had to be coordinated with the activities of Indian diplomatic representatives.
2. Regarding the occupation of the Residency Building by the Government of India. Nawab Moin Nawaz Jung said that, "This was regarded as an unfriendly gesture by the Hyderabad people and the Nawab mentioned that it was a bad beginning for the Indian Agent-General in Hyderabad."
3. Bottleneck in imports by Hyderabad from abroad.
4. Supply of arms and ammunition to the Hyderabad Army. 'Mr. Menon explained that this was due to the Kashmir trouble ... in a month's time arms would be sent to Hyderabad."

5. Appointment of Agents-General by Hyderabad Government in foreign countries. Mr. Menon explained that the appointment of only Trade Representatives had been agreed to.
6. Issue of Passports. Mr. Menon that, "passports could only be issued by a sovereign Government... Indian Passports were to be issued by the Hyderabad Government with the counter-signature of the Indian Agent-General at Hyderabad."

BPR Vithal.

May, 7, 2008

MEETINGS WITH THE GOVERNOR GENERAL.

"2nd. March, 1948.

CONFIDENTIAL COPY NO. 7

**"MEETING OF THE GOVERNOR GENERAL WITH THE HYDERABAD  
DELEGATION.**

"A meeting of His Excellency the Governor- General with the Hyderabad Delegation was held at Government House, New Delhi, at 6 P.M. on Tuesday, 2nd. March 1948.

PRESENT

The Earl Mountbatten of Burma.

Governor-General of India

**Hyderabad Delegation:**

Mir Laik Ali

Nawab Moin Nawaz Jung

Sir Walter Monckton

**MINISTRY OF STATES**

Rao Bahadur V.P. Menon,

Secretary, Ministry of States

**SECRETARIAT**

Lieut. Colonel V.F. Erskine Crum, Conference Secretary to the Governor-General"

*(NOTE: Sir Walter Monckton was appointed Constitutional Advisor to the Nizam. At that time, a great store was put on the fact that he and Lord Mountbatten were good friends. BPRV)*

**"Minutes of the meeting on 2nd. March 1948"**

**"Mir Laik Ali's visit to Karachi"**

"The PRIME MINISTER OF HYDERABAD said that, just before the assassination of Mahatma Gandhi, he had spoken to him concerning the possibility of bringing about a better understanding between India and Pakistan. He had recently talked this over with Pandit Nehru and Sardar Patel, and understood that they both would appreciate and welcome any efforts which he personally could make in this direction. He furthermore considered that it was a human duty for him to make such efforts. He was accordingly visiting Karachi the following day. He did not propose to go into details with the leaders of Pakistan, but hoped to induce them to come together with the leaders of India in as good an atmosphere as possible.

"The GOVERNOR-GENERAL said that as far as he knew, there was only one major issue still at stake between the two Dominions. This was the problem of Kashmir, which had now been referred to the United Nations Organisation. However, there was a deeper difference than this between India and Pakistan. India had declared herself to be a secular State and was determined to make no differentiations between the various communities which made up her population. The Government of India was making use of the services of, for example, Muslims in various high positions. Both Mr. Jinnah and Mr. Liaqat Ali Khan had informed him previously that it was their ambition to make Pakistan a secular state too. But they did not appear to be succeeding in this. It was now difficult for Hindus and Sikhs to live in at least the Western part of Pakistan. Mr. Liaqat Ali Khan was now talking openly of Pakistan as a "Muslim State". So long as this outlook continued, and so long as the Muslim League closed its doors to members of all other communities and remained a purely communal party, there would, he thought continue to be difficulties.

**Hyderabad's Loan of Rs. 20 Crores to Pakistan**

"The GOVERNOR-GENERAL then referred to the loan of Rs. 20 Crores which had been made by Hyderabad to Pakistan. He pointed out that negotiations for this loan had been going on at the same time as the final negotiations for the Standstill Agreement between Hyderabad and India. He was astounded that he, who had been largely concerned in the latter negotiations, had never been informed of the former. It has made his own position very difficult.

"NAWAB MOIN NAWAZ JUNG said that he had not known what effect it would have on the Standstill Agreement negotiations if he had informed the representatives of the Government of India of the negotiations with Pakistan; he had not wanted to introduce an uncertain element, and so he had not mentioned this matter..

"Mr. MENON said that, whether the loan of Rs.20 crores could be given by Hyderabad to Pakistan or not, it had appeared to the Government of India that, if Hyderabad could do this with Pakistan, she could do the same thing with other countries. Under no circumstances could the Government of India agree to this loan.

The GOVERNOR-GENERAL suggested to the members of the Hyderabad delegation that, in any future dealings which he might have with them whilst he was in India, they should "come clean" and not hold back from him anything germane to the issue. ... He hoped that the Pakistan Government would voluntarily agree not to cash the loan during this period. It was, he felt, quite unnecessary for them to do so in view of the transfer to them of Rs.55 crores by India."

#### **B.G. Currency.**

"The GOVERNOR-GENERAL said that the issue of an ordinance making B.G. currency illegal had been taken as a hostile move by the Government of India, and had embittered relations. The legal aspect of this matter was of no importance. He considered that that it was in the interests of Hyderabad herself to put it right.

"The PRIME MINISTER OF HYDERABAD said that there had been no intention on the part of Hyderabad to create the impression which had been created when the recent ordinance had been issued. He undertook to see in what way it could be modified to the satisfaction of both parties.

#### **Airfields in Hyderabad.**

Mr. Menon said that he had received reports that new airfields were being built in Hyderabad.

The PRIME MINISTER OF HYDERABAD said that one airfield was being extended so that it could take Dakota aircraft. There were plenty of other airfields in the State, constructed during the war, and it was ridiculous to suggest that more new ones were now being built.

#### **Delivery of Goods in Hyderabad.**

The PRIME MINISTER OF HYDERABAD said that there was in effect a large economic blockade in operation against Hyderabad at the present time. ....

The GOVERNOR-GENERAL said that, so far as he was aware, no orders had been issued in this regard by the Central Government. The tendency on the part of the Provincial Governments to keep goods back arose from a fear that was engendered in the Provinces - an automatic reaction - by the number of armed men in Hyderabad.

### **The Razakars**

"The GOVERNOR-GENERAL pointed out that all communal parties had recently been abolished in India and in the States which had acceded to India. He considered that it was essential that Hyderabad in her own interests should similarly disband the Razakars. They did not contribute to the safety of the State, but rather increased its dangers.

"The PRIME MINISTER OF HYDERABAD said that, so far as his Government was concerned, it was not encouraging the Razakars but all the Muslims in Hyderabad felt their lives to be in danger. The organization had precipitated itself into being out of this feeling. It would disappear as soon as the fact that there was no danger was established. If this did not happen, it would be put down.

"The GOVERNOR-GENERAL suggested that the Hyderabad Government should at least immediately declare the Razakars an illegal organization.

"Mr. Menon pointed out that the Hindus in Hyderabad, who constituted the great majority of the population, were not armed. According to his information, it was the Hindus who were suffering rather than the Muslims. ....

"The GOVERNOR-GENERAL suggested that Mir Laik Ali and Mr. Munshi should make a tour of Hyderabad together. If this was done, Mr. Munshi's official position would be as an observer only."

### **The Hyderabad Army.**

"The GOVERNOR-GENERAL pointed that the present intended strength of the Hyderabad Army, 24,000 men, was, proportionately to population, three times larger than that which the Government of India intended to maintain."

"The PRIME MINISTER OF HYDERABAD made the point that the Hyderabad Army would not be of such high class, or so mechanized, as the Indian Army. It was quantity, not quality that Hyderabad wanted in her army - for example for anti-smuggling duties. Before the transfer of power the Hyderabad Army had been 14,000 strong. But the crown had stationed 10,000 troops in Hyderabad and had arranged to make a further 8,000 readily available in emergency. The figure of 24,000 had been reached by adding the first two of these together. The third had been disregarded.

'Mr. MENON pointed out that the 10,000 troops which had been stationed by the British Government in Hyderabad were for the protection of the whole of the South of India. The Hyderabad Government had now declared that they did not wish to have

Indian troops stationed in Hyderabad in place of these. But 24,000 troops seemed an excessive number for internal security duties alone.

"The GOVERNOR-GENERAL suggested that the question of the strength of the Hyderabad Army should be further discussed between the Prime Minister of Hyderabad and Mr. Menon.'

#### **Passports.**

"The PRIME MINISTER OF HYDERABAD undertook to discuss further with Mr. Menon the question of the issue of passports to Hyderabad subjects; and whether these should be Hyderabad documents, counter-signed by the Indian Agent-General, or Indian documents, countersigned by an official of the Hyderabad Government."

#### **Conclusion.**

The GOVERNOR-GENERAL summing up, emphasized that the main object now must be to make the Standstill Agreement work and to improve the atmosphere between India and Hyderabad. Until these things were done, the time was not ripe for discussions on a long-term agreement.

The PRIME MINISTER OF HYDERABAD agreed. He gave his view that 95% of the troubles which had arisen were based on suspicion. He was clear in his mind that there must now be cooperation, and that Hyderabad must not build up a position of danger to India. Hyderabad could only survive in conjunction with a strong India. There had been major mistakes on both sides but an understanding must now be reached.

Meeting of the Governor- General with the Hyderabad Delegation at 3 p.m. on Thursday 4th. March 1948.

*( The format is the same as given above for the meeting on 2nd. March, except that on the copy of these minutes, that are with me, "Copy No: " is blank. BPRV.)*

#### **"Mr. Laik Ali's visit to Karachi.**

"THE PRIME MINISTER OF HYDERABAD said that he had visited Karachi the previous day. He had given his view to the leaders of Pakistan that, unless some sort of settlement was soon reached between the two Dominions, it would be disastrous for both of them. He had told Mr. Jinnah and Mr. Liaqat Ali Khan that he considered that the time had now come for stock to be taken of the position. Mr. Jinnah had declared that no one was more desirous of a settlement than he himself, and had been sincere in this declaration. Mr. Liaqat Ali Khan had said that he considered that a strong India and a strong Pakistan would each be a great asset to the other.

"THE PRIME MINISTER OF HYDERABAD said that he had returned from Karachi in quite an optimistic mood. ...

"The GOVERNOR-GENERAL explained the difficulties which had recently arisen in connection with arranging a meeting between the Prime Minister of India and the Prime Minister of Pakistan. ... Ceaseless efforts had been made by India to bring about such a meeting, but it seemed that difficulties of prestige and "face" supervened.

"The PRIME MINISTER OF HYDERABAD said that he hoped that he had made some progress in this particular direction.

#### **The Introduction of Responsible Government in Hyderabad.**

"The GOVERNOR-GENERAL said that he had seen Sardar Patel that morning, who had reiterated, and asked him to state, that the Government of India could only publicly acclaim the introduction of fully responsible Government in Hyderabad. Sardar Patel's view was that, if such a step was taken, all difficulties would certainly be speedily resolved and all bloodshed and sabotage would be stopped. He (the Governor-General) identified himself with this opinion. He considered that it was the best and the only completely satisfactory solution. He had asked Sardar Patel whether, supposing that it was not possible to introduce fully responsible Government forthwith the Government of India would support in any way an interim broadening of the basis of the present Government. Sardar Patel had replied by pointing out that Hyderabad would not thank the Government of India for agreeing to such a form of Government, as this would constitute an interference in the internal sovereignty of Hyderabad herself. What Hyderabad did, in this respect, was her own concern; but any move in the right direction towards responsible Government must be of great satisfaction to Hyderabad herself. Sardar Patel had said that he did not intend to send any message to encourage Hindu representatives in Hyderabad to join an Interim Government; nor, likewise, to discourage them from so doing. The Hyderabad Congress had no immediate connection with the Congress Party in India as a whole. Sardar Patel had declared that he would not communicate with the Hyderabad Congress on this matter, nor give them his opinion if he was asked for it. It was, he had stated, entirely in the hands of the Hyderabad Government themselves to carry through the necessary negotiations.

"NAWAB MOIN NAWAZ JUNG stated that, out of the total of 14 Ministers in the present Hyderabad Government, 6, including the Deputy Prime Minister, were Hindus.

"The PRIME MINISTER OF HYDERABAD said that he had the greatest personal respect for Sardar Patel, who, he considered, had tremendously clear-headed vision with a terrific capacity to get things done. He agreed that Sardar Patel was a great realist.

"The GOVERNOR-GENERAL said that Sardar Patel had gone on to inform him that he considered it out of the question for only one State in the sub-continent to retain an autocratic form of government. Sardar Patel had pointed out that India had been criticized unofficially by members of His Majesty's Government for supporting the autocratic rule of the Maharaja of Kashmir. In this connection, Sir WALTER MONCKTON pointed out that Mr. Atlee, among other members of His Majesty's Government knew full well, when declaring the right of Hyderabad to remain independent, the constitution of the Nizam's Dominions. The GOVERNOR GENERAL made it clear that he had heard the specific criticism by His Majesty's Government in connection with Hyderabad.

"Mr. MENON comparing Kashmir and Hyderabad pointed out that it was intended, in the former, to have responsible Government with no reservations whatsoever; but, so far as Hyderabad was concerned, there was only talk of "going slow". Sir WALTER MONCKTON gave his view that the situation in the two States differed demonstrably. History showed that the Maharaja of Kashmir and his rule had been brought in early during the last century. On the other hand, the position of the Muslims in the south of India had centred round Hyderabad for 700 years. He believed that, if the Nizam were to introduce responsible Government straight away, there would be holocaust in Hyderabad incomparably worse to the fighting in Kashmir. The PRIME MINISTER OF HYDERBAD added the point that there was at present fighting in Kashmir; whereas in Hyderabad there was not.

"The GOVERNOR-GENERAL gave his personal opinion that the position of Hyderabad before the world would be strengthened if the Nizam were to declare his intention to introduce responsible Government. His own view was that, the sooner Hyderabad could achieve responsible Government, the greater would be the prospects of the Nizam and his successors remaining constitutional Rulers of the State in perpetuity. If the right opportunity was missed and if time was lost, there was, he himself felt, a chance that the Nizam would lose his throne through the compulsion of events; and that the Muslims would lose the position of responsibility which they at present held in this State.

"The PRIME MINISTER OF HYDERABAD said that he agreed that it could not be pretended that democracy was not the ultimate aim; but progress towards this aim in Hyderabad was at present over-shadowed by other external factors. He would like, nevertheless, to see progress go forward independently of these. It would certainly go forward as soon as they disappeared. He agreed that responsible Government must not be introduced too late. But there were also dangers of bringing it in too early. It was essential to time this measure correctly.

**"The possibility of Hyderabad acceding to India.**

"The GOVERNOR-GENERAL said that he had not personally pressed, during the present series of negotiations, the question of Hyderabad's accession to India. This was not because it was not the Government of India's policy that Hyderabad should accede, but because he considered it valueless to press the request when no machine which was capable of dealing with it existed in Hyderabad.

"The PRIME MINISTER OF HYDERABAD said that accession to India was totally against the conception of the present Hyderabad Government. Whilst they were anxious to be helpful towards India, he did not believe that the present Government or indeed any Government, could carry through accession; but he did not mean this to refer to the indefinite future.

"Mr. MENON said that the Government of India had entered into the Standstill Agreement on the basis that, when it expired, if things went smoothly, Hyderabad would think better of accession.

"The PRIME MINISTER OF HYDERABAD expressed the hope that suitable arrangements could be reached without the use of the word "accession". He declared that Hyderabad had no intention of becoming a "pocket of Pakistan" or any ally of Pakistan in any form whatsoever. He was making this statement with full responsibility, and unreservedly. He was ready to co-operate 100% with India.

"Mr. MENON gave his view that understanding of the position would not be obtained on the India side without the use of the word "accession".

"The GOVERNOR GENERAL said that the present position, pending the introduction of a measure of responsible government in Hyderabad, was not one which the Government of India could easily hold, on account of the fear of Hyderabad which pervaded the Provinces which were her neighbours.

"PASSPORTS ---- the PRIME MINISTER OF HYDERABAD pointed out that by adopting the countersignature of an Indian representative, this was an open admission, on the part of Hyderabad, of the limitation of her sovereignty. No final decision on this point was reached. - The GOVERNOR GENERAL emphasized that, whatever agreement was finally reached, this should be made good for the term of the present Standstill Agreement.

**"HYDERABAD'S LOAN OF RS. 20 CRORES TO PAKISTAN.**

The PRIME MINISTER OF HYDERABAD said that he had asked the Pakistan Government not to put the securities for the Rs. 20 Crores which had been loaned by Hyderabad to Pakistan on the market, and to postpone cashing them until further notice. He undertook to write officially to the Prime Minister of Pakistan asking that this should not be done during the period of the present Standstill Agreement. He agreed to a public statement on this point being made.

"B.G. CURRENCY The PRIME MINISTER OF HYDERABAD undertook to introduce legislation modifying the recent ordinance which had been issued by Hyderabad making B.G. currency illegal; this modification would legalise it for the bona fide use of travelers.

**"THE SUPPLY OF ARMS, EQUIPMENT AND AMMUNITION TO HYDERABAD.**

Mr. Menon said that the Government of India would agree to supply forthwith to Hyderabad arms, equipment and ammunition due on the basis of the strength of the Hyderabad Army on 15th August. The PRIME MINISTER OF HYDERABAD asked that this should be extended to include the Police. The GOVERNOR GENERAL suggested, and it was agreed, that no publicity should be made on this subject."

May 7, 1948

## Police Action- September 1948

This year 2008 marks the Golden Jubilee of the Police Action.

### THE BACKGROUND.

British India consisted of Provinces, like Madras, Bombay and Bengal, and the Princely States. The Provinces were directly administered by the British through their civil servants. The Princely States had, at one time or the other, accepted the suzerainty of the British Crown and were bound the treaties originally entered into between them and the British Government. This meant that the Princes had considerable internal autonomy but depended on the British for defense and they could not deal with any foreign government. Each province was under a British Governor who was under the direct authority of the Governor-General. The Governor-General exercised authority over the Indian Princely States as a representative of the British Crown in his capacity of the Viceroy.

The Government of India dealt with the Princes through a department called the Political Department from which Residents were appointed to each State. The Resident was expected to oversee the functioning of the Prince and be a kind Mentor for him but normally not interfere in the internal governance of the State. Officers for this department were drafted from the ICS as well as the British Army because, in some troubled border-States, the duties involved military advice, in addition to civil administration.

When the British Government gave Independence to British India as represented by the Provinces, they took the view that suzerainty, which had accrued to them through treaties, would revert to each of these States. This would have resulted in Balkanization of India. Even when the Congress accepted the division of India into India and Pakistan it did not accept this proposition. Their view was that suzerainty would pass to the two new Dominions to be established and the Indian Princes would have to deal with the new Dominions as they were dealing with the British Government. The Viceroy, Lord Mountbatten, accepted this position, though he was solicitous of the prerogatives of the Princes being protected. Jinnah also accepted this proposition in principle.

With Independence, a new department was created called the States' Ministry. The erstwhile Political Department became part of this Ministry. Sardar Patel was placed in charge of this Ministry in addition to the Home Ministry. Many of the British officers of the Political Department felt that the British Government owed a debt to the Indian Princes. They, therefore, kept alive the theory of suzerainty lapsing to the Princes even when Mountbatten had given it up substantially, and they tried to sabotage the process of integrating these States into the Union. This frustrated the Sardar and was one of the reasons for agreeing to the earlier date transfer of power, ie. August 15 1947, despite the

hazards involved. He took VP Menon, a non-ICS Indian officer of great distinction, as Secretary of the States' Ministry. Like all civil servants of that time VP Menon quickly became an admirer of Sardar and showed great personal loyalty to him. It must, in fairness, be added that even under the British, the Political Department had two types of officers; one set were sympathetic to the Princes and believed in giving them great leeway; the other believed in disciplining the Princes if they deviated from justice and good governance.

The Sardar was clear on the Princes issue, as he was on all issues. His view was that we should be generous in dealing with the personal status and prerogatives of the Princes to which history and usage had entitled them and to which they had got used to. But, in so far as the accession the State was concerned, the States had to accede to one Dominion or the other, depending on territorial contiguity, and the right to decide belonged to the people not the Princes.

A special case could be made for Kashmir because of its geographical contiguity both to Pakistan and India and the mixed nature of its population. On both counts it could accede either to Pakistan or India. On the other hand, Hyderabad was in the very center of India and its population was overwhelmingly Hindus. The Sardar was clear that Hyderabad had no option but to accede to India.

Nehru, on the other hand, was prevaricating in the cases of both Kashmir and Hyderabad because he felt that the Muslim issue was involved in them. Nehru allowed a constitutional space for Mountbatten as Governor General, in these cases, which the Sardar rightly resented. Sardar Patel could, therefore, succeed in persuading the Rulers of all the States, except of these two, to accede to the Indian Union before Independence Day, August 15.

Therefore, by 1948, it was Sardar Patel who was our hero.

## **The historical background.**

### *Kashmir.*

Till the fourteenth century, Kashmir was ruled by a series of Buddhist and Hindu dynasties, whose annals are related in the celebrated versified Sanskrit chronicle known as the Rajatarangani. A Muslim dynasty then established itself and continued to rule till 1587, when Akbar invaded Kashmir. For two hundred years thereafter Kashmir remained the summer residence of the Mughal emperors. In 1752 Kashmir passed under the control of Ahmad Shah Abdali of Afghanistan and was held by the Pathans. In 1819 it was conquered by Maharajah Ranjit Singh. Jammu was ruled by a Dogra Chief, Ranjit

Deo, who died in 1780. Thereafter the Sikhs made Jammu a dependency of their. In 1818 Maharajah Ranjit Singh made Gulab Singh the Rajah of Jammu.

With the death of Ranjit Singh the Sikh power disintegrated. In 1846, Gulab Singh became the mediator between the Sikh Maharajah and the British. The Maharajah ceded all his hill territories from the Beas river to the Indus, including Kashmir and Jammu. The Governor-General, Lord Hardinge, considered it inadvisable to occupy this whole territory because of strategic difficulties and because, "the districts in question (with the exception of the small vale of Kashmir) were for the most part unproductive." Gulab Singh then offered to pay the war indemnity on condition that he was made ruler of Jammu and Kashmir. A treaty was accordingly signed acknowledging the supremacy of the British Government on 16 March 1846. (VP. Menon.-1- Page 448.)

It will thus be seen that the comment of Sir Walter Monckton in the meeting March 4, 1948 (see below) about the relative positions of Hyderabad and Kashmir was historically correct. The 700 years of Muslim rule he mentions includes the Golconda rule also.

In June 1947 Lord Mountbatten told the Maharaja of Kashmir that, "if he acceded to Pakistan, India would not take it amiss, and that he had a firm assurance on this from Sardar Patel himself. Lord Mounbatten went further to say that, in view of the composition of the population, it was particularly important to ascertain the wishes of the people." Later Lord Mountbatten said more explicitly that, "he had, on the authority of the Government of India, informed the Maharajah that he was perfectly free to accede to Pakistan if he chose to do so." (474) Immediately after the transfer of power on 15th. August, Lord Mountbatten made one more attempt "to persuade the Mahrajah to take one course or the other, as soon as possible"; but nothing came out of his efforts. (1-page 452)

The Government of Jammu and Kashmir entered into a Standstill Agreement with Pakistan. VP Menon writes: "But we wanted time to examine its implications. But we did not ask the Mahrajah to accede, though, at that time, as a result of the Radcliffe Award, the State had become connected by road with India. Owing to the composition of the population, the State had its own peculiar problems." (1-p.453)

This attitude of VP Menon and the Sardar changed after the tribal invasion of Kashmir on 22nd October 1947, for reasons which VP Menon puts as follows:

"I had in mind one consideration and one consideration alone, viz. that the invasion of Kashmir by the raiders was a grave threat to the integrity of India. Ever since the time of Mahmud Ghazni, that is to say, for nearly eight centuries, with but a brief interval

during the Moghul epoch, India had been subjected to periodical invasions from the north-west. .. And within less than ten weeks of the establishment of the new State of Pakistan, its very first act was to let loose a tribal invasion through the north-west. Srinagar today. Delhi tomorrow. A nation that forgets its history or its geography does so at its peril." (1-page 474.)

### *Hyderabad:*

The State of Hyderabad was founded by Mir Qamruddin Chin Qilich Khan, son of Aurangzeb's General, Ghhazi-ud-din Khan Feroz Jung, who traced his ancestry to Abu Bakr, the first Khalifa. Whenever we went to Rajahmundry, my father's old History Professor used to ask him, "So; how is the land of Chin Qilich Khan?" It took me a long time to figure out what this meant. This was a title given to the first Asaf Jah by Aurangzeb. It means in Turkish language "Small Sword.", perhaps meaning a dagger. In 1713, six years after Aurangzeb's death, Emperor Farrukhsiyar made Mir Qamruddin Viceroy of the Deccan, with the title of Nizam-ul-Mulk, Feroz Jung. Later Emperor Muhammed Shah conferred on him the title of Asaf Jah, by which the dynasty came to be known. After several attempts to ally himself with Hyder Ali of Mysore and subsequently with the French, the Nizam finally sided with the East India Company in the war with Tippu Sultan. Due to the influence of his Minister, Sir Salar Jung, the Nizam gave the British little cause for anxiety during the mutiny of 1857, after which the Treaty of 1853 was considerably modified to his advantage. (VP Menon. -1- Page 361.)

I have stated above that the Political Department used to have British Officers of two types - those sympathetic to the Ruler and those wishing to encourage good governance.

Hyderabad had two successive Residents of this type Sir William Barton followed by Sir Terence Keyes.

### *Barton reported in September 1929,*

"Everyone who knows the Nizam realizes that his attitude towards the efforts of the Government of India to introduce good governance into the State is one of undying repugnance and horridity. He is incapable of keeping a promise; he regards deceit, lying, obstructiveness and lying as legitimate weapons with which to meet the well-meant efforts of the Government of India for the benefit of himself and his people. He is determined to get back to the old tyranny and in this, his dominant motive is loot, pure and simple...

"the time has come when it may be necessary for the Viceroy to tell {the Nizam} in unmistakable terms that unless he accepts the Government of India's advice and unless

he can them satisfactory assurances that he will work the reform in the right spirit, they will be compelled to offer him one of two alternatives, abdication or an enquiry into his role during the last ten years."

"C.C. Watson of the Government of India's Political department advised, "I do not altogether like the line suggested in the Resident's letter."

The next Resident, Sir Terence Keyes, "had an easier relationship with the Nizam, although he too drew him in a rather unflattering light.

"His {the Nizam's} miserliness is only one symptom of a fairly common mental disease " strangely enough he is very jealous of his reputation as a keeper of promises; and I believe, can always be made to honour his bond.; but he is an unblushing liar in negotiations or in narrating a case and totally unashamed when bowled out .. for all his unpleasant characteristics , and he is in many ways mean and sordid, I have real affection for the queer little creature. He has distinct powers for good .. a quick sense of humour, an unexpected capacity for friendship .. and a pathetic craving to be liked and understood."(Lucien D. Benichou. 2- Pages 47, 48.)

I give these quotations not only to bring out the nature of Osman Ali Khan, but also to show how the British administration allowed its officers to give their opinions freely on matters of this type. It has become rare for our civil servants to make such perceptive - if subjective - assessment of men and matters.

In January 1948 Bahadur Yar Jung, leader of the Ittehad-ul-Musalmeen formulated a 'kalima' with which he could open all Ittehad functions, the congregation reciting after him, " We are the Kings of the Deccan, the Throne and the Crown of the Deccan are symbols of our political and cultural sovereignty; His Exalted Highness is the soul fo the Kingship and we form the body of his Kingship; if he ceases to exist, we cease to exist; and if we are no more, it will be no more."

"This Kalima was rejected as heresy by some of the orthodox Muslims in the Ittehad (who considered that the Nizam did not owe his sovereignty to anything but the Divine will). "Naturally it was also not well-received by the Nizam who felt that it was a pronouncement amounting to les majeste An official statement by the Nizam's Government stated, "His Exalted Highness and his Government have not found it possible to accept the theory of 'Responsible Government' for the same reasons as those which impel them to reject any doctrine, like that propounded by the Ittehad-ul-Muslimeen, which implies the division or diffusion of His Exalted Highness' sovereignty among 15 lakhs of his subjects." ( 2-. Page 109.)

In 1947 the Nizam had been persuaded to sign a Standstill Agreement with the Government of India. On November 25 1947, Nehru wrote to Patel, "I have just heard on the radio that the Hyderabad Agreement has been signed. Congratulations. Whether this puts an end to the trouble there or not is a matter of doubt." Patel replied, "The Nizam has yet to sign the agreement. I only hope there will be no last minute hitch ... Nevertheless it gives us breathing time and gives the Nizam plenty of scope to think over and to deal with the Frankenstein which he has created in his Ittehad-ul-Mussalmeen." (Krishna, B. 3-page406)

## 1948

### **A Hyderabad Delegation led by Mr. Laik Ali, Prime Minister of Hyderabad met the Governor General, Lord Mountbatten on the 2nd and 4th of March 1948.**

#### *At the meeting on the 4th. March,*

"The GOVERNOR-GENERAL said that he had seen Sardar Patel that morning, who had reiterated, and asked him to state, that the Government of India could only publicly acclaim the introduction of fully responsible Government in Hyderabad. Sardar Patel's view was that, if such a step was taken, all difficulties would certainly be speedily resolved and all bloodshed and sabotage would be stopped. He (the Governor-General) identified himself with this opinion. He considered that it was the best and the only completely satisfactory solution."

At the same meeting, Mr. V.P. MENON "comparing Kashmir and Hyderabad pointed out that it was intended, in the former, to have responsible Government with no reservations whatsoever; but, so far as Hyderabad was concerned, there was only talk of "going slow". "SIR WALTER MONCKTON gave his view that the situation in the two States differed demonstrably. History showed that the Maharaja of Kashmir and his rule had been brought in early during the last century. On the other hand, the position of the Muslims in the south of India had centred round Hyderabad for 700 years. He believed that, if the Nizam were to introduce responsible Government straight away, there would be holocaust in Hyderabad incomparably worse to the fighting in Kashmir. THE PRIME MINISTER OF HYDERABAD added the point that there was at present fighting in Kashmir; whereas in Hyderabad there was not.

"The GOVERNOR-GENERAL gave his personal opinion that the position of Hyderabad before the world would be strengthened if the Nizam were to declare his intention to introduce responsible Government. His own view was that, the sooner

Hyderabad could achieve responsible Government, the greater would be the prospects of the Nizam and his successors remaining constitutional Rulers of the State in perpetuity. If the right opportunity was missed and if time was lost, there was, he himself felt, a chance that the Nizam would lose his throne through the compulsion of events; and that the Muslims would lose the position of responsibility which they at present held in this State."(4)

### *On 23 March*

" the Government of India decided that we should bring the breaches of the Standstill Agreement to their (Government of Hyderabad) notice officially. Accordingly, -- I (VP.Menon) addressed a letter to the President of the Nizam's Executive Council which was sent to Munshi to be delivered personally to Laik Ali. .. the letter listed the main breaches of the Standstill Agreement by the Hyderabad Government. ...

"On 5 April 1948, Laik Ali sent Nehru a very long letter, of seventeen pages, in which he refuted the allegations of breach of the Standstill Agreement and made certain counter charges against the Government of India...

"On the very same day, the Nizam wrote to Lord Mountbatten saying that the letter, of the States Ministry 'was in the nature of an ultimatum .."

"The Nizam's letter was brought in person by Sir Walter Monckton " I could feel that Sir Walter was upset by the tone and contents of my letter "At the time when the States Ministry's letter to the Hyderabad Government was issued, Lord Mountbatten was not in Delhi. I thought he had an idea that the letter had been drafted and dispatched by the States Ministry without it being referred to Nehru who probably would not have agreed to its issue. ... I assured Lord Mountbatten that the letter had been prepared under the instructions of Sardar and Nehru and that both had approved its issue." (1 - pages 395-400)

### **April 1948**

"On 16 April, Laik Ali had an interview with Sardar at which I (VP. Menon) was present. Warming up, Sardar said, "You know as well as I do where power rests and with whom the fate of the negotiations must finally lie in Hyderabad. The gentleman (Kasim Razvi) who seems to dominate Hyderabad has given his answer. He has categorically stated that if the Indian Dominion comes to Hyderabad it will find nothing but the bones and ashes of the one and a half crores of Hindus. If that is the position, then it seriously undermines the whole future of the Nizam and his dynasty. I am speaking to you plainly because I do not want you to be under any misapprehension. The Hyderabad problem

will have to be settled as has been done in the case of other States. No other way is possible. We cannot agree to the continuance of an isolated spot which would destroy the very Union which we have built up with our blood and toil. At the same time, we do wish to maintain friendly relations and to seek a friendly solution. That does not mean that we shall ever agree to Hyderabad's independence. If its demand to maintain an independent status is persisted in, it is bound to fail.

"In conclusion Sardar asked Laik Ali to go to Hyderabad and, after consulting the Nizam, to take a final decision, 'so that both of us know where we stand'

"Throughout the interview Laik Ali appeared nervous. It seemed to me that he was taken aback by the forthright manner in which Sardar put forward his view." (1- pages 404-405))

#### May 1948

"It was mid-May. In a month's time Mountbatten was to say good-bye to India. .. Hyderabad lay heavy on his heart. He had failed to do anything for Britain's 'Faithful Ally'. ... He was, therefore, anxious "to make one final effort to bring about agreement between Hyderabad and India. ... Mountbatten's success depended on Patel's acceptance of his 'plan'. So, he flew to Dehra Dun early in June in his personal aircraft, taking with him Nehru, Rajendra Prasad, Gopalaswami Ayyangar and Baldev Singh - all of whom were 'confident he (Patel) would not agree' to his 'plan'. As Monckton, who had drafted it, admitted to Mountbatten that 'the terms were now so heavily weighed in Hyderabad's favour that it would be a miracle if India accepted.'

'Soon after arrival', records Mountbatten, 'I gave the paper to Patel to read. He grunted, "Impertinence - I will never initial it.' I then dropped the subject... After lunch Sardarji became quite emotional, and spoke of the debt India owed me. 'How can we prove to you our love and gratitude? Whatever you ask for, if your wish is in my power, it will be granted.'" I hardened my heart, for I too was affected, and replied, "If you are sincere, sign this document."

"Sardarji was visibly taken aback. 'Does agreement with Hyderabad mean so much to you', he asked in a low voice. "Yes.." Patel initialed the draft .. Monckton could hardly believe his luck and flew back at once to Hyderabad. .. Then," he admits, "an astonishing thing happened. The Nizam and his advisers now rejected their own draft." Monckton was told by Laik Ali, "We will fight to the last man.'

"To this, Monckton retorted, "You will be in the first aeroplane to Karachi". (if India sent her troops) An unhappy Mountbatten records, "The situation was indeed "lost" by

Hyderabad through the intervention of Kasim Razvi... But for India it spelt "victory". Now their conscience would be clear if they had to intervene in Hyderabad." (3- pages 409-410)

"A few days later, in a telephone conversation with K.M. Munshi (then India's Agent general in Hyderabad. BPRV), who was conveying to him the hopes expressed by Zahir Ahmed (Secretary of the External affairs Department, Hyderabad Government) that the last settlement offered by India could still be worked, Patel apparently said 'jocosely' 'Settlement? What settlement?'

'The Mountbatten settlement" (Munshi said) "Tell him that the Settlement has gone to England'. (Patel) replied caustically and laughed. ( 2- page 225)

### **July 1st.**

"Patel had written to a friend from Dehra dun on July 1st., 'Hyderabad remained unsolved because of my prolonged illness. Nearly four months I have remained out of action.' He was now ready to act - and act quickly and positively. He told Munshi, 'The bullock-cart must, some time or the other, come out of the rut.' He called to Dehra Dun Gen J.N. Chaudhuri, who was to lead the operations, and subjected him to a cross-examination for his personal assurance before he gave the army the word 'Go'. Chaudhari records what Patel told him, "If I did well, I would take the credit; but if things went wrong, I would be blamed, but whatever I did, I would be supported. This was the wonderful thing about working with Sardar Patel. He gave a feeling of intimacy." (3- page 413)

"Opinion among the advisers of the Government of India was not unanimous on the question of what action should be taken in regard to Hyderabad. The section which favoured a policy of drift had a ready excuse in the bogey of large-scale communal disorders which would follow any positive action against Hyderabad. ... of mass Muslim uprisings in south India, particularly the Moplahs.

"Last but not least, the personality of Major-General El Edroos, Commander-in-Chief of the Hyderabad State Forces, was used as argument against any action. A British General, when discussing the Hyderabad issue with me, said that in the hands of El-Edroos, even an ill-disciplined rabble could be converted into something like the famous French Foreign Legion." (VP Menon- 1- page 425.)

Such "canards which were given credence at the time contrast sharply with the estimate of the State's armed forces given only a few months earlier in a British intelligence report." (in March 1948.) According to that report, "The Hyderabad army commander, Major-General el Edroos (an Arab with thirty-two years service in the Hyderabad army)

said that .. India ... can walk into Hyderabad whenever she wants to. In the average Hyderabad village perhaps two to five per cent of the population is Muslim. With the first appearance of an Indian uniform the villagers would surrender, partly because the Hindus of Hyderabad are Hindus first and Hyderabadis second, partly because the average villager is afraid of being involved with the military or the police, and partly it is the Hindu tradition not to resist invasion. The state authorities would have to try to make a stand on Hyderabad city, Aurangabad and Gulbarga, the three large cities in Hyderabad .. these cities might hold out for a few days." (Benichou.-2-page 228-229.)

### **September 12**

"The night preceding the "Police Action". - About midnight on September 12th. ,after he had spoken to Nehru, Bucher (the British Commander-in-Chief of the Indian Army, General Bucher ) attempted 'a rare feat' in pulling Patel 'out of bed at that hour' and advised him to at least postpone the action for fear of air attacks on Bombay and Ahmedabad. Patel reminded Bucher ' how London had suffered during the Great War, and coolly assured him that Ahmedabad and Bombay both could stand up to an attack if it came" (3- page 414)

### **References:**

1. *Menon, V.P.: Integration of the States. Orient Longman Ltd. 1999.*
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Orient Longman. 2000.*
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- 4 *Stencil Copies of that time of these proceedings are with me. BPR Vithal.*

**MY PERSONAL EXPERIENCE.**

In 1942 I had passed out of the Madrasa-i-Aliya, where I had been entitled to free education as the son of a Professor of the Nizam College. I joined the Junior Intermediate of that College in June 1942. In August 1942 I attended the Quit India session of the Indian National Congress at Bombay and had organized strikes on my return to Hyderabad. Consequently I was sent out of the Nizam College and I went to the Madras Christian College in 1943. That is how in September 1948 I was in the Madras Christian College, while my father and family were in Hyderabad.

As we entered 1948, it was clear that this would be a fateful year. We did not imagine that it would begin on that note with the assassination of Gandhiji in January. I, therefore, maintained a diary of that year, which I still have. What I write here is based on entries in that diary.

In 1946 the Nizam College was dis-affiliated from the Madras University for all future courses and affiliated to the Osmania University, while allowing the medium of instruction in this College to continue to be English. In a style typical of its general approach those days, the Nizam's Government offered scholarships to those who wanted to go to Madras to continue their studies under that University. Either as a result of this or because of an apprehension of breaks in the academic year in Hyderabad, a number of students went to Madras from 1946 onwards.

Three such students, who were good friends of mine, came to the Christian College and were there in 1948. One was Zahid Ali, whose elder brother Raza Ali, had been my classmate in Madras-i-Aliya. Another was Vasudev Pillai, whose father, Mr. Pillai, was Director of the Government Printing Press in Hyderabad. The Pillais were old family friends of my parents. The third was Arvind Reddy, an old friend of mine and a relative of Raja Rameshwar Rao, who was a student of my father and a very close friend of mine. Wagesh Melkote, son of Dr. Melkote Sitarama Rao, had come to Madras to write an examination and was staying with me in my room.

On September 7, I had gone to Madras City (from Tambaram) to buy my railway ticket for going home for the forthcoming Michaelmas vacation. On the way I heard that Nehru had announced their intention of stationing troops at Secunderabad. I thought this was an excellent idea and wondered what repercussions this would have.

That night Zahid came to my hostel and proposed that we go away immediately. I said that nothing was decided yet and so there was no need to decide just now, as our first term examinations were still going on at that time. The others did not feel that this was urgent. The difference between them and Zahid and me was that our families were still in Hyderabad. The families of most of the others had migrated from Hyderabad earlier

when the troubles had started. So our considerations were different. On 9th. Zahid decided to go. I was still in two minds because this would have meant my missing a couple of term examinations. I took my father's permission by telegram and informed my Warden and the concerned Professor and left for Hyderabad on the 11 th. September.

My group of close friends in the hostel came along to Madras Central Station considering this a special farewell. On the way they helped me purchase some things for home, which were in short supply in Hyderabad due to an economic blockade of Hyderabad and which would mean a great deal to my family - coffee powder and nut powder for all, cigarettes for father, and snuff for an uncle of mine!

Trains on the Bezwada route had been stopped. I had, therefore, to take a train that went via Guntakal. It was only on arrival at Hyderabad that I learnt that this was the last train to come in from outside Hyderabad State! The only other person in the compartment (Second Class) when it left Madras at 2.40 pm was a young Indian Army officer. I do not know where he got off in the night.

Early next morning, Sunday 12 th. September, I woke up at Guntakal some Gurkha Soldiers boarded the train, obviously for guard duty. I noted that they looked "so fierce that no wonder the Razakars feared them." At Tungabadhra Station the compartment was searched by a Sub-Inspector of Police. (This was still Indian Union, Madras Province.) According to the Indian Government this was being done to prevent arms being smuggled into Hyderabad State. But Hyderabad's complaint was that this was an un-stated economic blockade. The fact remained that there was a shortage of some items in Hyderabad. He looked into my box only cursorily when he saw my Identity Card from my hostel, (Bishop Heber Hall). So the things I was carrying, like coffee, cigarettes, etc. came through.

At 8.30 that night we reached Wadi Junction, where I had to change to the NSR train, which was to start at 12.30 that night. I loitered about the platform. There was no trouble there, except for a small fracas between a Muslim and a Hindu when the Hindu was called a traitor. Throughout journey no incidents. Three Razakars got into our 2nd. class compartment with 3rd. class tickets. They told all of us in the compartment that Jinnah had died yesterday. We all kept quiet, but my own reaction was, "So after all he has gone. What next now?" When we arrived at Hyderabad at 5.30 that evening, all around was deserted due to mourning. The Hyderabad Customs asked me about the stuff I was carrying. I told them that I was helping folks here by breaking the Indian blockade. They laughed and let me go. My family was surprised by my arrival at that time.

The next day, Monday 13th. September, it was announced on the radio in the 1-30 pm. news that the Indian Army had entered Hyderabad State and was marching towards Secunderabad. My immediate reaction was that my coming had been perfectly timed by fate. The Muslims, particularly the Razakars, started by being confident because they believed their own propaganda that the Indian Army would be no match for their zeal! The Hyderabad Army could not have shared this confidence, because their own commander, "Major-General El Edroos (an Arab with thirty-two years service in the Hyderabad army) said that .. India .. 'can walk into Hyderabad whenever she wants to'." The Razakars do not seem to have been aware of this view, though the government was of their own party! The Hindus were sure that the Indian Army would succeed but they were apprehensive of communal rioting in the City when the Hyderabad Army would start retreating. Many of my father's colleagues told him that I should not have come. I also seemed to have been apprehensive, since I noted in my diary, "whether I have come to die or to live to see a great experience I do not know, but I have come." I had a Communist friend, Rafi, who came that evening and told me that he was afraid of being molested by Razakars.

Razakars were going about in lorries, shouting Nara-i-takbir, but not doing much harm, at least in our locality (Hardikar Bagh), which was then commonly called Brahmanwadi because most of the houses were of Brahmin families of various linguistic groups. We were Telugus; there were the Kannada Melkotes and Hebbar Iyengars and the Marathi Hardikars and the Hindi Kapoors. Sri. Dhage, a social worker, used to live in this locality and was holding meetings in his house of a Left-oriented group even during this period, which I and my cousin, Jayarao, used to attend.

Listening to the All India Radio was risky because if any passing Razakars heard it, they would threaten the house-owner! So my father and I used to walk down the road to the house of a friend of his who had evacuated for the period. Since the house was locked and un-occupied, we felt it would be safer to switch on the radio there. From the news the advance seemed fairly rapid; but we could not say how long the action would last. That night some planes came over Hyderabad and there was an air raid warning; but nothing happened.

On Tuesday 14th. September, I, my cousin Simha Jayarao and our friend Ramchander Magal went to Residency (as noted in my diary; now more commonly referred to as Sultan Bazar). A cycle was the favourite mode of transport for us teenagers and they were available on hire at pan shops in Hyderabad. If I remember right the fare was originally 1 anna per hour and rose to four annas. Cycles were often not available during these few days, perhaps because the demand had risen. We found that all was still quiet in the City.

When we went to the Nizam College Staff Room, I found that there were two schools of opinion among my father's colleagues; one expected communal rioting on a large scale, while the other expected the City to remain peaceful. But all were agreed that I should not have come. Neither my father nor I mentioned that I had returned after taking his permission! At that time, however, many Razakars had gone away to the "front". Even young boys were going to the "front" voluntarily; such was their unanimous enthusiasm, whatever caveats they may enter after the event! I had noted in my diary, "even children going to the front. What a tragedy!" The City was, therefore, free of Razakars at that particular time and this made the City safe for us! But, we were not sure in what mood they would come back after, what we considered their sure defeat by the Indian Army. That day, 14th, Jalna was reported to have fallen to the Indian Army, which was 90 miles from the City on the Sholapur side. The Army on the Bezwada side was reported to be 80 miles away.

On Wednesday 15th. September, there was news of further advances by Indian troops. Aurangabad Khammam and Suryapet fell to the Indian Army. The fact that there was no communal trouble in Aurangabad after it was captured gave us, in Hyderabad, an indication that the transition might be peaceful. Hyderabad remained quiet even as the Indian army advanced. That night a plane again flew over the City but nothing happened.

On Thursday the 16th., there was a spate of rumours. Some said that troops had reached Secunderabad; but the general rumour was that troops had reached Bhongir. It was announced on the radio that Bidar had fallen. The rumours were more generally brought by Muslims, perhaps because they were more panicky with the troops nearing Hyderabad. Pakistan had not moved even at this stage, though the Razakars were all along banking on their help.

On Friday 17th. September, afternoon, the radio broadcast that Rajendersinhji had called on the Hyderabad troops to surrender. At 4.15 pm. Laik Ali spoke on the radio announcing the surrender. His tone was mournful and we could not but pity the Muslims for this defeat brought about by the actions of the Razakars. The Nizam wriggled out of his responsibility by effectively distancing himself from his lieutenants and his people. Our feeling was that the responsibility was of the Nizam and that Munshi had helped him escape his responsibility. We felt that he should be summarily removed. But, even within our family there was a division of opinion on this issue. Curiously, the ladies in the family seemed inclined to give the Nizam the benefit of the doubt by virtue of his being the 'king'. We felt that till troops took over the city there would now be greater insecurity.

On Saturday 18th. September, my cousin Simha, Magal and I went to Residency, (Sultan Bazar). There were large crowds and you could see great relief written on their faces. The

Indian Union Flags were all over. I was a little sad seeing this enthusiasm and remembering how this flag had already nurtured opportunists outside and what little change it had brought to the people. Magal considered me a damper. We three went to Secunderabad in Magal's car at 11 AM. There was tremendous enthusiasm and fraternity at Secunderabad. This was a real people's celebration. We had gone to the corner of Dreamland and Tivoli Cinemas where the troops were expected to pass. We saw military trucks evacuating the families of the Hyderabad Army which seemed to have occupied the barracks hitherto.

When it appeared that it may take some more time for the Indian Army to arrive, we drove back to the Montgomery Hotel for lunch and returned. This shows that, on a day when something as momentous as the Indian Army entering Hyderabad was expected to happen, the shops were open and normal business was going on. The Indian Army was not new to Secunderabad! The troops came in, opposite the Dreamland, at 4.20 pm. The people's joy and pride were worth seeing. It was a momentous and great day. We returned home at 6 pm, after which Curfew was imposed. That night Gen. Chowadry and Prime Minister Nehru gave speeches over the radio, which were relayed by the Hyderabad Radio Station. This was the first time the Hyderabad Radio Station, called Nasargah-i-Hyderabad, which belonged to the Hyderabad Government, was relaying the All India Radio!

On Sunday 19th Septmeber, I brought out my own big flag and hoisted it on our house. This was actually the Congress flag, with Charkha on it. We all went out with flags fluttering on our cycles. It was announced on the radio in the evening that Military rule had been imposed. Several orders issued by the Military Government were announced.

The post offices were opened only on 22nd. There was heavy rush with no queues and so we could not send out telegrams to our uncles in Rajahmundry about our welfare. When Rafi and I went to the Telegraph office the next day there was a proper queue. When, as I noted in my diary, "Some Muslim goonda wanted to push his way. I said, 'The days of pushing are over.' The fellow kept quiet. What a change, I thought. A week back I would have died for such a statement." Our old driver, Pillai, also was at the Telegraph office and said that Muslims would be slaughtered now. I told him that I did not think so. The Nizam spoke on the radio at 7.30 pm and, according to what I recorded in my diary, said, "No Islamic state." I have not checked the actual speech since and so I am not sure what the Nizam had actually said.

On Friday 24th September, we found life in the Mozamjahi Market area going on as if there had been no Police Action at all. Our reaction was that the Military Administration was already proving ineffective! On Sunday 26th we all went to Secunderabad Station and found that the Station area had been cleared of refugees and looked clean. By the

time we finished walking around Secunderabad, sight seeing, the buses had stopped plying. So we started walking back to Hardikar Bagh. On the way we tried hailing vehicles passing by for a lift. One jeep stopped and we approached it, thinking we were being given a lift, when MPs (Military Police) of the Army jumped out of it pointing Sten Guns at us. My heart leaped, as I was facing a gun at such close quarters for the first time. But, it was momentary; we explained that there were no buses and so we were walking home. My khadi pyjama and lalchi also reassured them. So they warned us to get home before curfew time and left.

My maternal grandfather, Sri. Siruguri Narayanrao Pantulu garu, retired as Asst. Commissioner of Salt, under the British. This was a uniformed service and officers of this rank were entitled to an ornamental sword, as part of the ceremonial uniform. The rules issued by the Military Government required that swords should be declared and a permit obtained. Therefore, my cousin Jayarao and I went to the office of the Inspector-General of Police (one, Patro) on Thursday 30th. to obtain such a permit for this sword. We found that the IG's office still had the same old lazy and inefficient staff. We were still students and to us it looked as if they were on a go-slow strike. We wanted to complain to the IG, but felt that this would be futile! We waited till 1 pm. and came away.

On Saturday 2nd.. October, we attended a meeting at the Nizam College where Swamiji (Swamy Ramanand Tirth ) addressed the students of the College. It was the first time for me to hear him. I noted in my diary that "he gave a very strong and sensible speech. I can trust such a man completely."

On Sunday 3rd. October, I took the train to return to Madras to my College. At Alir some Congress volunteers searched our compartment for Razakars. At Garla Station some Razakars were brought in, not by the Police but by some group of persons, perhaps, the so-called Congress workers. They were being hit by hand. I noted in my diary that, "This appeared to be more indignity than actual molestation. They were brutes but now I feel sorry for them; these poor fellows are paying the price, while the rich escape." At Bezwada Station a big crowd was waiting for them; obviously they knew that these persons were being brought in. At this Wild West kind of scenario I was "Moved to tears", as I noted.

On 12th September three Razakars had entered my compartment as I entered Hyderabad State. On 4th October, some Razakars were taken out of my compartment, as I was leaving the State! In between the Police Action had taken place.

September, 2008

## The Muslims of Hyderabad

### **The historical background.**

Before the age of democracy, minorities were the mere debris, washed ashore as civilisations advanced and receded. Islam had encountered the two great religions of Zoroastrianism and Christianity before it entered the Indian sub-continent, which was the home of Hinduism. Zoroastrianism was wiped out but Persian civilisation and language made a lasting impression on Islam. Islam first conquered Christianity in Spain. It took seven centuries for it to be pushed out from there. In the process, it left behind a great and enduring impression on Western civilisation, but no Muslim minorities. In the east of Europe, Islam had the effect of pushing the center of gravity of Christianity from the East to Rome. Confronted with Islam across the Mediterranean, Christianity turned to consolidating itself in Europe. When the great Ottoman Empire was dismantled in early twentieth century, the European powers, for the first time established their hegemony over the heartland of Islam. But, they did this by breaking it up into parts and installing artificial and up-start dynasties over them. Nevertheless, these were all Muslim figureheads and Muslims were ruled by Muslim rulers, even if their historical antecedents may be suspect. There was, thus, no country where a Muslim population was a majority but was subjected to direct non-Muslim rule.

The first Islamic conquest of the Indian sub-continent was of Sind in 710 AD, at the same time as the Muslim advance into Spain. The brilliant young commander, Muhammad bin Qasim, sent by his cousin, the Umayyad Governor of Iraq advanced north beyond Multan and was, later, contemplating advancing into Rajputana, when he was recalled and later killed, due to political changes in Iraq. A Muslim historian says, "The Muslim rule in Spain could not endure for long, but the Muslim rule (in India), the foundation whereof was laid by Mohammed b. Qasim has endured for the last thirteen centuries, and the edifice of Pakistan has now been raised on (those) foundations... Had he (Mohammed b. Qasim) lived for some more time, history might have taken a different course, and a greater part of India would have come under the influence of Islam in the early years of the eighth century." (1) However, "whether it was also the Arabs' intention to use Sind as a spring-board for the invasion of India is less certain", according to a British historian, because "in the seventh (century) the more usual route to India via Kabul and the Khyber Pass seems to have been preferred." (2) This route was indeed taken three centuries later, when the Ghaznavids invaded India. The question, whether Islam in India would have been different if the Arab invasion of the eighth century had continued, has become moot, because Mahmud of Ghazni, who came by the Afghan route, turned south and annexed Sind and the two streams merged.

Towards the end of the tenth century, the Ghaznavids, who were dominant in Khorasan, in eastern Iran, defeated the Hindu King Jaipal of Kabul at a battle near Jalalabad. Thereafter, under Mahmud, the Ghaznavid Empire extended from the Oxus to the Beas. The Seljuks, who were Turkoman Turks from the Khirgiz steppes, cut through this empire, "dominating the stage in Khorasan and Iran and the Ghaznavids were relegated to Afghanistan and India." (3) The northwestern frontier of India was thus drawn between the Islamic world to the west and the Muslim Empires in India to the east, with Afghanistan in between as a buffer.

Almost five centuries later, by the time the Muslims were being pushed out of Spain, another conqueror, Babar, came to India from outside this frontier. "Hankering for Central Asia, Babar had won an empire in India." (4) At the first battle of Panipat, this intruder from outside fought a Muslim ruler already in India. All subsequent battles were also between rulers already in India, whether Muslim or otherwise, till the British came. There were no further military incursions into India from the Muslim world west of Afghanistan. Thus, the Ghaznavid period was the only historical window, when it can be said that the advance of Muslim armies in India was an advance of the eastern frontier of the Islamic world.

As Muslim conquests continued into the Gangetic valley, they faced a large population, which could not be fought or conquered in the conventional manner, not because they resisted, but because they yielded. In the alluvial soil of this valley there was no rock on which you could stand; you only slipped. There was no principle, on which the conqueror could stand, confront them and demand their acquiescence. His rule was so readily accepted that it sank into them. The conqueror may not have, initially, made any distinction between imposing his rule and his religion, as in Persia or the Indus valley. But the people created that distinction. They readily switched their loyalty from the defeated native ruler to the victorious conqueror, because they acknowledged this as his due, consequent on his victory. They did not see either his religion or the religion of the defeated ruler or their own religion as an issue here. The new religion might well have helped the conqueror. But they were subjects, whether before or now. Their gods claimed no domain beyond their own miserable lives. Why would the god of a triumphant conqueror be interested in such humble domains? Their pantheon was so flexible that, if need be, the new god could also be accommodated at a higher level, a step removed from their petty daily lives.

This passive attitude created a dilemma for the ruler. If he was so readily assured of the temporal loyalty of the people, why should he worry about their religion, which, in any case seemed to claim no exclusive loyalty. It was more ritual and superstition, which

could easily co-exist with any notion of an abstract, all embracing monotheistic God. Beyond the Indus valley, therefore, the extension of Muslim rule did not imply an extension of Islam as a religion. The Muslim ruler now ruled over a large non-Muslim population. It was a matter of mutual convenience that the subject accepted the ruler's hegemony and the ruler did not concern himself with the subject's religion. Going one step up the hierarchy this meant that, if a local ruler accepted the conqueror's suzerainty, his religion and his local rule were left untouched. This was the pattern the British also followed consequent on their conquest of the country. They ruled directly where the local ruler did not yield. Elsewhere they left him alone. In either case they did not concern themselves with the religion of the people or of the ruler.

When colonialism, in its most overt form, was liquidated at the end of the Second World War, the native rulers who succeeded the Colonial power belonged to the religion of the majority of the people. There were ethnic anomalies in Africa, but no religious anomalies in Asia. Where the majority of the population was Muslim, the ruler of the newly free country was a Muslim. The only exception to this was India. The British had derived the legal basis of their power from a Muslim dynasty. In 1857, when the Indians wanted to convert separate revolts into a War of Independence, they also rallied under the banner of the last Mughal Emperor. However, when the British decided to quit India, the logic of the democracy which they had introduced, however haltingly, led to the transfer of power to the Hindus. The ruling Muslim class was reduced to the status of a minority. This was not a matter of mere perception. Its legal and historical basis can be seen from the fact that, in the case of the Princely States, it was agreed by all that suzerainty passed to the Princes, not to the Government at Delhi or the people of the State concerned. Yet the power at Delhi itself did not revert on this legalistic basis but on the new logic of democracy. Whatever the legalities, the British ruled by virtue of successful conquest. If they had been similarly overthrown by a successful revolt the logic of successful conquest would have applied again. But, the British left after a legal 'Transfer of Power' and so legalities matter.

It is against this background that we must view Gandhiji's proposal that Jinnah be made the first Prime Minister of free, undivided India. This way the British would have handed over power to a Muslim ruler, a ruler much more competent and representative of his community than Bahadur Shah Zafar could have been. This ruler would have had to function within the logic of democracy. If then power had slipped out of his hands to those of others it would have been a genuine experience of Indian democracy. It should not be presumed that this would have been a charade. The Muslim League, when they entered the coalition government without Jinnah, wrecked it, because they perceived it as being dominated by the Hindus. But, had Jinnah been the Prime Minister, he would

have tried to gain the acceptability of the coalition. Men like Shanmugam Chetty, John Mathai or Ambedkar and even Rajaji or Sardar Patel may not have found it incompatible to function with Jinnah within a coalition. But, this was not to be. It was Gandhi's religious style of agitation's that was supposed to have alienated Jinnah, to begin with. Now, it transpired that Jinnah and Nehru, both the products of the best British traditions, could not function together.

Pakistan redeemed for Islam a portion of India, that was, in effect, no more than what the Muslims had conquered in their first invasion in the eighth century. The pride of the Indus Valley, which was Pakistan now, was the pre-Islamic Mohanjadaro and Harappan Civilisation. The greatest glories of Islamic rule and civilisation, were in the Gangetic Valley, in Delhi, Agra and Lucknow, in India, where the Muslims continued to be a minority, reduced in significance because of the formation of Pakistan. The Holy Koran had provided guidance for Muslims to be, by and large, enlightened rulers. But when they became a minority, this guidance was not as clear cut as that of Jesus, when he said, "Render unto Caesar what is Caesar's, and unto God, what is God's."

Muslims had adjusted as minorities in absolutist regimes, which demanded only obedience, not conviction or commitment. Such obedience posed no problem to any believer, so long it did not transgress any religious requirement of the believer. When such transgression was mindlessly required, as in the case of biting the bullet by Indian soldiers, it led to mutiny. Democratic regimes, on the other hand, claimed legitimacy on the basis of the consent of their citizens. This consent can invade a person's belief system in a manner in which mere obedience does not. A sympathetic student of Islam has pointed out that, " In Islam, it is God and not the people who gives a government legitimacy. This elevation of humanity (in democracy.bprv.) could seem like idolatry (shirk) since it is usurpation of God's sovereignty." (5) When Muslims became the citizens of a democratic state, where they were not the majority, they were confronted with this question of, how far and in what matters consent could be given to the secular non-Islamic State. This issue now acquires new dimensions in the light of recent events.

### **The special case of Hyderabad**

The Muslims had lost suzerainty over India to the British. They and the Hindus were both, and equally, subjects of the British now. The Nizam of Hyderabad also yielded his suzerainty to the British; but they allowed him to exercise the substance of it within his State. In Hyderabad, therefore, the Hindus were as much subjects of his as they were in British India. But, the Muslims of Hyderabad felt that they shared with the Nizam the suzerainty over his other subjects that the British had permitted him.

Sri. P. V. Narasimha Rao, in his book *The Insider*, notes the hegemonic aspect of Muslim rule and points out that, "Under a Muslim King . . . {there was} absolute Muslim hegemony, in all respects . . . every Muslim citizen was supposed to reflect, or contain, a part of that Kingship; hence he or she had a special position." He considered himself, 'An-al-Malik' - I am the master<sup>(6)</sup> This was the ruling class complex, of which there was a British variation during their rule in India. The pettiest British officer here felt he was part of the ruling class. When Indians went to England and, for the first time, saw a British porter carrying their luggage, they were thrilled to see a British 'Coolie'! Hyderabad, under the Nizam, was a typical example of this complex. No social group is homogenous and can be broken down into Marxist classes. The contradictions between these classes, within the group, would be no less than the contradictions between them in society at large. However, hegemony changes the character of contradictions within the group. The exercise of hegemony over other groups gives the deprived among this group a certain sense of power and significance which lights up their otherwise dreary lives. This enables the powerful among the group to gain their loyalty and, through it, certain legitimacy. When this hegemony is lost, the powerful use the sense of loss felt by the entire group as a double-edged weapon. On the one hand, they use this to gain a position for themselves in the new dispensation. On the other, by expressing this common sense of deprivation, they retain their legitimacy within the group, despite they themselves having come out well. All this does not, however, detract from the fact that the group as a whole does entertain a hegemonistic illusion.

The Nizam asserted that he, "always represented the people directly in his own person", and that, he was in possession of his sovereignty by 'natural right'.<sup>(6)</sup> The feudal nobility, which was the ruling class, was linked to the Nizam on this basis, and consisted of both Muslim Nawabs and Hindu Rajas. The governance of the State was also in the hands of this class under Prime Ministers like Sir Salar Jung and Maharaja Kishen Prasad. Mir Osman Ali Khan, the Seventh Nizam, was not averse to modernising his government and its administration. This required a bourgeoisie who was not, at that time available, either among the Muslims or the Hindus. It was, therefore, imported from the U.P. in the shape of Muslim civil servants, many of whom happened to be Shias. In accordance with a practice, similar to one in Tsarist Russia, those who rose above a certain rank in the civil service were given the titles and rank of nobility. However, there arose, in course of time, an incipient resentment against these non-natives or "non-Mulkis", partly due to many of them being Shias. The need for a native Muslim bourgeoisie was felt.

The Indian bourgeoisie had arisen under Colonial rule, more as a functional category, than an economic class, in the strictly Marxist sense. It consisted mostly of the professional classes, like lawyers and medical doctors. Macaulay was the father not merely of the

Indian 'Babu' class, but of the Indian bourgeoisie itself. Following this example, Mir Osman Ali Khan became the Macaulay of Hyderabad by setting up the Osmania University in 1916. However, since Urdu was the medium of instruction, a generation later, i.e. by the 1940s, a predominantly Muslim bourgeoisie class arose, which was ready and eager to assume power. The result was a clash between the aspirations of this new class, which the Nizam had himself created, and his own view of the future of Hyderabad State.

There were now three forces involved here. One, was the Muslim ethos as 'An-al-Malik', or ruling class, which owed allegiance to the Nizam as a Muslim Ruler, who derived his authority from them and not they from him. Second, were the Hindus demanding 'Responsible Government' on the basis of democratic principles, which the British had already accepted in their Provinces. And the third, was the Nizam's own belief, that his sovereignty did not derive, either from the Muslims or from the majority, but was reverting to him with the British leaving India.

The first view was expressed in 1940 by Bahadur Yar Jung, then President of the All-India States' Muslim League, when he formulated a 'kalima' with which all Ittihad functions were to open. It said,

"We are the Kings of the Deccan; the Throne and the Crown of the Deccan are symbols of our own political and cultural sovereignty; His Exalted Highness is the soul of our Kingship and we form the body of his Kingship; if he ceases to exist, we cease to exist; and if we are no more, it will be no more."

This 'kalima' was considered heresy by some orthodox Muslims. The Nizam in an official statement issued by his Government rejected it:

"His Exalted Highness and his Government have not found it possible to accept the theory of 'Responsible Government' for the same reasons as those which impel them to reject any doctrine, like that propounded by the Ittihad-ul-Muslimeen, which implies the division or diffusion of His Exalted Highness' sovereignty among 15 lakhs of his subjects." {7}

**Neither of these positions represents the Islamic view of "Sovereignty".**

In a meeting which the then Prime Minister of Hyderabad, Mir Laik Ali, had with the Governor-General of India, Earl Mountbatten, on 4th. March 1948, Sri. V.P.Menon complained that Hyderabad was 'going slow' with 'Responsible Government', Sir Walter Monckton, then Constitutional Adviser to the Nizam, reacted by saying,

"the position of the Muslims in the South of India had centered round Hyderabad for 700 years. He believed that, if the Nizam were to introduce responsible government straight away, there would be a holocaust in Hyderabad incomparably worse to the fighting in Kashmir." {8}

Lord Mountbatten concluded the meeting, by saying that, "if the right opportunity was missed, or if time was lost, there was, he himself felt, a chance that the Nizam would lose his throne through the compulsion of events; and that the Muslims would lose the position of responsibility which they at present held in this State." Both of them were accepting the link between the position of the Nizam and that of the Muslims. What the Government of India, in particular Sardar Patel, were emphasising was that responsible government in Hyderabad being inevitable, if the Nizam himself took the initiative, he would be able to protect, to some extent, both his throne and the special position of the Muslims.

In the event, after the Police Action, the Asaf Jahi dynasty was saved; since its fate was linked with that of the other Indian Princes. The Muslims had to yield to the majority here, as elsewhere in India. Subsequently the life of the Asaf Jahi dynasty, as that of all the other Princes, was short-lived, since the re-organisation of the States abolished the contours of all the Princely States.. The new Muslim elite that had been created by the Osmania University, and ruled for a few years in the 1940s, lost out and mostly went out of the country. The Muslim masses were left leaderless and with little resources. Lord Mountbatten had been proved right in his warning.

When the State of Hyderabad was trifurcated, the Muslims of the Marathwada region joined the Bombay State, where they counted for little, compared to the elite Muslims of Bombay, to whom Jinnah himself belonged. The Muslims of the Karnataka region had to contend with sophisticated Muslim elite of Bangalore, which had produced so distinguished a Dewan as Sir Mirza Ismail. On the other hand, the Muslims of Hyderabad remained in Hyderabad, which was the seat of their previous rule and culture. The Muslims of the Andhra region had merged culturally with the Telugu people. They had not claimed Urdu as their mother tongue, till this had been made the basis of asserting a separate nationhood. The Muslims of Hyderabad however remained concentrated in the Old City in a ghetto environment and complex. Their strength in the Capital City, and marginal significance elsewhere in the State, made them convenient pawns in the games the politicians played. As a result a Muslim leadership arose whose concern was that they alone should be able to move this pawn, which they could do only on the basis of religion. An assertion of Urdu language and culture was a convenient tool, which could be used to counter this. So the Charminar and the Qutub Shahi tombs are renovated

and the fountains play again in the Old City. The first National Urdu University is established at Hyderabad, over which, at one time, Lucknow and Delhi would have claimed precedence. Qutub Shahi Hyderabad was for heritage tourists. Meanwhile, a Cyberabad, based on English, was being developed for modern young persons. Young Muslim boys and girls of the Old City were eager to have English education so that they could get good jobs. The wheel had come full circle. The Muslims of the old City had to choose once again between pride in their history and hopes for their future.

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## The Telengana surpluses - A Case Study

### *Prefatory Note*

Telengana Surpluses can be loosely defined as the State's Own Revenues derived within the Telengana Region which has not been utilized exclusively for the development of that region. The method of calculating such surpluses, and the manner, in which they were utilized, became issues in the regional politics of the State, from time to time. However, quite apart from this, this entire issue provides an excellent case study in the inter-play between budgeting and politics and, more specifically, in legislative control over financial administration. The fact, that the controversies may have arisen out of regional politics, does not detract from the importance of the issues for financial administration in general, the basic issue arises out of a political agreement, gets complicated by a political agitation which raises it to the level of a Center-State issue and, is finally resolved by a Constitutional amendment, A case study with all these ingredients would be rare to find.

The Telengana Regional Committee was a Committee of the Andhra Pradesh Legislative Assembly. During the years it was in existence, it was exercising effective and meaningful control over public expenditure, in respect of items that fell within its purview by virtue of the statutory provisions. The issues raised by the Committee may have had a political background, but the Regional Committee were professional in their analysis and presentation. The issues were similar to those, which a Public Accounts Committee or an Estimates Committee would raise. The inter-action between the Regional Committee and representatives of the State Government involved, essentially, legislative control over the executive, even if, in this case, the control was restricted to Telengana issues. The case study should, therefore, have wider interest and relevance. I was Planning Secretary for sixteen years and Finance Secretary for eight years. By coincidence, I am the only Planning or Finance Secretary of Andhra Pradesh, before 1982, who is now alive. This is another reason why I thought I should do this case study, at least for historical and academic interest.

During the period covered by this study, I had the privilege of enjoying the confidence of the two successive Chief Ministers concerned, and of the Chairman and the important members of the Regional Committee. I have, however, refrained from using any information that may have come to my knowledge, by virtue of the confidences I so enjoyed. I have used in this study, only published material, government orders, press notes, and my own notes of that time.

**1. The Regional Committee: Formation and functions The Initial 1958 Order**

1. The State's Reorganization Commission (SRC) 1955, while recommending the formation of a separate State of Telangana had given, as one of the reasons for this recommendation, the apprehension of the people of Telangana that the region would suffer financially if it formed part of a Visalandhra. The Commission noted that "the existing Andhra State has faced a financial problem of some magnitude ever since it was created; and, in comparison with Telangana, the existing Andhra State has a lower per-capita revenue. Telangana, on the other hand, is much less likely to be faced with financial embarrassment. The much higher incidence of land revenue in Telangana and excise revenue of the order of Rs. 5 crores per annum principally explains this difference. Whatever the explanation may be, some Telangana leaders seem to fear that the result of unification will be to exchange some settled sources of revenue, out of which development schemes may be financed, for financial uncertainty similar to that with which Andhra is now faced." (para 376)
2. At the time of the formation of Andhra Pradesh, there was a "Gentlemen's Agreement" in February 1956 between the leaders of Andhra and Telangana which addressed these fears of the Telangana leaders and committed itself to certain assurances for Telangana. The signatories to that agreement were Sri B. Gopal Reddy, Sri N. Sanjeeva Reddy, Sri A. Sathyanarayana Raju and Sri G. Latchanna for Andhra and Dr. B. Ramakrishna Rao, Sri K.V. Ranga Reddy, Dr. M. Channa Reddy and Sri J.V. Narsing Rao from Telangana.
3. The terms of this Agreement, spelt out in a Paper laid on the Table of the House in Parliament, Provided among other matters, for a Regional Standing Committee of the State Assembly for Telangana Region consisting of the Members of the Assembly belonging to that region including the Ministers from that region but not including the Chief Minister. Legislation relating to specified matters was to referred to the Regional Committee. In respect of such matters the Committee could also propose to the State Government legislation or any question of general policy "not involving any financial commitments". The matters that the Committee could deal with were indicated as
  1. Development and Economic Planning within the frame work of the general development plans and policies formulated by the State Legislature.
  2. Local Self-Government that is to say, the Constitutional powers of Municipal Corporations, Improvement Trust, District Boards and other district authorities for the purposes of local self-government or village administration.

3. public Health and sanitation, local hospitals and dispensaries.
4. Primary and Secondary education.
5. Regulation of admissions to the educational institutions in the Telengana region.
6. Prohibition
7. Sale of agricultural cards.
8. Cottage and small scale Industries.
9. Agriculture, Cooperatives Societies, Markets and Fairs.
4. Such a Committee was constituted under the Andhra Pradesh Regional Committee Order 1958 on 1-2-1958 (we shall refer to this Committee hereafter as the Telengana Regional Committee (TRC)).

#### **Expansion of the scope and functions of the Regional Committee - The 1970 Order**

1. From 1968 there was an agitation in the Telengana region which came to be known as the Telengana agitation. Consequent on this, the Prime Minister made a statement in the Lok Sabha on April 11, 1969 dealing with various issues which had resulted in the agitation. Since there has been a lack of understanding between the Government and the TRC, regarding what had been called "Telengana Surpluses", it was announced in this statement that the Central Government would appoint a Committee with a serving or retired Supreme Court Judge, "to go into the varying estimates and representations and determining the surplus relatable to Telengana which was expected to have been spent on the development of the Telengana region". Accordingly, a Committee was appointed with Sri Justice Vashist Bhargava, a Judge of the Supreme Court, as Chairman.
2. On 21st August, 1969, the TRC adopted the recommendations made by a Committee on a motion moved by Sri J. Vengal Rao, (then Minister for Home). In this motion the Committee suggested, among other matters, that the Presidential Order 1958 regarding the Regional Committee should be suitably amended to bring in matters relating to principles and methods of recruitment for securing equitable and adequate opportunities for employment in Government and Quasi Government services for the people of the Telengana region; matters relating to equation of posts and integration of services of the employees of the former Governments of Andhra and Hyderabad; the Annual Financial Statement in so far as it relates to receipts and expenditure for Telengana region and development and economic planning within the approved allocations for the Telengana region.
3. In order to allay the fears of the people of Telengana the Government of India announced on 18th February, 1970 a "series of measures intended to ensure the

development of Telengana." These included a widening of the subjects which the Telengana Region Committee (TRC) could discuss and of the powers of this Committee in respect thereof. Accordingly a Presidential Order was issued on 7th March 1970 under Article 371 amending the original order of 1958.

4. The following subjects were added to the First Schedule of the original order specifying the subjects falling within the purview of the TRC.

"Methods of recruitment and the principles to be followed in making appointments of subordinate services and posts (that is to say, services and posts appointments to which are not notified in the Official Gazette but including any service of Tahasildars.) under the State Government in Telengana Region".

"Securing provision of adequate employment opportunities to the people of the Telengana region in the State Government, Quasi Government institutions, statutory authorities and corporate bodies in the Telengana region".

5. The list of subjects falling within the purview of the Regional Committee was enlarged to also include University education in addition to the existing primary and secondary education and medium and heavy industry in addition to the existing small scale industries.
6. The following item was substituted under item (9) of the first schedule i.e., matters in so far as they relate to the Telengana which come within the purview of the Regional Committee. "Development and economic planning within the plan allocations for the Telengana region as formulated by the State Legislature".
7. The order also provided that "in the annual financial statement details regarding the receipts and expenditure in relation to the Telengana region and rest of the State (RoS) shall be shown in separate columns for facility of reference and consideration by the Regional Committee".
8. The Order also modified the earlier rule which had restricted the Regional Committee to matters not involving any financial commitment by introducing the words "is in conformity with the overall financial arrangements contemplated in the annual budget or in the Five Year Plan pertaining to the Telengana region".
9. The Government was to furnish periodic progress reports to the TRC which would submit its views to the Assembly. It was also provided that if the State Government was unable to accept any recommendation of the Regional Committee, the Chief Minister would first endeavour to arrive at an agreement by discussion with the Chairman of the Regional Committee and the matter would then be referred to the

Governor if no such agreement was found possible. The Governor was to make an annual Report to the President so as to keep the Central Government informed about the working of the Regional Committee.

## II. Allocation of finances between Telengana and the Rest of the State (RoS)

1. The Gentlemen's Agreement stated that "the expenditure of the Central and General Administration of the State should be borne proportionately by the two regions and the balance of income from Telengana should be reserved for expenditure on the development of Telengana area".
2. Following this, the Finance Department of the State Government submitted, as early as 12th February 1957 certain proposals for the approval of the Cabinet in connection with the first budget after the formation of Andhra Pradesh. The department pointed out that: "The terms 'Central and General Administration' and 'proportionately' have not been defined anywhere. The intention appears to be that the expenditure on establishment and services which are not intended exclusively for any one region, but have been constituted for rendering common services to both the regions should be shared by the two regions in an equitable manner. It would be difficult for the administrative departments as well as the Accountant General to maintain separate sets of accounts, income and expenditure of Andhra and Telengana regions of Andhra Pradesh". As a practical measure, therefore, the Finance Department suggested certain principles to be provisionally adopted in framing the estimates for 1957-58. Briefly, these Principles were that.
  - (1) Expenditure on certain State offices, heads of departments etc., (which were specified) to be divided between Andhra and Telengana in the ratio of two-third and one-third "which roughly conforms to the ratio of populations of the two areas". (This is the first occasion on which the one third-two-third ratio is mentioned).
  - (2) Interest on public debt as on 31st October, 1956 to be charged to each region according to its liability on that date. Interest on future public loans and future loans from Central Government to be charged in the proportion of capital outlay in each region in a particular year. Interest on ways and means loans from the Reserve Bank of India was, however, to be charged in the ratio of two-third and one-third. (This would become relevant when we discuss securities held by the Hyderabad Government which devolved to the new State).
3. In the budget speech of 1957-58, late Sri Kala Venkata Rao stated that the principles agreed to in the Gentlemen's Agreement had been, "kept in view in framing the budget estimates for 1957-58 and particularly in the allocation of funds for the

second Five Year Plan". This was the first occasion when the ratio of one-third adapted by the government for allocation of 'Common Expenditure' was extended to Plan allocations.

4. The TRC started examining under item (1) of its terms, the Non-Plan and Plan expenditures in Telengana with reference to the Budget. Having done so, it started arriving at what should be considered "the balance of income from Telengana" after bearing proportionately the common expenditure on "Central and General Administration". This fell within their purview because they were only showing what they considered to be shortfalls in the provision for the Telengana region, within the existing Plan and Non-Plan budgets. They were not proposing new financial commitments.
5. In the 1958-59 budget speech Dr. Gopal Reddy stated that, "I may take this opportunity for assuring my friends in Telengana that every rupee collected in Telengana area will be accounted for separately and the fear that Telengana money will be diverted to the development of Andhra is not well founded and whatever assurances were given in this regard, will be remembered and implemented". Yet in their 23rd supplementary on finance, in September 1959, the Sub-Committee on Finance and Development of the TRC and the TRC pointed out that there was shortfall in expenditure in Telengana. They went on to comment that, "the main hurdle for the Government providing for non-Plan schemes in Telengana seems to be that the Government is unable to meet the already committed expenditure in Andhra area under non-plan". When additional taxation was resorted to for this purpose, again the percentage yield was 45.2% in Telengana while it was only 19.3% of existing levels in Andhra, according to the Committee. A decade later the Committee had again to say that, "the only way, in the opinion of this Committee, to find a solution for doing justice to Telengana is that the Government should rationalize the expenditure in Andhra and increase its financial resources". (7th March 1969)
6. incidentally, forty years later, this advice still holds good for Andhra Pradesh State as a whole. The accelerating burden of expenditure in the Andhra region was not due to any deliberate policy. It was the result of the momentum of expenditure in a developed area. On the other hand, in under-developed areas a deliberate push was required to generate the initial momentum. Conversely, the gap in resources was, to a large extent, due to prohibition in the Andhra area and low land revenue and water rates as pointed out by the SRC.

7. In 1959 there was an "agreement" between the Chairman of the Regional Committee and the Government of Andhra Pradesh, "laying down the principles for allocation of revenue receipts and expenditures between the two regions". (see para V.5 below where this was challenged before the Bhargava Committee in 1969) The basic Principles agreed to were that:
- (1) The receipts arising from and expenditures incurred within a region will be allocated to that region.
  - (2) Receipts and expenditures of a common nature or pertaining to Hyderabad (with some specific exceptions) will be allocated to Andhra and Telengana in the ratio of 2:1
  - (3) Central devolutions and non-plan grants will be allocated as above i.e., 2:1
  - (4) Plan grants identifiable with plan schemes will be allocated to the region where the Scheme is located.
8. In sum, the broad issues of contention and the tenor of the debate was set in 1959 itself. The stridency that came, in 1969, in discussing these issues was because the Mulki rules agitation changed the entire atmosphere. Nothing new except the cumulative effect of shortfalls, had happened since 1959.

### **III. Defining and Calculating Telengana Surplus**

1. Initially, not many issues arose out of the manner of allocating Government expenditure on 'State-wide' schemes between the two regions. The only major issues were regarding Electricity Board and the Road Transport Corporation (RTC) which we discuss in detail later.
2. Assuming certain regional allocations of revenues and expenditures, how do we arrive at, what may be called, the "balance of income from Telengana." The dispute between the TRC and the Government started with this issue. In budgetary terms this would, at a minimum, have to be equated with a Revenue Surplus. Table I will help understand the issues involved. In this table the revenue surplus during the Third Plan period was Rs. 24.18 crores, according to Government's own admission. But, there was a Capital deficit of Rs. 13.90 crores. Therefore, if this were a separate budget of Telengana the overall Surplus (which was being equated with the "balance of income from Telengana" in the Gentleman's agreement) would be Revenue surplus 24,18-Capital deficit 13.90=10.28 crores. The finance Department argued that

this was the Telengana Surplus. The TRC rightly contended that if Andhra was allowed a Capital deficit (-44.20 crores) over and above a Revenue deficit (-8.60 crores) why should not Telengana's Capital deficit be considered separately from and without affecting its Revenue Surplus. Once the Capital deficit is considered without reference to the Revenue position the question would arise as to what it should have been for Telengana and not necessarily what is actually was.

3. When this issue was first discussed by the TRC in 1959 in their 23rd report on Finance they took the view that the Surplus should be "The unspent amount of Telengana" plus "half the overspent amount of Andhra area". The unspent amount of Telengana can easily be taken to be the Revenue surplus. But what will be considered the "overspent amount of Andhra"? In budget terms this would be the Revenue deficit plus the Capital deficit of the Andhra region. But the TRC were content to interpret this to mean that Telengana should have got 1/3 of the total Capital expenditure in the State. If the actual expenditure was less than this, then the difference should be added to the Revenue Surplus due to Telengana. In table I 1/3 of total Capital expenditure is Rs. 163.36 crores. The actual Capital expenditure in Telengana was Rs. 157 crores. Therefore, the shortfall was Rs. 163.36-157=Rs.6.36 Crores. The Telengana Surplus would, therefore, be Revenue Surplus of Rs. 24.18 crores + Capital expenditure deficit of Rs. 6.36 crores=Rs. 30.54 crores.
4. The Government's argument that the capital deficit should be subtracted from the Revenue surplus was unfair because it was being done for Telengana region only, while the Andhra region had a deficit on both accounts.
5. Stung by the Government's unfair argument the TRC also raised extreme arguments to counter this. The misunderstanding caused by this simple principle not being fairly or logically settled by Government led to the TRC opening the accounts themselves and questioning the manner in which common items of expenditure were being allocated between the Andhra and Telengana Regions.
6. In the 1959 report referred to above two other items were mentioned as constituting the surplus of Telengana (1) Amount available in the Industrial Trust Fund, (2) Securities of the former Hyderabad Government. An assurance was recorded in the meeting of 19th January 1969 (referred to below) "That the Industrial Trust Fund, which is being operated exclusively for Telengana Region will continue to be so utilized." In regard to Hyderabad Securities, the Finance Minister had stated in his Budget speech for 1959-60 that.

"Telengana Securities: The gilt-edged and other securities which accrued to Andhra Pradesh as Telengana's share in the investments of Hyderabad State, have not been diverted for any purpose. They are intact though the Government felt at one time that those securities could be sold and the proceeds utilized for the development of Telengana, I reiterate the assurance, given by my predecessor, that Telengana money would be utilized only for the development of Telengana."

7. The broad issue of how the Telengana surplus was to be calculated on the basis of the Revenue Surplus and Capital Expenditure, was finally settled in a meeting held on 8-2-1968 by the C.M., Sri. Brahmananda Reddy with Sri. J. Chokka Rao, Chairman, TRC, Sri K. Rajamallu, Vice Chairman, and Sri Vasudeva Rao, Member of the Sub Committee on development of the TRC.
8. At this meeting the Chief Minister agreed to the surpluses for the Third Plan Period being calculated on the basis urged all along by the TRC i.e. as follows:

(Rs. In Crores)	
1. Revenue surplus of Telengana area During the third Plan period	24.18
2. Shortfall of capital expenditure in the Telengana area compared to one-third of the total capital expenditure in the State	6.56
Total	30.54

9. This decision was communicated to the Chairman, TRC through a letter of 17-6-1968 from Finance Secretary. The Chief Minister also agreed that on this basis the balance of the Second Plan Surpluses of Rs. 3.70 crores would be provided Rs. 2.80 crores in 1968-69 and about Rs. 90 lakhs thereafter. Therefore, in all about Rs. 34.24 crores (Rs. 30.54 + 3.70 crores) would have to be provided for the Telengana Region over and above its one-third share. The Chief Minister stated that this should be fitted into the Fourth Plan; that is, the amount finally agreed would be first set apart in the Plan and the balance plan outlay would then be provided in the ratio of 1/3 : 2/3.

Third Plan Period	Andhra	Telangana	Total
Receipts on Revenue Account	388.30	241.19	629.49
Expenditure on Revenue Account	396.90	217.01	613.91
Surplus (+) Or deficit (-)	(-) 8.60	(+) 24.18	(+) 15.58
Receipts on Capital Account	288.89	143.10	431.90
Surplus (+) Or deficit (-)	333.09 (-) 44.20	157.00 (-) 13.90	490.09 (-) 58.10
Overall surplus (+) Or deficit (-)	(-)52.80	(+) 10.28	

10. The issue of Telengana surpluses would have been, more or less, settled by this decision. But, an agitation had started in Telengana in 1968, primarily relating to issues arising out of the application of the Mulki Rules and service grievances of Telengana employees. The situation was exacerbated by the Supreme Court striking down the Public Employment (Requirement as to Residence) Act of 1957, in January 1969.

#### IV. The 1969 All-Party meeting-Appointment of an officer of the CAG

1. On 19th January, 1969, an all party meeting was held by the Chief Minister, K. Brahmananda Reddy to discuss all these issues. At this meeting an accord on Telengana safeguards was arrived at. This accord also contained the principles on which the Telengana surplus funds would be determined. It was agreed that,

- (a) The existing method of allocation of expenditure and receipts to either region will continue;
- (b) The Telengana surpluses for each year will be computed by adding to the net revenue surplus of Telengana region of that year, the difference between one-third of the total capital expenditure of the State in that year and the actual capital expenditure in the Telengana region in that year;

- (c) So far as statutory or other Boards, Corporations etc., functioning on a State-wide basis and financed by State Government are concerned, they will, for the purposes of computing Telengana surpluses, be treated as if they were State-wide Government departments and as if their receipts and expenditure were booked in Government accounts. In the case of the State Electricity Board, however, the expenditure on power generation and highvoltage transmission lines only will be apportioned between two regions in the manner indicated above. Expenditure on distribution lines and rural electrification will be bookcd to each region as per actuals.
- (d) (d) The Industrial Trust Fund which is being operated exclusively for Telengana region will continue to be so utilized.

2. As we have seen above the principles at (a) and (b) above had already been agreed to by the Chief Minister almost a year earlier in February 1968. Item (c) actually created a new problem which we discuss later. However, by this time the mutual suspicion was such that "to avoid any controversy in this regard, the Comptroller and Auditor General (CAG) of India was to be requested to depute a senior officer of the rank of an Accountant General." The nominee of the CAG was Sri K. Lalith who started his work by 24-1-1969 and gave his report in March. Sri Lalith calculated the quantum of Telengana Surplus on the basis of "the principles laid down by the State Government in consultation with the Andhra Pradesh Regional Committee in 1959 and the All Party Accord of 19-1-1969 and the various classifications given by the State Government in their communications to me:' (para 5 of his report) (Refer para 11.7 and IV.1)

3. The TRC wrote to the Finance Secretary on 4-3-1969 giving the points wherein they felt there was a difference between the clarifications given by the Government to Sri Lalit and what the TRC contended was the existing method being followed. The report of Sri Lalit was discussed by the TAO on 18-3-1 969 and subsequently their Ad-hoc Committee on Planning on 1st April 1969. The observations of the Planning Committee were adopted by the TRC on 14-4-1969. When the report submitted by Sri K. Lalith was discussed by the Telangana Regional Committee (TAO) on 14th April, 1969, the Committee expressed the view that "the question of corporate bodies has been brought in for the first time only during the all party accord of 19th January, 1969 and prior to that neither the Government nor the Regional Committee considered it necessary to take their accounts into consideration for arriving at the quantum of Telangana surpluses." The TRC pointed out that the clause in the original Gentlemen's Agreement referred only to expenditure of the new State on Central and General Administration and it "never envisaged to take into account the accounts of corporate bodies for the purpose

of working out Telengana surpluses.... The Government all of a sudden deemed it necessary to bring in all the corporate bodies into this purview for the first time, at the time of the all party accord on 19-1-1969.' The Committee went on to note that Sri Lalith himself had stated in his report that the corporate bodies did not maintain accounts on a regional basis. The view of the TRC was that its main object in examining the accounts of the corporate bodies was "only to satisfy that justice has been done to this region but not to work out the surpluses of Telengana. This item should not, therefore, be deducted from the revenue surpluses as a matter of principle."

4. However, the TRC itself pointed out that it had taken a different stand earlier in regard to the Road Transport Corporation. In the case of this Corporation, the TRC had noted that the activities of the RTC were originally confined to the Telengana area only as it was a Corporation of Hyderabad State which came to the new State of Andhra Pradesh. However, its activities were later extended to the Andhra area also. The TRC's contention then was that in view of this the RTC should be treated as a State-wide Corporation. Consequently Capital of the RTC at the time of the formation of the State should be divided as one-third and two-third between Telengana and Andhra. The excess investment of Telengana over this 1/3 should be treated as Telengana surplus. The TAO's contention was that this was the only issue pending with the Government concerning a Corporation and it arose because of the peculiar nature of the RTC. It was not the intention of the TRC that all Corporations should be treated on this basis.

5. At this late stage an old settled issue was raised again before Sri Lalith. The Government informed this officer that they had decided that the Telengana surplus should be computed by adding to the net revenue surplus of Telengana, half the revenue deficit of the Andhra region or, if in any year, there was a revenue deficit in Telengana, then the difference between that actual deficit and 1/3 of the total revenue deficit of the State would be deemed the Telengana Surplus. Thus, for the first time the method that was being applied to Capital expenditure was sought to be applied to the revenue account also. The principle here was that if there is an overall deficit for the State, why should 1/3 of it not be attributed to Telengana. A similar contention was once raised by Dr. Ashok Mitra, then Finance Minister, West Bengal in relation to the revenue deficit of the Centre. He took this as a resource for the Centre and suggested that the States should also share this resource by running revenue deficits.

6. The Government then clarified on 6-3-1969 that what was meant by Revenue deficit was that part of the deficit to which Capital receipts, like Government Of India Loans, had been diverted to fill the revenue gap of Andhra region and such diverted Capital receipts should be added to the calculation of Telengana Surpluses. There was some

logic to this later stand of the Government. Capital expenditure was being divided 1/3 : 2/3 between Telengana and Andhra and shortfall of Capital Expenditure in Telengana was to be added to arrive at Telengana surpluses. If a Capital receipt was diverted, to fill the revenue gap of Andhra then that Capital receipt should be added in the 1/3 : 2/3 breakup. Further, in the initial decision of the Government referred to earlier, under Common expenditure ways and means loans from the RBI were also to be charged 1/3 2/3d. Unfortunately, due to the way in which this clarification was given it appeared as a narrowing of the original decision.

7. As we have explained earlier the TAG was counting the Telengana Revenue Surplus plus 1/3 of the total capital expenditure of the State as the Telengana Surplus. Now with this new inclusion of the Revenue deficit of the Andhra Region, which the Government itself had introduced, the TAG took the stand that, "Even from 1959 itself the Regional Committee was insisting that half of the over-spent amount in Andhra revenue account should be added to the Telengaria Surplus." (emphasis added) The word "revenue" here is the new concept.

8. The TRC went on to mention that the clarification of Government re: the Revenue deficit was given on 6-3-1969 when the Government itself had asked Mr. Lalith to give the report by 5-3-1969 and he "had already left Hyderabad City" by 6-3-1969. Quite unnecessarily a new issue had been raised and a new controversy created. This was one more example of the lack of confidence between the TRC and the Government in general and the Finance Department in particular at that time. Thus the appointment of an officer of the CAG had not also removed the reservations of the TRC.

9. The net Telengana surpluses, calculated by Sri Lalith, after taking into account the Capital expenditures in the two regions, for the period 1-11-1956 to 31-3-1968 came to Rs.34.10 crores.

10. Sri Lalith had reservations about two issues. In February 1969 the Government had clarified to him that "the term Capital expenditure used in the 1969 Accord should be deemed to include Loans and Advances." Sri Lalith did not agree with this clarification (rightly in my view. BPRV). If loans and advances are excluded, the surplus would go up by Rs.3.62 crores. (para 8 of report). The other issue concerned Sales Tax receipts booked at Hyderabad by State-wide companies with Head Office here. On this Government had given a clarification with which Sri Lalith did not agree. On this score Rs. 4.77 crores would be added to the Surplus. (The Surplus thus went up to Rs. 42.49 crores. (Rs. 34.10 + 3.62 + 4.77 crores).

11. This surplus was worked out for the period 1956-1968. The amount already conceded by the Chief Minister, through the letter of Finance Secretary of June 1968 (para III.9) was Rs. 34.24 crores. But this was till end of Third Plan period i.e., 31-3-1966. Sri Lalith's figures for 1966-67 were As. 3.9 crores and for 1967-68 As. 2.29 crores. His original figure was Rs. 34.10 for the entire period. If we take As. 42.49 and subtract surpluses of 1966-68, we get Rs. 36.30 crores. This shows that there really was not much difference between the two calculations.

## **V. The Bhargava Committee**

1. On April 11, 1969 the Prime Minister made a statement in the Lok Sabha in regard to Telengana, after she had had discussions with various leaders concerned. The statement states that, "The overall aim is to ensure that the pace of development and the expansion of employment opportunities in Telengana is accelerated, and conditions are created for the balanced development of all parts of Andhra Pradesh." It was announced that in pursuance of this aim a high powered Committee would be appointed with a retired or serving Supreme Court Judge as Chairman and an eminent economist with knowledge of State finances, together with a senior representative of the Comptroller and Auditor General as Members. The Committee was to go into the varying estimates and representations and determine the surplus relatable to Telengana which was expected to have been spent on the development of the Telengana region. The Committee was to report to the Union Government by the end of May 1969.

2. As mentioned at para 11.10 above the issues which were responsible for the intensity of the agitation related more to the Mulki rules and service grievances. On these issues the statement only said that, "The possibility of providing for appropriate Constitutional safeguards in the matter of public employment in favor of people belonging to the Telengana region will be examined by the Government of India in consultation with a Committee of Jurists."

3. In accordance with the above Statement a Committee was appointed on 22' April 1969 with Sri Justice Vashishta Bhargava, Judge of the Supreme Court as Chairman and Prof. M.V. Mathur, Director of Asian Institute of Educational Planning and Administration, Sri Hari Bhushan Bhan, Additional Deputy Comptroller and Auditor General as members and Sri T.N. Krishnasami as Secretary (Bhargava Committee). The Commission was asked to report by 31 May, 1969 but this time was extended upto 31 October, 1969. The Committee issued a press note calling for representations from interested parties and interviewed twenty persons from the Andhra and Telengana regions. Besides these they heard Sri Teneti Vishwanatham, M.P. and Prof. Gautam Mathur,

Head of the Economics Department of the Osmania University who had submitted a note on the economic principles to be applied in determining the unspent surplus. Later, the Chairman of the Regional Committee represented to the Home Secretary, Government of India that representatives of the two regions should be allowed to assist the Secretary of the Committee in verifying the figures and accounts. The accounts prepared by the Secretary were, therefore, given to be scrutinized by Sri L.N. Gupta on behalf of Telengana and Sri K.B. Krishnamurthy, Advocate for Andhra. These two appeared before the Committee in September, 1969 and thereafter the report was finalized. (Sri L.N. Gupta, IAS, was Finance Secretary in the Nizam's Government and he was Secretary, Planning from 1964 when I was Joint Secretary, Planning. Then I held charge of the department from 1966 when he retired.)

4. The terms of reference of the Committee said that, "the Committee shall take into account the agreements reached between the representations of Andhra and Telengana of the State of Andhra Pradesh regarding the utilization of the Surpluses from the Telengana region for expenditure on development of that region." The Committee considered three documents for this purpose.

- (1) "Gentlemen's Agreement" of 1956 (para 1.3)
- (2) A "so-called agreement" between the Chairman of the Regional Committee and the Government of A.P. arrived at in 1959 (para 11.7)
- (3) An "Agreement" dated 19 January, 1969 described as an all-party agreement (vide paras IV.1 above).

5. All these three were challenged before the Committee by the representatives of Andhra region. They raised an issue regarding the Gentlemen's Agreement itself. This Agreement was arrived at a meeting held on the 20<sup>th</sup> February 1956 at the Hyderabad Guest House, New Delhi. A note prepared by the Ministry of Home Affairs on the basis of the minutes of the Delhi meeting was placed on the table of the Lok Sabha on 10 August, 1956. Both parties were agreed that the terms contained in this note placed on the table of the Lok Sabha on the 10<sup>th</sup> August 1956 formed the subject matter of the "Gentlemen's Agreement" of 1956 which is to be the basis of the report by our Committee". (Report of the Committee) The contention of the representatives of Andhra was that "in the minutes there was a paragraph which prescribed a limitation for the period during which the revenue surpluses of Telengana were to be reserved The arrangement will be reviewed after five years and can be continued for another five years if the Telengana members of the Assembly so desired." This sentence was not contained in the note of the Minister of

Home Affairs placed on the table of the Lok Sabha. The Committee did not accept this contention, describing it as only a "technical" one based on "mere language". They felt that they should base themselves on the "purpose" and the "object" of the agreement. The Committee said that in any case, they were bound by their terms of reference which required them to calculate the surpluses from 1 November, 1956 to 31st March, 1968.

6. As regards the second document viz., the "agreement" of 1959 the Committee came to the conclusion that, "these principles embodied in the document of 1959 cannot be given the status of an agreement." However, "the principles laid down appear to be, by and large, the correct principles.... (However,) in some details and in respect of some items, the principles applied may not be strictly fair and consequently, where we intend to depart from those principles we shall indicate..., the reasons in brief." (page 4 of report)

7. The third "agreement" of 19th January, 1969 "was repudiated by the representatives of both the sides, so that we are not inclined to give that "agreement" the status of a binding agreement". However, the Committee did keep "this agreement in view." (page 5)

8. Therefore, the Committee was working more or less on the same basis as Sri Kumar Lalith had done. But, the Chairman of the Regional Committee had urged that the Committee report should not be based on the figures furnished by Government to Sri Kumar Lalith since, "they were not satisfied that the correct figures had been made available to him." The Committee recorded that, "We were also not quite satisfied that the figures which Sri Kumar Lalith were correct." Therefore, the Committee obtained fresh figures from the Government. Nevertheless, as we shall see later, the entire exercise did not yield any substantially different result.

9. To give a flavour of the kinds of issues that were being raised on behalf of Telengana and Andhra and the manner in which the Bhargava Committee dealt with them, we may briefly describe the issue concerning allocation of expenditure on the Nagarjuna Sagar Dam between the two regions. The total cost was, at that time, expected to exceed Rs. 150 crores. In the first phase 177 TMC was to be utilized in the Andhra region and 87 TMC in the Telengana region. In addition 30-45 TMC were going to be available for the Krishna Delta. The representatives of the Andhra Region and the PWD and Finance Secretaries of Government urged that, this should not be into account because the Delta would in any case have received water through the river channel. After much discussion (which we do not quote here) the Committee came to the conclusion that 16 TMC which the Krishna Delta used to get from the Tungabhadra Reservoir will now no

longer be necessary because Nagarjuna Sagar would take care of this. This 16 TMC saved in Tungabhadra benefits entirely the Andhra region. Therefore, this 16 TMC was added to Andhra's share of 177 giving 193 TMC. Therefore, the investment made in the Nagarjunasagar Dam would be allocated between Andhra and Telengana in the proportion of 193 to 87 (page 20-21 of report.)

10. The manner in which the Committee dealt with the allocation of expenditure of the Electricity Board created fresh problems. In 1967 the Government had taken the stand that generation schemes should be charged on the basis of regional location "as the flow of power is from Andhra to Telengana." The presumption here was that the new schemes at Kothagudem were needed to meet the shortage in Telengana. It was then the stand of the TRC that generation should be charged 1/3 :2/3 as a common scheme and distribution and rural electricity should be charged regionally by location. This was endorsed in the January 1969 all Party meeting referred to above.

11. The Bhargava Committee reversed this position by holding that "it is proper to treat the activities of the Electricity Board as separate ones depending on whether a particular source of supply is serving one region or the other." They made this recommendation on three grounds:

- (1) "In the case of electricity, we do not think that the principle (of 2:1 allocation) could be applied because the consumption of electricity and the benefits derived from electricity supplied could not bear any relation to the population;"
- (2) Allocation of capital expenditure on the basis of existing proportion of energy consumption would "appear very anomalous" when that proportion alters "very materially."
- (3) The Chairman and officers of the Electricity Board had informed them that, "various sources of supply can be separately identified as intended to serve separate areas with a few exceptions where one single source may serve more than one area':

12. .. The most important of these reasons was really the third one, since this provided the rationale for the entire recommendation. This was based on the fact that, according to the Committee, "the information elicited from the Chairman and the officers of the Electricity Board is that various sources of supply can be separately identified as intended to serve separate areas with a few exceptions where one single source may serve more than one area."

13. However, the Electricity Board itself subsequently stated that "both the regions have been served by an integrated grid and, therefore, all allocations are purely notional and depend for accuracy on the validity of the assumptions made." As Sri Tata Rao, Chairman of the Electricity Board, put it in a subsequent note, "even if mathematically a relationship could be established between the power generated and the electricity consumed in a given region, from this it could not be concluded that the power generated in a particular station was supplied only to that region. By a coincidence, all the major thermal stations in the State are located in the Telengana region while all the major hydel stations are in the Andhra region. The grid can be operated to the advantage of the entire State only by a proper hydel thermal combination.. Even in arriving at the rate to be charged for power, it is the total cost that is taken and not the cost of thermal generation and hydel generation separately." Under the circumstances, it was difficult to say that the power from any particular station was being supplied to any one region and, therefore, Sri Tata Rao felt that the reasoning of the Bhargava Committee was "open to question".

14. In 1971-72 when the Development Sub-Committee of the TRC had to consider the proposal regarding Kothagudem Thermal Project Third phase, they followed the Bhargava Committee's logic and recommendation and stated that Telengana was already surplus in power and as such Telengana funds should not be spent on this project. They had no objection for taking up the project provided Telengana funds were not involved. The Sub Committee wanted that "the funds proposed for spending on Kothagudem third phase on behalf of Telengana should be wholly diverted to Rural Electrification in Telengana" as the allocation for Rural Electrification in Telengana was only a "meagre amount of Rs.86 lakhs" out of the total amount of Rs. 12.16 crores available for Power under Telengana share. The Electricity Board conceded that if the position with regard to the Power sector was viewed separately for the Telengana region there was a surplus of power available in the region and that, therefore, higher priority should be given for distribution and rural electrification rather than for generation. The generating capacity was needed considering the State as a whole. The Board pointed out that this anomalous position had arisen because of the Bhargava Committee's recommendation. The Board also showed that, if in such a situation it was argued that the region should, even if the power was not immediately required in that region, go in for the generation project as a kind of investment on which it can get returns by sale of power, there was another recommendation of the Bhargava Committee which would go counter to this argument. In another part of the same recommendation, the Bhargava Committee had stated that the revenue income to the Electricity Board by the sale of power was allocable to the region in which the supply was made and became due to the Electricity Board. By this, the income was being allocated to the region in which the power was finally sold to the

consumer and not to the region where it was initially generated. This meant that while the investment required for generation was being made by one region, the income derived from the sale of such power was being allocated to another region. The Board, therefore, concluded that what the TRC was doing was to pursue the reasoning of the Bhargava Committee to "its logical conclusion to arrive at a kind of *reductio ad absurdum*."

15. Since the recommendations of the Bhargava Committee had been accepted in toto, there would ordinarily have been no ground for re-examining this particular recommendation merely because the premises on which it had been arrived at can be shown to be incorrect. The immediate problem, however, was as to how to deal with the recommendations made by the Regional Committee based on this very logic. The Board conceded that the recommendation made by the Regional Committee that expenditure on Power Generation projects and High Tension lines should be allocated on the basis of 2:1 was reasonable.

16. ..Therefore, as we shall see later, even the Bhargava Committee's recommendations regarding allocation of "Common expenditure" between the two regions, had to be modified. This was done by Government in consultation with the TRC when it became necessary to show the entire break-up between the regions in the Budget. Had such consultation gone on in the earlier period both Sri Lalit's report and Bhargava Committee's report would have been unnecessary.

17. The unspent surplus worked out by the Bhargava Committee came to Rs. 28.34 crores. This compares with Rs. 34.09 crores worked out by Sri Kumar Lalith (IV. 10) and Rs. 34.24 crores agreed to by the chief Minister in February and June 1968 (111.9). In comparing the figure worked out by Sri Kumar Lalit and the Bhargava Committee we have to keep in mind that the latter had a minus entry of Rs. 11.48 crores for 1966-68 because of excess expenditure in Telengana in those years. They said, "In the last two years 1966-67 and 1967-68 the development expenditure in Telengana was so much higher than its due proportion that a sum exceeding Rs. 11 crores out of the previously unspent surplus was utilized." (pages 28-29 of report).

(Rs. In crores)

	1956-1966	1966-68	1956-68
Sri Kumar Lalith	27.90	6.19	34.09
Bhargava Committee	39.83	(-) 11.49	28.34

18. The Bhargava Committee took note of a contention that because of the delay in the utilization of Telengana's revenues and the rise in prices meanwhile the same amount of money would now result in lesser development. They noted the suggestion of the Head of the Economics Department, Osmania University that, "it would be fair to revalue the amount of unspent surplus of each year in proportion to the rise in price index of that year and the price index prevailing on 31 March, 1968." They agreed that "there was considerable force" in this point. But they also took note of the point raised earlier that the original Gentlemen's Agreement had a time limit of ten years. Therefore, they thought fit to leave the figure worked out as it is. However, in a Communiqué Issued on 18-2-1970 accepting the.. Bhargava Committee's report and its finding, the Ministry of Home Affairs, Government of India added that "they have taken note of the fact that the Surplus had accumulated over a period of nearly 10 years. Non-utilization of the Surplus over a long period has retarded to a certain extent the development of Telengana. Taking this into account Government consider that an additional amount should be made available to Telengana for accelerated development during the Fourth Plan period. Government have accordingly, advised the State Government that the total special. provision for the development of Telengana from 1st April, 1968 to the end of the Fourth Plan period should be Rs.45 crores. This will be in addition to the normal share of Telengana in the development expenditure of the State." Therefore, effectively Telengana got Rs. 45 crores as against all the above calculations.

19. This Rs. 45 crores was given as additional loan assistance by the Government of India to the State Government. The loan to the extent of the unspent surplus as on March 31, 1968 was to be a charge on the Andhra Region and the balance was to be a liability of the entire State.

## **VI. Separate entries in the Budget, for Telengana and Rest of the State.**

1. Accordingly, the budget for the year 1971-72 gave the break-up of the various items of receipts and expenditure between Telengana and the Rest of the State (ROS). This break-up was done based on the principles of allocation recommended by the Bhargava Committee.

2. In order to consider the Budget in accordance with the amended Assembly rules mentioned above, the Regional Committee appointed a Sub Committee which gave four reports and these were considered by the main committee. In these reports, a number of issues were raised in regard to the manner in which 1971-72 budget had been divided between Telengana and the rest of the State. The most basic objection raised was that the

annual financial statement as presented did not disclose details of the division between Telengana and the RoS for all the items in the Contingency Fund and the Public Account. The question, therefore, arose whether the term "Annual Financial Statement" includes the Contingency Fund and the Public Account. The Law Department of the State Government gave me opinion that the Annual Financial Statement in which, under the Presidential Order, separate figures for Telengana and RoS had to be given, will include the Public Account of the State also.

3. The Government then referred this matter to the Government of India for their advice. The Government of India advised that there was no need to exhibit the transactions of the Contingency Fund separately as all expenditure initially met from the Contingency Fund was eventually reimbursed to the Fund by supplementary grants. However, as regards the Public Account they suggested that the State Government should obtain the views of the CAG and place them before the Regional Committee.

4. The CAG made it clear that it was well nigh impossible to divide the Public Account between the two regions of the State. He stated that this had not been done anywhere in India up to now, including Assam and Meghalaya. It was, therefore, suggested by the Government to the Regional Committee that for the purposes of the Annual Financial Statement, the transactions under Public Account and Contingency Fund may be allocated between the Telengana and the RoS in the ratio of 1:2 i.e., these were treated as if they were State-wide items.

5. The major heads of Public Debt and Loans and Advances had not been split up in the 1971-72 budget because the Bhargava Committee had recommended that these should be taken as composite for the State as a whole. The earlier practice, however, was to allocate these heads also on the basis of the actual in each region. It was, therefore, suggested by the State Government that the old practice could be continued in this regard. In regard to "Interest", the Regional Committee took the view that, since the Bhargava Committee had recommended a capital outlay in Telengana of one-third of the total expenditure, this should be taken as a "fair share of Telengana" in the total outlay and the interest should be restricted to this. The Government, however, took the view that interest charges should be in proportion to the capital outlay actually incurred in the Andhra and Telengana regions. They pointed out that the argument of the Regional Committee, that the incidence of interest should be in proportion to the "fair share" of developmental expenditure was not convincing because the developmental expenditure was not restricted to capital expenditure and included Plan revenue expenditure also. The liability for payment of interest, however, arises only out of the debt incurred which is ordinarily utilized for capital expenditure. Further, "developmental expenditure"

includes expenditure by autonomous boards like the Electricity Board whose interest payments do not figure in the Government liability for interest. Therefore, the Government argued that the interest liability should be related directly to capital outlay, Plan and non-Plan, in the two regions. However, since historically there was a problem with the actual capital expenditure incurred in each region it was decided that,

- i. Interest on Public Debt as on 31-10-1956 would be chargeable to each region according to its liability on that date.
- ii. Interest on public debt incurred from 1-11-1956 to 31-3-1968 will be allocated in the ratio of 2:1.
- iii. After 1-4-1968 the interest would be charged in proportion to the cumulative capital outlay from 1-11-1955 of each region worked out on the above basis plus the actual capital expenditure incurred in each region after that date.

6. The next issue was in regard to "Ways and Means." Here, the Regional Committee contended that one-third should not be shown against Telengana because the revenue deficit had been entirely in the Andhra region. This was conceded for the earlier period. However, after the lifting of prohibition in the Andhra region in 1970-71, it was anticipated that Andhra would also be having "in future a fairly heavy revenue surplus". Incidentally this shows that the earlier deficit on the Andhra side was due to there being prohibition in this region, while the Telengana surplus was partly at least due to their being no prohibition in that region. To provide for the contingency of their being, hereafter, a revenue surplus in both regions, the following formula was devised for charging the interest on "Ways and Means."

**Regions to be charged:**

- (1) When Andhra has revenue deficit and Telengana has revenue surplus (Andhra)
  - (2) When Andhra was a revenue surplus and Telengana has a revenue deficit (Telengana)
  - (3) When both the regions have a deficit in the ratio of the revenue deficit
  - (4) When both the regions have a revenue surplus, in the inverse ratio of the revenue surplus in each region.
7. We had earlier discussed in detail the issues arising out of the Electricity Board and Road Transport Corporation. These again figured in the discussion on the

Budget for 1971-72. In the case of the Electricity Board it was decided that "generation and transmission may be allocated in the ratio of 2:1 as it is a common grid for the State. Other expenditure may be allocated area-wise."

In regard to the RTC, the decision was that "all investment incurred from 1-4-1968 will be to the account of Andhra till the proportion of 2:1 is achieved between the two regions. Thereafter the investment will be allocated on the basis of expenditure in each region.

## **8. Common Institutions**

The common institutions of the State were to be charged to the two regions in the ratio of 2:1. A list of such common institutions had been given in the report of the Bhargava Committee and the Government adopted this list. On a reference to them, the Government of India clarified that this list could not be considered as final "because new institutions may come up and the existing ones may be re-oriented to function for both the areas." The Government of India, therefore, felt that there should be no harm in reviewing this list from time to time, provided this was done in consultation with the Regional Committee. The Government asked the Secretariat Departments to examine the existing list and recommend whether such common departments located at the headquarters should be treated as common institutions. The Government directed that a list of such institutions should be sent by the administrative departments of the Secretariat to the Regional Committee who will examine this and send a *corisö? ideated listtó* Government. This list would then be examined and finalized by Government.

**These various suggestions were implemented in the Budget for 1972-73.**

9. It will thus be seen that a procedure was evolved whereby matters relating to the budget could be amicably settled with the Regional Committee. Incidentally, this procedure led to greater scrutiny of the budget by the Regional Committee than had hitherto been the practice by any Assembly Committee. This itself had a salutary effect, not merely on the regional allocations but on the entire process of budget making and legislative scrutiny of the Budget. The decisions of Government mentioned above were taken after informal meetings from November 1971 to January 1972 between the then Chief Minister, the Minister of Finance and the Minister, Industries. The Cabinet decisions mostly followed the decisions taken at this meeting. The earlier meeting helped in appreciating the view point of the Regional Committee and later in the Committee accepting the view finally taken on each issue.

## VII. PLAN ALLOCATION

1. Apart from the question of Telengana surpluses, there was the issue of allocations for Telengana within the Plan. The ratio of 1/3 2/3 that had been adopted for allocating common schemes between Telengana and Andhra was adopted for Plan allocations also. The TRC had, from time to time, contended that in some sectors of development additional allocations for Andhra were being justified on the basis of the availability of natural resources, while the same argument was not accepted in other sectors where it would favor Telengana. For instance, in Fisheries, a greater allocation for Andhra was justified on the grounds that the entire coastline was in that region. A similar argument was, however, not accepted when it came to Minor Irrigation where there was justification for giving greater allocations for Telengana. To this the explanation given by the Government was that it would not be possible to make sector-wise allocations in the ratio of 1/3 : 2/3 but that, whatever the sectoral variations may be, it was ensured that the total allocation for Telengana in the Plan was not less than one-third.

2. In a resolution adopted on 21-8-1969 the TRC stated that "the plan allocations between Andhra and Telengana should be made on the basis of the principles on which plan assistance is given by the Government of India to the States: Central assistance to the States was based 60% on population (they were referring to the Gadgil Formula) 10% on per-capita tax effort and 10% on per-capita income. The TRC pointed out that the population of Telengana, as well as the area, was more than one-third of the State. The revenues of Telengana were pro-rata more than those of the Andhra Region and per-capita income in the Telengana region was lower than in Andhra. They, therefore, contended that on all these considerations, the allocations for Telengana should be more than one-third.

3. On 28th July, 1970, the Committee considered this matter again and stated that "Even today there is a large leeway existing between the two regions in basic sectors like Agriculture, Irrigation, Rural Electrification, Communications, Industries, and Social Services. The Committee, therefore, after taking into consideration the low per-capita income, high per-capita incidence of taxation, regional imbalances, the problems of weaker sections, Scheduled Castes and Scheduled Tribes, the area, the population and continued backwardness, recommends to the State Government that the fair share for Telengana region of the State should not be less than 40% of the Plan allocation of the State. The State Government is, therefore, requested to immediately agree to this recommendation and allocate the Plan amounts on this principle to Telengana area"" The Committee also said that apart from Plan allocations in regard to other items such as Centrally Sponsored Schemes also, sizeable funds should be allocated to the Telengana region over and above this minimum of 40%.

4. The Bhargava Committee in its report, stated that it expected the State Government to ensure, in the "spirit" of the Gentlemen's Agreement, adequate funds to speed up the development of Telengana. During several discussions that were taking place between the CM and Government of India representatives in the course of the agitation in 1969, it was suggested by them to the Chief Minister "that the normal share of Telengana in the General Development expenditure of the State should take into account the backwardness of the region and that the share will have to be more than what is admissible in population ratio." However, as Sri K.C. Pant, then Union Minister of State for Home Affairs stated in a letter to the C.M. on 21 October, 1971, "the Chief Minister was not in a position to give any firm decision in this matter. Determination of this share was, therefore, left to the State Government and the high powered Telengana Development Committee." The constitution of this Committee was one of the measures announced by the PM. in the Lok Sabha on April 11, 1969. This Committee, headed by the Chief Minister of Andhra Pradesh, had as its members Cabinet Ministers from Telengana Region, the Chairman of the TRC and a Member of the Planning Commission as its member. Sri R. Venkataraman, then member of the Planning Commission (subsequently President of India) was this member.

5. Sri Venkataraman used to visit Hyderabad frequently during the period the Telengana agitation was going on. A formula initially suggested at that stage was that 10% of the Plan allocation should be set aside for backward areas, while 90 per cent would be divided between the three regions of Coastal Andhra, Rayalaseema and Telengana in the ratio of their population. In one meeting with Sri Venkataraman where the proposal to have 10% for backward areas was first discussed, Sri Brahmananda Reddy, CM, was initially willing to accept 40% for Telengana within this 10 per cent. Since the TRC had been asking for 40% in the total Plan allocation, Sri Venkataraman went away with the impression that Sri Brahmananda Reddy had agreed to this proposal. In those days, as Planning Secretary, I used to receive Sri Venkataraman at the Airport and have long discussions with him in the Lakeview Guest House prior to the formal meetings with the Chief Minister. During one such discussions at the Guest House, I gathered that this was the impression that Sri Venkataraman was carrying, I told him that I did not think that, that was what Sri Brahmananda Reddy had in mind. I explained that Sri Brahmananda Reddy was combining the demand of the TRC with the suggestion of Sri Venkataraman regarding 10%. When we had discussions with the C.M., Sri Venkataraman realized that this was what Sri Brahmananda Reddy was, in fact, willing to consider. Sri Venkataraman then suggested that the share of Telengana in the 10% for backward areas should at least be 50%. This ratio was worked out on the basis of a ranking of the districts done by the Planning Commission some time earlier on the basis of certain indices suggested by them. According to this ranking, the bottom 15 districts (out of 20

before Prakasam district was formed) were assumed to be backward. These 15 included all the districts of Rayalaseema, Srikakulam, Visakhapatnam and Nellore (before bifurcation of Prakasam) of Coastal Andhra and all the districts of Telengana except Hyderabad. The region-wise ratio of the population of these districts was roughly of the order 2:3:5. In the final stages when a solution had to be found, Sri C. Subrahmanyam, Deputy Chairman of the Planning Commission suggested 50% for Telengana out of the 10% allocated for backward areas and this was accepted. This was considered only an adhoc solution and Sri Pant's letter of February 1971 suggested that this matter should be finally resolved. This never happened and the 50% share for Telengana in the 10% for backward areas, which was initially agreed to for the Plan of 1971-72, continued to be applied for the subsequent years of the Fourth Plan also.

6. According to the 1971 population, the actual population percentages of the three regions was Coastal Andhra 44.8, Rayalaseema 19.2 and Telengana 36. . Taking these percentages for 90% and 5:3:2 for 10%, Telengana would have got 37.4% of the total Plan, Rayalaseema 20.2% and Coastal Andhra 42.4%. To put it in the perspective of the demand of the Regional Committee for 40% of the total Plan for Telengana, we may see that if the allocation for backward areas was made 20%, these ratios would have become 38.8 for Telengana, 21.3 for Rayalaseema and 39.9 for Coastal Andhra.

7. Para 7 of the Regional Committee order, as amended, referred to "the five year Plan pertaining to Telengana' A separate Plan for the Telengana region within the State Plan was, therefore, drawn up. Sri Pant suggested in his letter of 2 1/22 October referred to above that such a regional plan may be placed before the TRC and finalized in the light of their suggestions. A Special Development Plan for Telengana for utilizing the Telengana surpluses was to be separately finalized in consultation with the TRC.

### **VIII. The Mulki Rules, Andhra agitation, 1972; President's Rule; abolition of Regional Committee**

1. We have so far dealt with issues relating to finances and development. There was, however, one other important consideration on which the SRC had recommended a separate State of Telengana. This was "the apprehension felt by the educationally backward people of Telengana that they may be swamped and exploited by the more advanced people of the Coastal area." (para 378 SRC Report) To allay this fear the Gentlemen's agreement gave an assurance that, "A temporary provision will be made to ensure that for a period of five years Telengana is safeguarded as a Unit as far as recruitment to subordinate services in the area is concerned; posts borne on the cadre of these services may be reserved for being filled by persons who satisfy the domicile conditions as

prescribed under the existing Hyderabad rules." The rules of Hyderabad State were known as Mulki Rules. The advent of the Constitution drastically curtailed their scope and under Article 35 (b) allowed them to continue only to the extent of residential restriction, until such time as Parliament amended or repealed them. Accordingly all such privileges everywhere in the country were abolished by the Public Employment (Requirement as to Residence) Act 1957. However, such restrictions in the Telengana region in Andhra Pradesh were saved along with such restrictions in Manipur, Tripura and Himachal Pradesh. This was done to give effect to the specific assurance given in the Gentlemen's Agreement. The Telengana agitation of January 1969 which we have mentioned earlier had started consequent on the Act of 1957 having been struck down by the Supreme Court.

2. On 3-10-1972 the Supreme Court upheld the validity of the original Mulki Rules of Hyderabad State. They took the view that, the Court having Section(3) of the Public Implement at 1957, the Mulki Rules 'revive as also survive'. As a result an agitation started in the Andhra region, which came to be known as the Andhra agitation. Consequently President's Rule was imposed in the State in early 1973. Two Advisors were appointed. One was Sri V.K. Rao, who was till then the Chief Secretary of the State, and the other Sri H.C. Sarin who was posted from Delhi. I had been Planning Secretary of the State since 1966. Planning and Finance were with the Adviser, Sri V.K. Rao and as such I was dealing with him.

3. Sri Sarin, on his arrival here, took up a series of discussions with various leaders and groups on the political situation in the State. After a few weeks, he called me and told me that he had heard from all groups, on both the Andhra and Telengana sides, that if he wanted an unbiased opinion of the various developments that had taken place, particularly in regard to finance and developmental issues, he should consult me. He gave me a note for my comments. I did not know who had prepared this note. Among many other issues, it also contained a suggestion that the Regional Committee should be abolished. The note I then prepared and gave to Sri Sarin is given in the appendix.

4. In my personal discussion with Sri Sarin, I explained to him that there were three aspects to the Andhra-Telengana issue. The first was in regard to the Mulki Rules and their application to employment and to educational institutions; the second was the Regional Committee and its powers and functions; and the third was the finances and economic development of Telengana. The Telengana leaders were concerned with all three issues, because they felt that all of them were inter-related and were important for the development of the region. I said that, in my view, the Andhra leaders were actually interested only in the first issue viz., Mulki Rules. Even here their concern was mostly in

regard to the capital city. After all they had, by then, been living in this city for more than 15 years and they resented any restrictions in regard to any kind of employment in the capital city and the educational facilities available to their children. Their attitude to the other issues was mostly indifferent, though they resented being held responsible for the backwardness of Telengana. It did not matter to them what the Regional Committee did. In any case, the Telengana MLAs also belonged to the same parties to which the MLAs of the Andhra region belonged. The Andhra MLAs were also not unduly concerned about issues relating to the finances of Telengana. If, as alleged, certain Telengana finances had been diverted to the Andhra region in the earlier period, it was the consequence of the natural flow of finances in a deficit State. They would have had no serious objection to correcting this. In any case, after the removal of prohibition in Andhra it became a moot point whether Telengana would continue to have surpluses in future. The crux of their concern was, therefore, the Mulki Rules. There was a view, not overtly expressed, that what really agitated certain sections of Andhra leadership were certain proposals regarding land reform which the Government was considering. However, the revival of the Mulki Rules by the Supreme Court which would affect educational and employment opportunities, was an emotional issue and provided a convenient rallying point for all sections of Andhra opinion, which may not have been the case if merely the land reform issue had been raised. All the other issues were then added on for effect and bargaining.

5. I told Sri Sarin that I could not see why the question of abolishing the Regional Committee had been raised. Whatever the Regional Committee may say, the final arbiter was the Government and the issue would come before the full Assembly. If the Regional Committee was abolished, as was suggested in the note, there would be no legal basis for showing Budget entries separately for Andhra and Telengana. There would then be no basis for calculating the revenues and expenditure of Telengana and Andhra regions separately. Without this there would be no way of calculating whether there were any Telengana surpluses. The entire work done so far, culminating in the Bhargava Committee Report and the agreed amendments discussed earlier in this note would become in fruituous. Nevertheless, if for larger political considerations it was decided to abolish the Regional Committee, then the least that should be done would be to make a minimum share of Telengana in the Plan a condition of the agreement. I explained that the formula already agreed to, which was being applied in the case of the Fourth Plan allocation, was that 10 per cent of the Plan was reserved for Backward Areas, of this Telengana's share was fifty per cent. Of the remaining 90 per cent of the Plan allocation, Telengana's share was on the basis of population. According to the 1971 census, the population of Telengana was 36% of the State. The formula, therefore, gave an overall Plan share of 37.4% for Telengana. (50% of 10+36% of 90) The Regional Committee had earlier passed a resolution asking for 40 per cent of the plan allocation. I said that it

would be only fair to accept this 40 per cent if all the other safeguards such as the Mulki Rules, the Regional Committee and the separate accounts in the Budget were to be abolished. Once an allocation in the Plan was settled, it would not matter whether we determined Telengana surpluses separately because, in our method of financing the Plan, any surplus becomes a resource for the Plan and all new developmental expenditure is really plan expenditure.

6. I added that if such a share in the Plan was not assured the mere fact that there would be a separate Development Board for Telengana would not assure any minimum share for the region. Further, separate Boards for backward areas in the three regions would go against the contention of the Telengana leaders that Telengana was backward "as a region". If the State Plan were not initially divided on a regional basis, the identification of backward areas would have to be done on the basis of State averages. If this were done many areas in Coastal Andhra, which Andhra leaders considered backward, would not be so identified, on the basis of State averages. We had experience of this in earlier exercises. If the Plan were initially broken up on a regional basis, then backward areas could be identified on the basis of regional averages. This would satisfy the regional leaders while leaders of the other regions would not be concerned because their Plan share would have been already determined. I was, therefore, of the view that the setting up of separate Development Boards for the three regions would neither compensate for the abolition of the Regional Committee nor would it serve any real purpose in the development of the backward region.

7. I told Sri Sarin that I was not very conversant with the legal issues connected with the court judgments on the Mulki rules. Sri Krishna Swamy Rao Saheb, who was then Revenue Secretary, would be in a better position to examine such issues. I suggested that I may be allowed to restrict myself to the financial and development issues. Accordingly, in all further discussions, Sri Sarin followed this division of issues.

8. Finally, in September 1973 a formula, which came to be known as the Six Point Formula, was evolved by the Union Home Ministry to which the MPs belonging to both the Andhra and Telengana region agreed. This formula provided for the setting up of a State Planning and Development Board and three Planning and Development Committees for the three regions of the State. The sixth point in this formula was that, "The above approach would render the continuance of Mulki Rules and regional committee unnecessary" On October 22 several Legislators and MPs of both Andhra and Telengana met and accepted the Six Point Formula with certain clarifications. All the classifications concerned the period of residence required in a region in the proposed rules for recruitment and admission to educational institutions. The substantive clause

regarding the abolition of Mulki Rules and the Regional Committee remained. Accordingly, the Regional Committee was abolished by an amendment to the Constitution.

9. The Telengana agitation of 1969 resulted only in the strengthening of an existing Constitutional body viz., the Regional Committee through an order issued under Article 371(1). The Andhra agitation of 1973 resulted in the abolition of this Constitutional body through an amendment of the Constitution (Thirty Second Amendment 1973).

May 28, 2002

## APPENDIX

Vide VIII para 3  
7-4-1973

The safeguards for Telengana incorporated initially in the Gentlemen's Agreement, later in the Prime Minister's eight-point formula and more recently in the five-point formula were all based on the assumption - if not the admission - that Telengana was backward. Wisdom and consistency - however futile a quality they may have become - would, therefore, lie not in now denying that assumption but in trying to show that if despite these safeguards the backwardness continues it is due to the ineffectiveness of these measures rather than the ill-will of Andhras. Admittedly, there will be areas and sections of population even in Telangana that are better off than some areas or sections of population in Andhra, and it may well be that it is these sections that are more vociferous in their clamor for safeguards than the really backward. But, after all the backward are always led by the more forward among them. When we say there is a vested interest in backwardness it is these elements we mean and not the really backward. It is they that create a sense of common grievance and on this basis achieve a legitimacy of leadership that would otherwise be denied to them. There may be a wedge here but this will not be perceived now when the immediacy of an external threat makes the internal bond stronger.

To say that Telengana is not backward because Nizamabad is so developed is like saying the Scheduled Castes are not backward because the Defence Minister is a Harijan; or, conversely, to point out that Andhra also has backward areas is like showing that a number of Brahmins today are poor and discriminated against. Right or wrong when an identity evolves historically for various social, economic and other reasons, whether they be rational or irrational, intellectual or emotional, one has to reckon with that identity as a fact. Undoubtedly, such an identity becomes over time a false projection and what might have initially served some purpose becomes at best an anachronism and at worst an impediment. But, even at such a time the identity cannot be merely wished away or instantly dissolved. It would have to be replaced by another identity. It is perhaps in this context that for some time now the concept of backward areas has been mooted as a counterpoise to the concept of Telengana; the hope - or attempt - being to introduce a new concept that is based on a similar grievance but which could have the double advantage of driving a wedge within Telengana and building a bridge across the other regions. There is no doubt some validity in this postulation. But the present circumstances are such that everyone will be suspicious even of well-intentioned attempts to build new identities or concepts. One has, therefore, to adopt a dual approach - accept the concept of Telengana being in its totality a backward region requiring some preference in matters of development; but also simultaneously float the concept of backward areas in general.

The moment for the latter concept to totally replace the former will be when the contradictions between the backward areas of Telengana and its own developed areas will be greater than the contradiction between Telengana in general and the Andhra region. Today, that is not yet the position.

If this approach is adopted, a certain share of the plan outlays would have to be assured to Telengana. The Regional Committee once asked for 40 per cent of the Plan as Telengana's fair share. If, for instance, this is accepted it would assure Telengana of a certain minimum investment for its development. Once this is done, it could be argued that the keeping of separate accounts, separate budgets etc. would be meaningless, since after all the operative part of that entire exercise was to ensure a fair share of investment for Telengana. We would have to show that a minimum share of the Plan would be a better safeguard than some precarious surpluses to be worked out by anonymous and fallible accountants on the basis of some abstruse classifications.

The expenditure in Telengana during the Third Plan period and subsequently has been consistently in the range of 38-40 per cent (two years alone recording over 44 per cent). State income and per capita income figures can be very misleading as indices of general development at any level and particularly so at levels below the State. However, subject to their general limitations they could serve a purpose in at least indicating the trends of growth and the inter se position. Thus, over the period 1960-61 to 1967-68 the per capita income in Telengana increased by 2.6 per cent whereas it increased only by 0.7 per cent in the rest of the State, the figure for the State as a whole being 1.4. Despite this, the per capita income for Telengana in 1968-69 in absolute terms was Rs. 450 compared to Rs. 494 for the rest of the State. The all-India rate of growth during the same period was 3.7 per cent and the per capita income in 1968-69 was Rs. 555. Thus, it will be seen that while the rate of growth in the Telengana region was higher than the rest of the State, this was not high enough to remove the disparity between the two regions, even though - if that is any consolation - the rest of the State was growing at a very low rate. This was because (a) the overall investment in the Plan itself was not high enough. When we compare the regional rates of growth we have to remember that the overall rate of growth achieved itself sets a kind of mathematical limitation on the regional growth; and (b) a high percentage of the expenditure included large outlays on Power generation and Projects like Pochampad and Nagarjuna sagar which did not yield any benefit during this period. A silver lining to the latter fact would be that during subsequent periods the benefits will be high relative to the investments.

In this connection it may be mentioned that it has become a matter of prestige to plead for investment in large projects located in backward areas. In actual fact, however, it

cannot always be assumed that there would be real benefit for the area from such projects. The super-thermal station at Kothagudem or the Srisaïlam project will undoubtedly help the power position in the State and to that extent will help the backward areas also. But if other things are as they are now, the chances are that the power so generated will serve the more forward areas to a larger extent than the backward areas. Conversely, early completion of Lower Sileru, for instance, though it is located in another region should have the same effect. The position is similar in regard to large capital intensive industries, the classic example at the national level being Punjab and Bihar. Punjab with the highest per capita income today in India has a very low percentage of Central investment in organized industry, whereas Bihar which has a very high percentage of such investment is still a backward State. Nearer home, we have the example of Nizamabad and Adilabad in both of which districts during the Nizam's period large investments were made. In Adilabad District where the investments were in industries the spread effect has been practically nil, whereas in Nizamabad district where investment was in irrigation there has been a tremendous increase in general prosperity. When we talk, therefore, of the development of backward areas and plead for large investments in certain projects, it may be well to bear in mind some of these considerations. The immediate beneficiaries in many of these cases are not the local people but only contractors who very often are not from the region itself.

The factors responsible for the lack of growth in backward areas can be classed under four broad heads:

- (1) Factors inhibiting economic growth which are not peculiar to this area alone: These will be factors such as shortage of power on the industrial side, or lack of technological breakthrough in thy- farming on the agricultural side etc.
- (2) Physical factors peculiar to the area which might inhibit development: Drought would be one such factor
- (3) A lack of economic infrastructure which would add further inhibiting factors in this area to the general ones mentioned under item (1) above.
- (4) Lack of social infrastructure such as educational and medical. facilities etc.

The problems that fall under item (4) above are also those which will be dealt with under the Minimum Needs Programme which has been stressed in the national approach to the fifth Plan. The Minimum Needs programme would have to be drawn up and implemented on a sectoral basis, the criteria for selection of areas being certain indicators of development in each relevant sector. For instance, if educationally backward areas are to be brought up, those areas with enrolment below a particular level would have to be

taken up for special attention. But, there is no reason to believe that these would be the same areas that would become entitled for special attention under some other item of the minimum needs programme. It may be interesting to mention here that Punjab which has the highest per capita income in India is, in the matter of enrolment at primary level one of the States which is below average. In any compendious approach to the problem of backwardness this factor alone would not have entitled Punjab for special treatment. But, if education is being tackled as a special item under the minimum needs programme, then certain areas in Punjab would also have to be tackled in regard to this particular item despite its being advanced in many other respects. The position would be similar in our State also. There are areas in some of the most advanced districts which are backward in respect of, let us say, drinking water supply. This kind of selectivity can however be exercised only if we adopt a sectoral approach and not an area approach.

If, on the other hand, a compendious approach - to distinguish this from an integrated approach which is possible even when a sectoral approach is adopted - is to be adopted and backward areas are to be selected on the basis of some criteria of overall backwardness, the very selection of indicators of backwardness becomes a problem. In fact, we have already been wrestling with this problem and have, more as a measure of protecting ourselves against criticism rather than because we were at the end of our tether, referred this problem to the Planning Commission for advice. In any case, the problem of backwardness can be tackled on a special basis only if the area is compact and not too large. If the indicators selected are such that, say, 141 out of a total of 188 Taluks are backward, then any special Board becomes meaningless because in that case most of the State would be backward. What may then be needed will be a special Board for the forward areas leaving the State Plan as a whole to deal essentially with the problem of backwardness since the rest of the State would be backward!

In the case of the four factors mentioned earlier, it is only the second factor that would be necessarily linked up with a geographic area. That is why we could identify drought prone areas throughout the State on the basis of certain indices. The other three factors need not be correlated to a geographic area unless certain other social or historical factors have established such a correlation. In our case the three regions have distinct features in regard to these factors. It is this that makes them convenient units for socioeconomic planning, of course, within the three regions there will be several economic zones based on their physical endowments etc. We are in fact today preparing our perspective plans on a regional basis, the three regional plans being then coordinated into a State Plan.

The problem of the backward areas would, therefore, have to be looked at within the respective regional contexts in some aspects and as part of the sectoral approach in the

related sectors coming under the minimum needs programme in other aspects. To conceive of a backward area plan on any other basis or on the assumption that such areas in different parts of the State have any common identity on the basis of a commonality of problems or circumstances would not be correct. It is difficult to see, therefore, what the function of a Development Board for backward areas would be. The minimum needs programme would itself take care of a number of these problems. The entire strategy of the Plan also would have to be so devised that priority is given for removal of regional imbalances. The development of backward areas also should, therefore, be the responsibility of the State Planning Board itself and not of a separate body that would neither be able to take an integrated view of the problem nor would have the totality of resources at its command.

The Regional Committee is essentially a political device. The question whether it ought to be continued or it can be abolished has to be decided on considerations of political feasibility or expediency. It would, therefore, be a futile exercise to try and justify either the' continuance or the abolition of the Regional Committee on the basis of its performance as a development body or on the basis of the relative merits and demerits of alternative development bodies for either the regions or the backward areas. In this view of the matter, no alternative body can possibly give the same political satisfaction as the Regional Committee as it is at present constituted. If it is felt or purely political considerations that this body could or ought to be abolished no purpose will be served in trying to examine what alternative body would reduce the consequent dissatisfaction to the minimum. To use dialectical terminology, the abolition of the Regional Committee will be a qualitative change in the situation which cannot be quantitatively compensated. Once the Regional Committee is abolished, it would be best to look at the question of the alternative bodies to be devised on purely rational considerations of efficient planning rather than as adequate or attractive substitutes for this body.

7-4-1973

## Appendix-II

### Members of various Committees and Finance and Planning Secretaries concerned - 1964-73

1. Signatories of "Gentlemen's Agreement" February 1956, B. Gopala Reddy, N. Sanjiva Reddy, A. Satyanarayana Raju, G. Latchanna, B. Rama Krishna Rao, K.V. Ranga Reddy, M. Channa Reddy, J.V. Narasinga Rao.
2. Adhoc Committee Of Planning of the Regional Committee nominated by Charman, TRC, Sri J. Chokka Rao on 26-10-1968.

#### *Presiding Member*

J. Chokka Rao

#### **Members**

T. Ranga Reddy

A. Vasudeva Rao

Mohd. Kamaluddin Ahmed

K. Achuta Reddy

P. Narasinga Rao

Ch. Rajeshwara Rao

P. Narasa Reddy

T. Purushottama Rao

M. Baga Reddy

K. Rajamallu

3. **Signatories of statement on Telengana safeguards by Leaders of all the Political Parties 19 January, 1969.**

J. Chokka Rao

K. Achutha Reddy

V.B.Raju

R Narsinga Rao

Ch. Rajeswara Rao

Badrivishal

Y.V. Krishna Rao  
P.V. Narasimha Rao  
Jupudi .Yagnanarayana  
Kudupudi Prabhakara Rao  
V Rama Rao  
Roda Mistry  
S.JangaReddi  
A. Vasudeva Rao  
Sultan Salahuddin Owaisi  
P. Narasa Reddy  
J. Ranga Reddy  
P. Govardhan Reddy  
Vengal Rao  
T. Purushothama Rao  
K. Ramachandra Reddy  
M. Kamaluddin  
Erram Satyanarayana  
Ch. Murthi Raju  
K. Rajamallu  
K. Sudharasana Reddy  
Kakani Venkataratnam  
M.N. Lakshminarasiah  
Kaja Ramanatham  
T. Ramaswami  
S. Siddha Reddy  
N. Ramachandra Reddy  
Arige Ramaswamy  
N.Prasada Rao  
PeddireddiThimma Reddy  
J.V. Narasinga Rao  
K.V. Narayana Reddy  
B.V. Gurumurthy

Md. Ibrahim Ali  
 G. Latchanna  
 VavilalaGopalakrishnaiah  
 Narsiraha Reddy  
 Chenchurama Naidu  
 Konda Lakshman Bapuji  
 K. Brahmananda Reddy

4. **Composition of the Sub-Committee on Development and Finances For the Financial Years.**

1970-71

*Presiding Member:*

1. K. Sudershan Reddy

**Members**

2. T. Purushotham Rao
3. B. Lakshmikantha Rao
4. K.S. Narayana
5. G. Satyanarayana Rao
6. G. Bhupathi
7. P. Narasa Reddy
8. Ch. Rajeswara Rao
9. G. Ramulu

**Co-opted Members**

10. K.V.Gangadhar
11. K. Santaiah
12. Md. Rajab Au
13. P. Narsing Rao

1971-72

**Members**

*Presiding Member*

K. Sudershan Reddy

**Members**

K. Rami Reddy  
R Narasa Reddy  
P. Mahendranath  
P. Goverdhan Reddy  
K. Lakshmi Narasimha Rao  
N. Raghava Reddy  
K. Achuta Reddy  
G.Raja Ram

*Co-opted Members*

K.V. Gangadhar  
Ch. Rajeswara Rao  
P. Narsing Rao  
Gogneni Satyanarayana Rao

Ceased to be members from 30 September and 2 October, 1971 respectively Consequent on their becoming Ministers.

*Chief Ministers*

K. Brahmananda Reddy	-	29-2-1964 to 30-9-1971
P. V Narasimha Rao	-	30-9-1971 to 18-7-1973

*Finance Ministers*

K. Brahmananda Reddy	-	1964-65
M. Channa Reddy	-	1965-67
K. Brahmananda Reddy	-	1967-69
K. Vijaya Bhaskar Reddy	-	1969-72
A. Bhagvantha Rao	-	1972-73

**Finance Secretaries**

M. A. Abbassi	-	1963-68
N. Ramesan	-	1968-73

*Planning Secretaries*

L.N. Gupta	-	1964-66
B.P.R. Vithal	-	1964-66 (Joint Secretary)
B.P.R. Vithal	-	1966-73

**9. Officials dealing with this subject**

Finance	-	H.A. Wahab
Planning	-	A. Ramalinga Reddy
Legislature Secretariat	-	K.R. Gopal

**Sources**

This study is based on the following papers which are available with me.

1. Reports and resolutions of the Regional Committee.
2. Various press notes issued by the Governments of India and Andhra Pradesh during 1969-74 when the Telengana and Andhra agitations were going.
3. Some Government orders and letters of which copies are available with me.
4. My own notes during 1969 to 1974 when I was dealing with these issues first as..Joint Secretary and then as Secretary Planning. I am grateful to Prof. Jayashanker for giving me a copy of the reports of Sri Kumar Lalith and the Bhargava Committee.

**Acknowledgement**

I showed a draft of this study to Prof. C.H. Hanumantha Rao, Chairman, CESS and Prof. K. Jayashanker, Former Vice-chancellor. Both of them gave valuable comments in the light of which I have made some changes.

## **Further Reflection On Andhra Pradesh : The First Linguistic State**

(I had the honour of delivering the First K. Vasanthi Foundation Lecture at Kakinada on March 20th 1998. I had then called this lecture, "A Citizen of no mean City, Reflects at Three Score and Ten on Andhra Pradesh at Two Score and Ten." When Dr. K.S. Kameshwar Rao Garu, Chairman of the Foundation expressed a desire to re-publish this in a volume that would contain all the Foundation Lectures so far, I looked at my original lecture again, in the light of the subsequent developments in our State. I found that I had gone grievously wrong in the conclusion of my original lecture. I, therefore, decided that the lecture requires to be revised if it were to be published again. Dr. Kameshwar Rao Garu kindly agreed to this. Consistent with this revision, I have also given it a new title.

Since the original lecture was delivered at Kakinada, I had dealt, at some length, with my family's connection with Kakinada and Rajahmundry. I have abridged this and I have also deleted the original concluding paragraph. I have now added some new material, taking into account the recent dramatic political developments in the State relating to regional issues.)

I am honoured to deliver this first Kuchibhotla Vasanthi Foundation Lecture. Vasanthi was an idealistic young person, who had dedicated her life to the service of the poor and the deprived, but was herself tragically deprived of her own life. I congratulate the members of her family for having set up this foundation in commemoration of her memory and to further her ideals. Andhra was once a place where such ideals thrived, in the freedom struggle, in the Cooperative Movement, in the Library Movement and so on. Sri Prakasham Pantulu Garu first gave these ideals an official shape in the Firka Development Scheme. Later we were in the forefront in the Community Development Programme. Unfortunately, somewhere along the line, we lost the original idealism and momentum. The example of young idealistic persons like Vasanthi can help revive these earlier impulses amongst us.

The title I have chosen for this lecture is a famous statement of St. Paul (Acts 21:39). St. Paul could, at this juncture, communicate across two cultures. He had spoken in Greek to his Roman captors and was addressing the people of Jerusalem in the Jewish language. He was telling them that he was a trueborn Jew, but a native of Tarsus, "a citizen of no mean City". Since I am going to speak today of two streams in Andhra Pradesh, I thought this would be an appropriate title. For thirty years now I have worked for and

spoken on the economic development of Andhra Pradesh. Therefore, I have decided that today I should speak on some other aspects of our State.

Kakinada is my mother's town. Her father, Siruguri Narayan Rao Pantulu Garu was a saint in his own right. It is, therefore, in the fitness of things that the Meher Baba temple now stands at the site of his house. My father, Baru Ram Narsu Garu, believed that Rajahmundry, his native town, was the center of Andhra culture. For him Kakinada had nothing to recommend it, except its wide and clean streets and the fact that my mother came from there. This is the first time I am delivering a public lecture in Kakinada. Permit me, therefore, to recall for a few moments my early memories of this region.

I never learnt to read and write Telugu because I studied in the Madarsa-I-Aliya school in Hyderabad, where only Urdu was available as the second language. My father believed that I should concentrate on science, mathematics and English, which were the windows to the future. Native languages were only windows to the past, according to him. Yet he wanted to pass on some part of the Telugu heritage, which he cherished very much. This he did, like Vedic culture, through the oral tradition. Shaving was, for him, a ritual. As he ground the German Kropp razor on stone and leather, he ground into me his version of Andhra culture, as exemplified by Rajahmundry! As my father lost a beard, I absorbed an exotic, eccentric and highly personalized and opinionated version of Andhra culture.

Meanwhile, what was the picture in the land of Chin Qulich Khan, as my father's professor of history at the Rajahmundry College used to call it! This was one of the titles that the Mughal Emperor had given to his trusted Governor in the Deccan, Asaf Jah the First. My Uncle was a Professor of History at the Nizam College, which had been established and affiliated to the Madras University in order to provide education in the English medium to the children of the local elite. My father took his Master's degree from there and was appointed Assistant Professor of Economics. The College had several Professors, like my father, who had been brought in from the Madras Presidency, particularly from the Circars, because qualified persons were not available locally at that time. There used to be an apocryphal story that when someone protested the appointment of non-mulkis, the Nizam replied that, if the youth of Hyderabad was to get the best education, it should have the best teachers from wherever they were available. Otherwise, the blind would be leading the blind! He added that he had started the College in order to educate the sons of the soil through the English medium and not for providing employment to local candidates.

The late Prof. Rasheed-ud-din Khan, who retired as Professor of Political Science from the Jawahar Lal Nehru University, was my classmate through out my school education and a dear friend. His father, Nawab Akbar Yar Jung Bahadur, a judge of the High Court, was originally from the UP, while Rashid's mother was a native Hyderabadi. Nawab Sahib was proud of his UP ancestry and used to say that being from "Krishna Janma Bhoomi" he had an understanding of Hindu culture, which his children, having been brought up in Hyderabad, never had. Nawab Sahib's nativity had allowed him to strike local roots, which his children could not do in Hyderabad; their mother tongue, Urdu, had isolated them from the local traditions and culture. The UP had produced most of the sharpest ideologues of Pakistan, but it also produced men of the Nawab Sahib's type. Many such Muslims from the UP and Madras, who were also non-mulkis to begin with, had obtained employment in Hyderabad, as my father had done, coming from Rajahmundry. Both coexisted peaceably and in a friendly atmosphere. However, a new bourgeoisie that was rising, trained by these very non-mulkis, had different and less tolerant ideas.

I have lived all my life in Hyderabad. The longest I have ever been outside this city was in Khartoum, Sudan. There my Urdu came in handy. Knowing that script I could read - though not understand - their budget papers. When my wife and I went shopping, we found that quite a few words were common, like "mouz" for bananas. Two streams have merged to make me what I am - one occasional, anecdotal, yet deeply emotional, from the Godavary area and the other derived from the experiences of an entire lifetime lived in the midst of the unique culture of the Hyderabad State. These same two streams came together in the State of Andhra Pradesh when it was formed in 1956. Their mixture in the State has not been as smooth as it has been in my own personality, with the result that it has remained a schizophrenic state!

Among linguistic States there are monist, qualified monist and dualist States. A monist State is one where the names of the State and the people are the same. Gujarat is the State of Gujaratis who speak Gujarati. Tamil Nadu is a state of Tamils who speak Tamil and so on. Maharashtra has a slight problem because Maharashtrians are supposed to be Brahmins and Marathas are a distinct group. Bengalis are, of course, more than a State - they are a state of mind. The qualified monist States are those where the name of the State is one and of the people another; but the people are still one. Karnataka is the State of Kannadigas and Kerala is the State of Malayalees. But Andhra Pradesh is the only dualistic state - it is the State of Andhra and Telangana people. The Andhras did not always speak Telugu. In the first and second century A.D. they used Prakrit. The people of Telangana do not call themselves Andhras. This was, however, not always so. Couldrey has an essay on the monsoons in the Delta which he calls in 1919. "The rainy

season in Telangana". There is a well-known ladies organization in Hyderabad, started in 1935, which was even then called Andhra Yuvathi Mandali. I had by virtue of my own confused upbringing, become typical of this confused State.

The Nizam's rule in Hyderabad and British rule in India were both based on exploitation. Both lacked political and moral Legitimacy. Both adopted an attitude of condescending non-interference in the religions and cultural practices of their subjects. However, the Nizam's administration was based on medieval feudal relations whereas British rule, in its directly administered areas, was based on modern capitalist relations. The benevolent expression of the Nizams feudal regime was generosity. British rule was colonial, but was based on justice and rule of law, although only as established by it. In both cases loyal subjects imitated the rulers and absorbed their vices and virtues. So where a good administrator would be generous in Hyderabad he would be just in British India. Generosity and justice may not be mutually exclusive but they do not beget each other. A person can be generous without being just. Like Shiva often was. Or he may be legally just without being generous like the Merchant of Venice and the Vamana avatara. However, there is one basic difference; generosity only flows down or sideways. Justice, on the other hand, can look up also and question authority. It is the British rule of law and sense of justice that made us ultimately question the basis of their own rule. A system based on rule of law breaks down by its own logic. Feudal systems fall by the break up of loyalties.

When the administrators from these two traditions joined in Andhra Pradesh the result, in many cases, was like Bernard Shaw's famous marriage proposition - the offspring got the looks of Shaw and the brains of the beauty. Madras had its share of brilliant administrators. But the law of inertia tended to keep them there more often than not. Hyderabad also had brilliant administrators but the dynamics of Police Action acted as a centrifugal force pushing the heavy weights out. Many of those that remained were adversely affected by language. English preserved the experience of the Andhra administrator who came from Madras while the Hyderabad administrator was suddenly dispossessed of his base in laws in Urdu which no longer applied.

Under colonial rule the Indian bourgeoisie arose more as a functional category than an economic class in the strictly Marxist sense. It consisted mostly of the professional classes, like Lawyers and the salariat. The channel of entry was English higher education. Macaulay was the father not merely of Indian clerks but of the Indian bourgeoisie also. Because of this close link with English education, the bourgeoisie arose at different times in different parts of the country. In this, the Andhras in Madras and the Telugus in Hyderabad were at a disadvantage. The Andhras participated in the educational

facilities available in Madras but were never on an equal footing. It is only after the setting up of the Andhra University that the Andhra bourgeoisie can be said to have picked up the needed strength. This University was set up in 1926 and so twenty five years or a generation later by the 1950s the Andhras could no longer be contained within Madras.

In Hyderabad State the ruling class was the feudal nobility. There was no genuine local Muslim bourgeoisie. This had to be imported from the U.P. in the shape of several senior Muslim civil servants who were brought in. The Osmania University was started in 1916 to manufacture a local Muslim bourgeoisie. Its product was kept predominantly Muslim by Urdu being the medium of instruction. Two Indians going to an English medium University were on an equal footing because English was a foreign language for both of them. A Hindu and a Muslim student going to the Osmania University were, however, more like an Indian and an Englishman going to Cambridge because one of them had the advantage of the medium of instruction being his mothertongue. It has always struck me as a strange irony that Rajaji, who later objected to Hindi even as a link language, let alone as a medium of instruction, was one of those who enthusiastically welcomed the experiment of Urdu education in the Osmania University.

Twenty five years, or a generation after 1916 i.e., by the 1940s the first Hyderabad Muslim bourgeoisie asserted itself. Till that time the Prime Ministers of Hyderabad were either local feudals, like Maharaja Kishen Prasad and Sir Salarjung or were persons from outside like Hasan Imam, Sir Akbar Hydari and the Nawab of Chattari. The first Mulki agitation in Hyderabad was an agitation by the local Muslims against these outside Muslims. Mir Laik Ali was the first representative of the Hyderabad bourgeoisie to become Prime Minister of Hyderabad. The rule of the Muslim bourgeoisie was abruptly terminated by the Police Action. On the 4th of March, 1948 a Hyderabad delegation consisting of the Prime Minister, Mir Laik Ali, the External Affairs Minister Nawab Moin Nawaz Jung and Sir Walter Monckton had a meeting with Lord Mountbatten at which Rao Bahadur V.P. Menon, Secretary, Ministry of States was present. V.P. Menon compared Kashmir and Hyderabad and pointed out that, "It was intended, in the former, to have responsible Government with no reservations whatsoever, but, so far as Hyderabad was concerned, there was only talk of "going slow". To this Sir Walter Mounckton reacted by saying that the Maharaja of Kashmir had ruled that State only during the last century whereas "the position of the Muslims in the south of India had centered round Hyderabad for 700 years". He believed that, "if the Nizam were to introduce responsible Government straight away, there would be a holocaust in Hyderabad incomparably worse to the fighting in Kashmir". Responsible Government at that stage would not have meant immediate majority rule. There were various formulate which would have

given either 50% or 49% weightage to the Muslims. Thus, the Muslim bourgeoisie of Hyderabad lost an opportunity to extend their period of adjustment. Some of the Muslim elite of Hyderabad left for Pakistan at that time only to find, after a brief while, that they were as much in conflict with the bourgeoisie and feudals there as they might have been had they remained here. The evidence shows that, over time, the outcome has been worse for them there than it has been for those who remained here. At the same meeting, Lord Mountbatten, the Governor-General" gave his opinion that the position of Hyderabad before the world would be strengthened if the Nizam were to declare his intention to introduce responsible Government. His own view was that, "the sooner Hyderabad could achieve responsible Government, the greater would be the prospects of the Nizam and his successors remaining Constitutional Rulers of the State in perpetuity. If the right opportunity was missed, or if time was lost, there was, he himself felt, a chance that the Nizam would lose his throne through the compulsion of events; and that the Muslims would lose the position of responsibility which they at present held in the State".

Dr. Burgula Ramakrishna Rao was the first representative of the Hindu Hyderabad bourgeoisie to occupy the Shah Manzil - (present Raj Bhavan) as the Chief Minister of Hyderabad. The Hindu bourgeoisie of Hyderabad got an equal chance only when English became the medium of instruction in the Osmania University in 1949. But within seven years they lost out to the Andhra bourgeoisie which by then was in its own vigorous State. The 1969 Telangana agitation was an expression of this deprivation. The movement of the Andhra bourgeoisie to Hyderabad took place at three stages. One was in the 1920s when my parents came; the second was after Police Action when the Hyderabad State was still in existence and the third was after the formation of Andhra Pradesh. In the first stage there were no problems because those who came seeking jobs were grateful for the opportunity and did not question the existing order. There was some resistance in the second stage when there was an agitation that was known as "Idli-Sambar go back". This showed that by the 1950s the local bourgeoisie was already vocal. But this did not become serious because the regime in Hyderabad represented the Hyderabad bourgeoisie and those who came in accepted this position. The problems arose in the third phase because the regime also was taken over by the Andhra bourgeoisie. The civil Teams that came after Police Action had acted like occupying administrations. Later in 1956 Andhra was considered the continuing State. This gave a certain sense of assurance to the Andhra employees while those from Telangana felt a sense of insecurity with the dissolution of Hyderabad State. Integration, therefore, could not take place on an equal footing.

The States Reorganisation Commission (SRC) in 1956 (1) had recommended that the Telangana region of Hyderabad State may continue for a period of five years as the State of Hyderabad. Among the reasons that were adduced before them in favour of such an arrangement were that the then existing State of Andhra had "faced a financial problem of some magnitude" whereas Telangana was "less likely to be faced with financial embarrassment". (Para 376) Telangana, they noted "does not wish to lose its present independent rights in relation to the utilization of the waters of the Krishna and the Godavari". (Para 377) They also felt that "one of the principal causes of opposition to Visalandhra (was) the apprehension felt by the educationally backward people of Telangana that they may be swamped and exploited by the more advanced people of the coastal area". In retrospect we can see that these fears were not unjustified. Why then did the leadership of Telangana at that time not only opt for Visalandhra but actually worked to overrule the recommendation of the Commission so as to achieve this objective. We cannot lightly dismiss the sentiments at that time in favour of a unified linguistic province for the Andhras. Had the Commission not recommended the trifurcation of the Hyderabad State, there may have been a larger section of opinion in favour of retaining the State as it was. However, the Commission did not do so. It recommended the merger of the Kannada speaking people with the new province of Karnataka and the Maratwada region with Bombay province. This appeared, at that time, to be somewhat discriminatory against the Telugu people.

The Commission's recommendation also had the result of leaving a smaller residual State of Hyderabad with the City included in it. The Muslim elite, which had suffered some setback at the time of the Police Action, had subsequently recovered due, to a great extent, to the active intervention of Prime Minister Nehru. The Urdu based culture of Hyderabad was played down by the Commission itself, which observed that, "we are not impressed with the claim that during the last two hundred years a specific Deccan culture has developed in the whole area and that this culture is a major contribution to the unity of India. The common culture of Hyderabad, like the unity of the State, is something that has to be imposed from above. Outside the city of Hyderabad .... There is little that could be called a common culture." (Para 364) Nevertheless, in the small residual State recommended by the Commission, the Urdu-based culture of the city would have played a prominent role. To the Hindu Telangana bourgeoisie, therefore, it was a choice between a struggle with Urdu culture, on the one hand, or Andhra culture, on the other. The three prominent groups of that time - Brahmins, Reddys and Communists - all felt that they had influence on both sides and that, if the larger State was formed they would be able to consolidate their own position. In the event, only the hopes of the Reddys seem to have been fulfilled till 1983. The rise of the Backward

Castes and the Dalits in this region, as elsewhere in India, is a later phenomenon. Today, the choice between the continued unity of the State or its breakup, effectively rests in the hands of these sections.

In 1973 when President's Rule was imposed Sri H.C. Sarin, who was one of the two Advisers, the other being our former Chief Secretary, Sri V.K.Rao - told me that he had heard, in the course of his discussions with various sections of opinion in the State, that if he wanted a fair and knowledgeable statement of the issues involved in the agitations then, he should ask me. The following are the extracts from a note I had given to him then.

"The safeguards for Telangana were all based on the assumption - if not the admission - that Telangana was backward. Wisdom and consistency - however futile a quality they may now have become - would lie not in now denying that assumption but in trying to show that, if despite these safeguards, the backwardness continues it is due to the ineffectiveness of these measures rather than the ill-will of Andhras. Admittedly, there will be areas and sections of population even in Telangana that are better off than some areas or sections of population in Andhra, and it may well be that it is these sections that are more vociferous in their clamour for safeguards than the really backward. But, after all the backwards are always led by the more forward among them. When we say there is a vested interest in backwardness it is these elements we mean and not the really backward. It is they that create a sense of common grievance and on this basis achieve a legitimacy of leadership that would otherwise be denied to them.

"To say that Telangana is not backward because Nizamabad is so developed is like saying the Scheduled Castes are not backward because the Defence Minister is a Harijan; or, conversely, to point out that Andhra also has backward areas is like showing that a number of Brahmins today are poor and discriminated against. Right or wrong, when an identity evolves historically for various social, economic and other reasons, whether they be rational or irrational, intellectual or emotional, one has to reckon with that identity as a fact. Undoubtedly, such an identity becomes, over time, a false projection and what might have initially served some purpose becomes at best an anachronism and at worst an impediment. But, even at such a time the identity cannot be merely wished away or instantly dissolved. It would have to be replaced by another identity". (7-4-1973)

The position today is not very different. The Andhras must recognize this fact. Similarly, the people of Telangana must analyse the reasons in greater depth than they tend to do. The backwardness of the region is not due either to the capacity of the Andhras, on the

one hand, or the incapacity of the people of Telangana, on the other. There are deeper social forces at work which need to be understood.

Andhra is often blamed for being the State which set off the process of linguistic reorganization of States in our country. In actual fact this process began with the partition of Bengal in 1905. Since that time there has been a link between language and religion which has not generally been noticed. In 1905 when Bengal was divided, "the linguistic principle was mentioned in support of the transfer of certain Oriya speaking tracts from the Central Provinces to Bengal". At the same time the concentration of the "typical Muhammadan population" of Bengal in a separate province of East Bengal and Assam was sought to be justified on the grounds of "close contact between the Governors and the governed". When the partition of Bengal was annulled six years later and, a year later, the provinces of Assam, Bihar and Orissa were formed the relative equation of Hindus and Muslims in Bengal was taken into account. In 1917, when the Indian National Congress formed its own organizational provinces for Sind and Andhra, the linguistic principle was opposed in the Congress by Mrs. Annie Besant, among others. At that time this principle would have been taken to be subversive of the indivisible character of Indian national identity.

The view underwent a change with the great experiment with nationalities in the new Soviet Union. Woodrow Wilson had enunciated the right to self determination after World War 1. Stalin had written a well-known thesis in those days on the Nationalities question. The Soviet Union was then assumed to embody these principles. Therefore, in 1927 the Congress not only adopted the linguistic principle for organization of States but also spoke "of the right of self determination of the people speaking the same language and following the same tradition and culture". The same logic required that there had to be linguistic basis for the national identity itself. Could there be a nation without a common language? English had created the new national identity but an indigenous substitute was necessary. It was then that Hindustani, with Persian and Devanagiri scripts, was adopted as the national language. Whatever the intention may have been, the two major religions again entered into this concept because, quite obviously, these two scripts had ancient connotations. The fact that, once Partition became a fait accompli, Hindi in the Devanagiri script was adopted for India and Urdu was adopted for Pakistan confirms this presumption. China had a language in which the ideogram was written in the same manner but was pronounced differently. We had a formula where the word was the same but the scripts were different. But once the two scripts were separated the vocabulary also changed- one going to Sanskrit for new words, the other to Persian and Arabic.

With the rise of the two nation theory Urdu was pushed forward as the language of the Muslim nation. The secular forces tried to resist this appropriation of Urdu. As a counter to the religion-based two nation theory the thesis of language - based cultures as sub-nationalities was urged. To counter this, regional cultures had also to be divided on a region-cum-language basis. Consequently those who would hitherto have claimed the local language as their own, started declaring Urdu to be their mother tongue. This would have been difficult for an illiterate person. But, as people became literate, they could acquire another language consciously and then there would be a choice in declaration. With literacy and political consciousness this choice began to be increasingly exercised in favour of Urdu by the minorities in other linguistic areas. It is this that has given Urdu a reputation as a Muslim language. Non Muslims may have Urdu as their mother tongue in some areas. But Muslims alone would consciously claim Urdu to be their mother tongue, even when they were, in fact, part of the same linguistics group as their Hindu neighbours. There was no Urdu linguistic minority which was not also a religious minority.

The concept of sub-nationalities had been useful for a while as an alternative to the Two-nation theory. With partition and its after-math this function of linguistic groups lost its utility. As the SRC observed, "There was a perceptible change, however, in the outlook of the congress leaders on the subject with the Partition and the achievement of Independence. These brought in their wake unthought of problems, giving rise to serious doubts as to whether the old pledges could be redeemed in the new condition". Even so the JVP (Jawaharlal, Vallabhai, Pattabhi) Committee recommended in 1949 that a beginning with the linguistic principles could be made with the creation of Andhra. The Congress Working Committee accepted this. Andhra could have been made the exception because Telugu had no State. Even without linguistic States Kannada had Mysore State and Malayalam Travancore, but Telugu was homeless. At that stage the then Home Secretary Mr. H.V.R. Iyengar asked Sardar Patel what he should do because he differed from this recommendation. Sardar Patel told him that he should do his duty as Home Secretary and give his frank opinion. He did so and the proposal did not go through then.

What followed is our history. Dr. Ambedkar commenting on the recommendations of the SRC took the view that a regional language should not be official language of the State. This should be Hindi or English throughout India. Otherwise "Linguistic States may easily become a peril".

"God Seems to have laid a heavy curse on India and Indians, saying 'Ye Indians shall always remain divided and ye shall always be slaves!'"

"I was glad that India was separated from Pakistan. I was the philosopher, so to say of Pakistan. I advocated partition because I felt that it was only by partition that Hindus would not only be independent but free. If India and Pakistan had remained united in one state, Hindus though independent would have been at the mercy of the Muslims. A merely independent India would not have been a free India from the point of view of the Hindus. It would have been the Government of one country by two nations and of these two the Muslims without question would have been the ruling race notwithstanding Hindu Mahasabha and Jana Sangh: When the partition took place I felt that God was willing to lift his curse and let India be one, great and prosperous. But I fear that the curse may fall again. For I find that those who are advocating linguistic States have at heart the ideal of making the regional language their official language.

**This will be a death knell to the idea of a United India".(3)**

In the event linguistic States have not become such a peril, this is because they have so far taken a national view on national issues. States have two parties, even if both are regional parties as in Tamil Nadu. In some cases, as in West Bengal, a national party like the CPI(M) has become more or less a regional party. The United Front brought the regional parties together more on an anti-Congress platform than on the basis of regional alliances. Caste has arisen as a more divisive issue than regionalism. If there is a north south divide, it is not because of language but because no Caste, like the Yadavas or Jats or Rajputs, can unite them as the Brahmins once could. Only the Muslims can now cross these barriers.

Andhra Pradesh is the nation in microcosm. We have in Coastal Andhra a Punjab, in parts of Telangana a Bihar, in parts of Rayalaseema a Rajasthan, and bordering on Madhya Pradesh, a tribal reflection of that State. We, therefore, form an ideal bridge between the South and North. The process of development in the context of globalization may be a centripetal force universally but it is a centrifugal one within States where such wide disparities exist, as here in our State. This coastal region, with its prosperous agriculture, its long coastline and its ports can within a decade take off in its development. Parts of Rayalaseema will link up with the metropolitan area of Madras to get their impulse for growth. Parts of Telangana will similarly benefit from Hyderabad City. But substantial patches will remain in the State where the impulse for development would not have reached. Consequently, regional and class disparities will increase here, unless there is an active State - supported policy to help the weak, whether classes or regions.

A similar process may take place within the nation itself. A faultline is now developing along the Vindhyas which has not been much noticed. The States South of the Vindhyas and in the West have taken more readily to reform and are developing, while the North

is paralysed and stagnating. Globalisation has a natural bias in favour of maritime States. It is a peculiar feature of Indian history that, while all non-Hindi States have a coastline and a major port, the Hindi States themselves are land-locked. The prospect, therefore, is that peninsular India will benefit more rapidly from globalization than the north Indian States.

This is happening at a time when the political hegemony of the North has been broken. Throughout our history it is only when the hegemony rested with the North that it has sought to extend it to the south to build an all-India Empire. The kingdoms of the South never moved North and united the country. 'Delhi Chalo' was a slogan of invaders who cross the Indus. Bose landed in the East and would have followed the British in going from Fort William to Delhi. Rajaji was the first to go from Fort St. George to Delhi and he quickly returned. South of the Vindhya, Shivaji alone dreamed of Delhi. For the rest, the South would have agreed with Tughlak that the Centre should shift from Delhi to Daulatabad. Now, with globalization, the South may look across the oceans to South East Asia, as it once did, and not to U.P. or Bihar.

It is in this situation that we, standing at the crossroads of the South and the North, can play a critical role. But, for this, we have to look north. For some strange reason, we are looking South. Why was it necessary for us to start a Dravidian University? What is the strength we were expecting to derive by digging up our Dravidian roots at this time? We have to admit that we are late comers and junior partners in the Dravidian culture. The position of pre-eminence in this culture rightly belongs to the Tamils. Even today, if an Andhra has to be accepted as an expert in Karnatak music or Bharata Natyam, he has to prove his mettle in Madras and not in Hyderabad. A Dravidian Department in the Telugu University would have been sufficient for us to discover such roots as we have in that culture. Why should we, of all the people in the South, play host to a Dravidian University. We should, instead, be emphasizing the dual streams in our culture. We are still proud of the Sanskritic element in our language. We have a strong Urdu influence. Our favourite past-times, Bhata Khani (Bathein Karna) Shikar, Shire, Mejbani (Mezban is Urdu for host) and our favourite character the Chavala Kharabi (Chaval - Rice - Kharabi - spoiler) are all Urdu terms, assimilated not only into Telugu but into our culture, which show our intimate links with Urdu culture.

I saw the swearing of Sri NT Rama Rao, as the Chief Minister, of Andhra Pradesh, in a public ceremony at the Lal Bahadur Stadium in January 1983, live on the Sudanese TV in Khartoum, Sudan. It was the first time that the entire Arab world came to know that an important part of India was Telugu country. Till then, even North Indians knew us as only 'Madrasis'. What we wanted to achieve by having a separate linguistic State was

emotionally achieved only then and entirely due to NTR. NTR was unmistakably an Andhra; yet he swept Telengana in that election. It was imagined that the regional grievances of Telengana had been erased by this tremendous upsurge in Telugu pride that Sri Rama Rao had roused.

Sri Chandrababu Naidu placed Andhra Pradesh on the world map of e-governance and modernity. The Presidents of the United States and of the World Bank had come to the capital of Andhra Pradesh, to Cyberabad - not the city of Quli Qutub Shah - to pay homage to its forward-looking Chief Minister. The Website, Andhra Pradesh, did not contain any reference to Telengana. We thought that this must have been quietly integrated within the State. Now, however, all this looks to be only a thin veneer. The wood beneath this veneer was the same old, fractured one and the veneer was not strong enough to hold it together. The tensions between Telengana and Andhra have reemerged, falsifying the rather optimistic conclusion of my earlier lecture.

Dr. Rajasekhara Reddy led the Congress back to power in a convincing victory covering all parts of the State. One of the most important elements of his Election platform was an ambitious plan to resume large-scale investment in major irrigation so as to tap the enormous irrigation potential of our two major rivers. This would have resumed the priority that all Congress Governments in the State had given to major irrigation. The crowning piece of the New Jalayagnam is to be the dam across the mighty Godavari at Polavaram. The Andhras were sentimentally attached to this project even before Nandikonda (Later Nagarjunasagara) and had given it the name, Ramapadasagara. Sir Sonti Rammurthy, the first protagonist of this project, had to pay a price in the undivided Madras State for having championed it with regional zeal rather than professional distance! With all this, the project has now become controversial even before work has started on it. How will this water benefit Telengana? Or will it only flow into the Krishna to solve the problems of that basin before reaching the Pennar? These are the kinds of questions that are now arising about a project that, forty years ago, would have been considered the pride of Andhra after Nagarjunasagara.

In 1955, two reasons had been adduced before the SRC for the apprehensions that the people of Telengana had in agreeing to join the Andhra State to form a larger integrated State. One was with regard to the larger financial resources that Telengana had compared to Andhra and the other related to the "utilization of the waters of the Krishna and the Godavri." The 1969 Telengana agitation arose out of issues relating to government finances and was resolved by a fresh Presidential Order giving the Regional Committee more powers in regard to the State budget. The 1971 Andhra agitation was about the Mulki Rules and had nothing to do with finances or development. Yet a proposal was

made to abolish the Regional Committee. I then said, in a note to Sri H.C. Sarin, then Advisor to the Governor under President's Rule, that, "To use dialectical terminology, the abolition of the Regional Committee will be a qualitative change in the situation which cannot be quantitatively compensated." Yet, the Regional Committee was abolished and separate development committees were appointed for the three regions. Later, these were also abolished because, as I had already warned, they were not achieving much except providing three posts of Minister's rank. Now it is proposed to set up these Committees again. There is little that these committees can achieve when there is no agreed, fixed share for each region in all developmental outlays.

The present agitation arises out of the other grievance mentioned by the SRC, viz, river waters. It is now apprehended that the interests of Telangana in the Krishna and Godavari waters will not be adequately protected in the State of Andhra Pradesh. There had been a grievance about the distribution of Krishna waters under the Nagarjunasagara Project. However, a more serious dispute has arisen in regard to the Srisailem Project. The Project was intended to benefit the drought-affected areas in both Telangana and Rayalaseema. But, water has flown on the Rayalaseema side right up to Madras city, while Mahbubnagar District, in which the Project is located, has not yet benefited from this Project. The Government cites some technical reasons, which do not convince the people. It hurts the people that, while the Telugus were still quarrelling whether Hyderabad should get Krishna water or Godavari water, their beloved idol, Anna, the quintessential son of the Krishna Delta, made a dramatic gesture of ensuring that the water of the Krishna flowed in Madras. Kanaka Durga being the Goddess on the banks of the Krishna River, a hotel in Cyberabad, called "Kadali Vachina Kanaka Durga", would have been more appropriate in Madras!

There are always contradictions between upper and lower riparian areas within any river basin. The resolution of these issues may not necessarily require that the respective areas be in different States, though the experience of all States that split away from the old Madras State does indicate that a separate State protects these interests also more effectively. The interests of Telangana and of Coastal Andhra would be congruent in that once the right to water at Srisailem is established against the upper riparian State of Karnataka, the water has to flow down to Nagarjunasagara and thence to the Delta. The fact that many areas in Telangana are at higher levels requiring pumping again indirectly helps the Coastal area. On the other hand, the claims of many areas of Rayalaseema will require the water to be taken altogether out of the river basin from the Srisailem Dam, which will always have to be held jointly with Telangana. The separation of Telangana will, therefore, have a more adverse affect on Rayalaseema than on Coastal Andhra. While there will always be contradictory interests between different areas within a river

basin, there will be even greater contradictions between these areas and the areas altogether outside the basin. To use Mao's terminology, the contradiction between Rayalaseema and the rest of the State, in regard to river waters, is the 'greater contradiction' than that between Telangna and Coastal Andhra, which are entirely within the river basin. In our State, water flows more by political gravity than by Newton's gravity! Just as Newton's Gravity is overcome by electricity, so also political gravity can be overcome only by political power.

After a calm of over thirty years, the Telengana sentiment has surfaced again. It is a sign of our State and of our times that even this simple statement will be challenged. Some will say that the Telengana agitation has been 'created' again; that it represents the discontent of politicians, not of the people. This would be misreading the situation. There is not one Telengana person who does not feel that Telengana is backward. They may differ about the reasons for this and the progress made so far. They may not all agree that the Andhras as such are culpable for this state of affairs; quite a few of them may hold Telengana leaders also responsible. Some of them may agree with the rhetorical question many Andhras raise, "What did all your Telengana Chief Ministers do?" All of them may or may not agree that a separate State is the solution for this. But all this does not detract from the fact that there are few Telengana persons who do not believe that Telengana is backward and more backward than the rest of Andhra.

There are deeper economic and historical reasons for sub-linguistic regional feelings periodically arising only in Andhra Pradesh. The old Madras Presidency encompassed all the South Indian Dravidian language groups. But the hegemony was of the Tamils, by virtue of their ancient culture, their intellectual abilities, their discipline and dedication, their simple living and high thinking. They were also the first to master the English language and live peacefully with the British in their first fort in India Fort St. George. Madras Presidency was, therefore, essentially Tamil Nadu. Under British rule it did not much matter in which Presidency a particular linguistic group happened to be. The official language was English, but the medium of instruction up to the school level and the language used in the lower courts was the vernacular of the local area.

Nevertheless, it was the Indian Princes that were considered the patrons of Indian languages and their linguistic culture. The Kannadigas and Malayalees within this Presidency could look to the Princely States of Mysore and Travancore. After the fall of Tippu Sultan, Mysore derived its political authority from the British, but its cultural authority was based on the famed Vijayanagara and before that "the earlier Hindu dynasties in Southern Karnataka, like the Hoysalas of Belur/Halebid." (4) The States of Travancore and Cochin had always been the seats of Kerala culture. On the other hand, the largest

Indian Princely State in the Telugu country, Hyderabad corresponded to a "Mughal province", and the Nizam considered himself a "legatee of the Mughal Empire". The official culture of the Nizam's Dominions was 'Moghlai' and not native Telugu. Unlike British India, the official language and the medium of instruction in educational institutions was Urdu. Sri Krishnadevaraya inspired the Telugus as he had been a patron of their language also and the great Srinatha and Pothana had flourished in his times. But, after Vijayanagara the Telugu country came under the Qutub Shahis and the Asaf Jahis. There was no major center left for preserving and fostering Telugu culture, except some of the smaller Telugu rajahs in the Madras Presidency.

The need for a State to restore and foster their linguistic culture was, therefore, much greater for the Telugus. Yet they were not united in leaving Madras province. Long before Telengana, it was Rayalaseema that had to be given guarantees for its people to join an Andhra State. "They even held out a threat that they would rather remain in the Madras Province if their demand (for the Capital) was not conceded." (5) It was the great Prakasam who resolved this issue by deciding on Kurnool as the Capital of Andhra State on the ground that, "Kurnool is on the way to Hyderabad." (6) So, while the Kannadigas and Malayalees went happily to Bangalore and Trivandrum, considering these their natural cultural capitals, the Andhras went, after bickering, to Kurnool, only to regroup before 'marching' on Hyderabad! The Hyderabad of the Nizams was a somewhat exotic place for the Andhras and they developed a sudden nostalgia for Madras, from which they have never fully got over! Conversely, as a defense mechanism, the people of Telengana suddenly discovered a love for 'Hyderabad' culture!

In 1953 Andhra State was the first linguistic State to be formed after Independence. Orissa had been formed on the same principle, but before Independence. When, in 1956 this State was expanded, over-ruling a specific recommendation of the State Reorganization Commission, it was thought that this was done on the principle of "One Language One State". Is such a principle really valid? After all Hindi has several States, Spanish is the language of several States. English itself is the language of several States, although, as Prof. Higgins put it, "In America they haven't used it for years". To get around the difficulty of religions being the basis of nation-states, the Communists were the first to propound the hypothesis of language being the basis. In India, however, we have taken language to be a good basis for demarcating sub-national units, ie. States, especially because the native language has to be the basis of governance. There are countries, like Canada, which have two official languages. But, with Hindi as the federal language, all non-Hindi States would anyway end up with two official languages. Therefore, we have to have the principle, "One State, One Language". But the converse does not automatically follow - "One Language" need not be "One State". After all the

Hindi language has several States. More than one State for a language does not also weaken the language in the federal polity because, after all strength in the National Parliament follows party lines and not State configurations.

If Tamil Nadu is the State of Tamilians, Maharashtra of Maharashtrians, Gujarat of Gujarathis, Karnataka of Kannadigas and so on, why is Andhra Pradesh not the State of Andhras? The name Andhra is hallowed by its association with the Satavahanas, who were called Andhras in the Puranas. But, as Basham puts it, the Satavahanas ruled from Pratishtana (modern Paithan) and "do not appear to have exerted much power in the region later called Andhra (the lower Godavari and Krishna) until the 2nd Century AD." The area known as Telangana, and the Kakatiyas, figure in the Fourteenth Century incursions of Allauddin Khilji and Malik Kafur. Telugu is the language of Andhra Pradesh, but all Telugus do not like to be described as Andhras. When the so-called first linguistic State, Andhra, was expanded to include all Telugu-speaking people, there was a controversy about the name of the larger State. The name Andhra Pradesh was a compromise to indicate that the State included more than Andhras! Telugu Nadu sounded too much like Tamil Nadu, with whom we did not want to be confused. Telugu Desam deprived us of our alphabetical distinction. So we remain a Pradesh, which in Telugu should have been Pradesham!

Although Telangana has been associated with the periodic agitations, there has always been an under-current of tension Rayalaseema and Coastal Andhra also. Tension arose when the Andhra University was set up and again, later, in regard to the State Capital. On both issues, Coastal Andhra yielded. If Telengana is formed, the capital issue will arise again. Whether Telengana is a separate State or not, the waters of the Krishna or the Godavari have to flow through Telengana to Coastal Andhra and Rayalaseema, can get them only from Telengana. It may well be that, given the history of these agitations or movements the present agitation may also lose its steam by the time this revised lecture is published! Already the loaves and fishes of office and elections have provoked fissures. Nevertheless, the fact remains that these divisive issues have come up only in our State and thrice over the last fifty years. They are not merely passing issues; politically contrived at the time of each election. They arise out of the history of South India and of the States that were broken up to constitute the State of Andhra Pradesh. They are more congenital than contrived.

## APPENDIX

*Collection of essays by Prof. C.H.Hanumantha Rao. (In Telugu)***Book Release Function**

Prof. Hanumantha Rao is an eminent economist who is respected for the rigour of his analysis and the wisdom of his conclusions in all his writings. Dr. Revathi has collected and translated into Telugu eight of his papers published over a period of three decades, which cover a wide range of problems of regional disparities- from hill areas in Uttara Khand to the special problems of tribals, a large but backward State like Bihar and a backward region within a State, like Telengana. Finally there is a paper on the case for Smaller States and another on the special case for a State for Telengana. Dr. Revathi has to be congratulated for now making these papers available to a wider public by translating them into Telugu, so that there can be a more informed debate of the important issues involved.

In the case of Uttarakhand the issues were the geographical difficulties of hill areas and the special caste composition of the State. Himachal Pradesh had provided an example of a hill State making good progress. Chattisgarh and Jharkhand were expected to help greater attention being paid to the special problems of tribals. There is no evidence so far that this expectation has been fulfilled. Bihar has always been a case in itself. Sri Lalu Prasad had been a leader of that State for a long time. As Railway Minister he has become the cynosure of management experts. This only goes to show that the development of a backward State is more than a management problem, contrary to what some leaders in our State once thought.

There were wider issues involved when the linguistic States were constituted in 1956. The question hotly debated was whether the linguistic groups were "Nationalities" and India was a "Union of Nationalities" or whether there was an Indian Nationality and the linguistic groups were "Sub-Nationalities". My friend Mohit Sen and another respected Bengali comrade were once arguing this issue in my presence. Mohit said, "I am an Indian first and a Bengali afterwards". The other comrade friend said, "I am a Bengali first and an Indian afterwards". For the Communists, Stalin's thesis on the Nationalities issued held the field then. This was the basis of the Vishal Andhra Movement, the strongest movement at that time for a Pan-Telugu State, led effectively by the Communists. The CP(M) stand today is consistent with this earlier stand of theirs.

The States 'Re-organization Commission of 1956 served two purposes. It created linguistic States so that the regional language could become the language of governance and it finally abolished the Indian Princely States which were continuing in their form of Part B States. Many feared then that if Telengana were conceded it could be looked at as the last remnant of the Nizam's Dominions, which had had a long history of shedding territories - the Circars, the Ceded Districts and Berar!

Let me mention just one statistic to indicate the legacy we inherited. The 1951 census is the last one in which we find the erstwhile Indian Princely States figuring separately as Part B States. It would, therefore, be interesting to see what the position of these States was vis a vis the erstwhile British Provinces. The Madras Presidency contained all the linguistic groups which by 1956 became separate linguistic States. If we take percentage of Female Literacy as a surrogate for general human development at that time, for want of other statistics, we find that Travancore-Cochin had Female Literacy of 37.7, Bombay Province 12.7, Madras Province 11, Saurashtra 10.5, Mysore State 9.8, while Hyderabad State had only 3 per cent.

Two papers on Telengana Surpluses included here are of 1969 and 1971. A Working Paper of mine published by the CESS in June 2002 brings these issues up to date as in 1974, when the Telengana Regional Committee (TRC) was abolished. The TRC was a unique example of the excellent technical and constructive work a legislative committee could do in the discharge of its functions. It did excellent service for the welfare of Telengana. The functions and powers of the TRC had been widened in a Presidential order of 7th March 1970, as agreed to under the Five Point Formula of 1969. Why then was the TRC allowed to be abolished under the Six Point Formula of 1974 when the issue was Mulki Rules and not finances? The history of the State may have been different if the Five Point Formula of 1969 had been given a longer trial. There is no reason why, pending any political settlement, we should not go back to the position as it was before Art. 371 was amended in 1973. The TRC could be revived with all the powers it had after the 1970 Presidential Order and special funds for the development of Telengana could be placed at the disposal of the TRC.

There has always been an issue regarding the division of Krishna Waters but this was then the minor contradiction, to borrow Mao's famous term. River Waters became the major contradiction with the diversion of Krishna Waters, under the Telugu Ganga Project, to areas outside its basin, while the legitimate needs of the basin areas had not yet been fully met. With the new projects on the Godavari River and the proposed diversion of Godavari waters to the Krishna basin and beyond, the controversy has

spread to this basin also. Therefore, as Prof. Hanumantha Rao mentions, an "equitable share in water resources" has become a major 'new imperative'.

The general principle is that the river basin has the first claim on its waters. Can the State, if it happens to be larger than the basin, use its political power to divert water to outside the basin without the concurrence of the stakeholders within the basin? If it is said that it has, then this would become a justification for smaller states consisting only of the river basins. By coincidence, two regions of our State happen to coincide with the upper and lower basins of our two great rivers. The third region lies mostly outside both basins, but is drought affected. This adds to the complexity of our regional problems. The State government would have to constantly take care to convince the people that it is a custodian of our river waters on behalf of the people of all three regions.

Dr. Pannikar had, in a minute he appended to the first SRC, warned that the political weight that UP had in the Parliament due to its size posed a threat to the federal structure itself. Dr. Ambedkar had then wisely observed that, "The genius of India is to divide". The separation of Jharkhand from Bihar does not seem to have made much difference to either State. The spectacular development of parts of Haryana has been due to the spread effect of the metropolis, Delhi, rather than to the size of the State as such. There is no evidence that the development of a state is related to its size. Our country is going through a period of unprecedented growth. The social problems inevitably associated with such growth are arising now and are being dealt with. Do we want to add more administrative problems and an element of political turbulence at this juncture by re-opening the issue of States Re-organisation?

The British were shrewd rulers. Some of their regiments in the Army were named after the provinces as they were then - like Assam, Bihar, Madras and Punjab. Others were named after castes like Dogras, Jat, Rajput, Mahar, Psephologists divide the present States into different zones for their election forecasts, based on the dominant castes or caste-combinations which are likely to influence the election outcome. These ad hoc divisions are a good indication of what the new smaller states are likely to be. If the first SRC gave each predominant language a State, the new SRC may give the predominant caste combination a State of its own!

In the fifty years since Independence, the paraphernalia of a State has been immensely expanded. New rights have been created and each right requires a Commission. New crimes have either arisen or discovered from workplaces to bedrooms to classrooms. The Center, being more enlightened than the States, discovers these and legislates for them. But the States have to bear this expenditure which is classified as Non-

developmental. Finally, to add insult to injury everyone lectures the States to reduce their non-developmental expenditure! If smaller States are created, we should consider whether such institutions need always be on a State-wide basis.

In 1956, at the time of the first States Re-organisation, the Congress was in un-challenged political control of the Country. Pt. Nehru was the un-questioned leader of the Congress, after the passing away of the Sardar. Yet, Prof. Hanumantha Rao now feels that Pt. Nehru was "overpowered" even then. Today leaders do not need to be overpowered, they can be merely toppled! Therefore, how much more volatile will the situation now be if such an exercise is undertaken? Do we really need to create these new problems just now?

President Musharaf once said that he considered Kashmir to be the "unfinished agenda" of the Partition of India. If we wish Telengana to be now considered sui generis as the "unfinished agenda" of the first SRC, then the Telugu people alone will have been split into two States. We are in an age of Coalition Governments at the Center where regional parties are enjoying tremendous prestige and patronage. States like Gujarat, Maharashtra, Karnataka and Tamil Nadu will continue to be large and powerful politically. Telengana will go with Chatisgarh, Jharkhand and Orissa. We should be conscious of the consequences of this.

In his article on "Statehood for Telengana - New Imperatives" Prof. Hanumantha Rao says "the dominant political leaders in Andhra Pradesh .. have a track record of overpowering .. even a towering personality like Pandit Jawaharlal Nehru". The only person who could have "overpowered" Nehru at any time was Sardar Patel; but he never did so because Gandhiji wished it so. The greatest Andhra leader of the day, Prakasam Pantulu Garu, could only defy the Central leadership, not overpower them. He was by-passed as the Chief Minister of Andhra by the Central leadership. He who by-passed him was himself by-passed by the time Andhra Pradesh was formed. The history of Andhras has been one of their by-passing each other, never of their over-powering any one else!

The only linguistic State in which sub-linguistic regional feelings have arisen periodically is Andhra Pradesh. There must be deeper economic and historical reasons for this. The old Madras Presidency encompassed the entire Tamil country, but it also included all the other South Indian Dravidian language groups. The hegemony in this province was of the Tamils, by virtue of their ancient culture, their intellectual abilities, their discipline and dedication, their simple living and high thinking and the alacrity with which they mastered the English language.

The neighbouring Indian Princes were considered the patrons of the other languages within Madras Province and their linguistic cultures. The Kannadigas looked to Mysore State and the Malayalees looked to Travancore. However, the largest Indian Princely State in the Telugu country, Hyderabad, corresponded to a "Mughal province", and the Asaf Jahis considered themselves the legatees of the Mughal Empire. The official culture of the Nizam's Dominions was 'Moghlay' and not native Telugu. Patronage for Telugu culture had to be provided by the smaller rajahs and zamindars, if at all. So, when Bangalore became the capital of Karnataka, the Kannadigas felt that they had come home. Similarly, the Malayalees felt they had come home to Trivandrum. But, when Andhra Pradesh was formed, those who came to Hyderabad felt only that they had arrived; not that they had come home. The Andhras must realize this fact and not be in denial of it. In some social problems, as in psychological ones, admitting that there is a problem is often half the solution itself!

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## Looking Back at Planning and Development in Andhra Pradesh

The linguistic groups within the Madras Presidency, other than the Andhras, looked to a neighboring Princely State as the seat of their linguistic culture. The Kannadigas looked to the Mysore State and the Malyalees to Travancore and Cochin. The Andhras had no such Princely State of their own. Hyderabad was multi-lingual, but was a bastion of Islamic culture and a patron of the Urdu language under the Asaf Jahis and not specifically of Telugu culture. The Andhras needed a State, which they could consider the seat of their culture. The demand of the Andhras to have a State of their own has to be viewed against this background. The first linguistic State would perhaps be Orissa, if we leave out the Hindi States. Andhra was the first linguistic state to be formed in independent India and that after an agitation! Previously the division of an existing Province had been undone by an agitation, in the case of Bengal.

The Golden Jubilee we are now celebrating is of Andhra Pradesh, not Andhra. Its very name was a subject matter of controversy at its birth. This State may not have retained the word 'Andhra' but for A being the first alphabet in English and the Telugus wanting to be, at least, semantically first in the Union! The theoretical rationale of linguistic States was not merely administrative convenience, but an assumption that they would release a latent energy and enthusiasm among the various language- based cultural groups in our country, just as independence had released the latent energy of the country as a whole. This did happen when Andhra was formed in 1953. When the Andhra Government shifted from the Fort St. George to a tent city in backwater Kurnool, even the placid civil servants worked enthusiastically. There was a combination of an administrative challenge and patriotism, inspired by the great figure of Prakasham Pantulu Garu, respected for his sacrifices, venerable in his age and lovable in his failings. The Kurnool experience did show that a linguistic State had released the energy of the people. They had come from Madras with a sense of achievement against odds.

The same people came to Hyderabad in 1956 with the euphoria of conquest, aroused among some civil servants by their having come earlier to Hyderabad along with the Indian Army. From being a liberation from Madras, Kurnool suddenly became a halt before arrival in Hyderabad. Like all new arrivals, these people also quickly acquired many of the feudal failings of Hyderabad without any of its graces. In the process they lost the disciplines they had acquired from the British in Fort St. George. They

underestimated the corroding power of ancient feudalism against the more recent and less enduring veneer of bourgeois efficiency acquired from the British! There was no Prakasam now leading them. His statue was installed over-looking the Assembly, but the new traffic by-passed him, blackening him with its exhaust fumes! Down the road was the equally formidable Sardar reminding him that he had arrived here first. The liberator of Hyderabad and the liberator of the Andhras were already facing each other outside the legislature! In between these two came, later, the Telengana Martyr's Memorial and Swami Ramanand Thirth. The history of the Telugus was complete.

The demand for linguistic States arose out of the political aspirations of peoples whose cultural identity was based on their common mother tongue. A State based on the mother tongue of the majority of a people is an essential precondition for democratic participation. The mother tongue is also the basis of all literacy, which is the foundation of enlightened citizenship as well as of economic development. Therefore, linguistic States were the necessary foundation for the development of the various regions in our country. But they have not proved to be a sufficient foundation, as the wide differences in the levels of development within each State and between different States show.

The new State of Andhra got, on its formation, the less developed areas of Madras. For instance, the percentage of literacy in the area that formed Andhra State was 13.4, while the percentage in the rest of Madras State at that time was 22. Thanks to Sir Arthur Cotton, the Krishna and Godavari deltas provided the only bright patches among the areas that came from Madras State. Even these districts had a large percentage of Scheduled Castes who did not benefit from the benefits of irrigation. The major portion of the new State, however, consisted of the less developed north coastal districts, the drought prone ceded districts and the uplands of Guntur, Prakasam and Nellore districts.

In terms of over-all development, Hyderabad State was not as well developed as the other States in Peninsular India. Within this State, the Telangana districts, were the less developed ones. Fifty- six percent of the Scheduled Caste population and eighty-four per cent of the Tribal population of the former Hyderabad State were in the Telengana Districts. Adilabad and Khammam Districts, with their great forests and mines, were rich in natural resources and had the mighty Godavari river. The Nizam's Government did have ambitious plans for developing these areas as the Godavari Valley. A beginning was made in the Nizamabad district with the Nizamsagar dam on the Manjira, a tributary of the Godavari. Large investments were needed if these areas were to be developed. What the new State got was the immediate problem of the human resource development of the less endowed sections of the population.

The 1951 Census showed a higher rate of population growth in AP than for the Union. The Census derived birth rates were higher for the State as compared to the Union. In 1961 the State was behind the Southern States in respect of Infant Mortality Rate. AP had the lowest literacy rate in 1951, among the South Indian States as they are today. In 1951, the percentage of literacy in the areas that would become AP was 13.2, against Karnataka 19.3, Tamil Nadu 39.5 and Kerala 40.7. The All India percentage was 18.1. This relative low position of AP has persisted into the latest Census. While the three other Southern States are ahead of the Union in the compound rate of growth of literacy, AP is behind by as much as a third of the Union's rate.

The reorganization of States in 1956 thus brought together, into the new State of Andhra Pradesh, the less developed areas of the States of Madras and Hyderabad. It is this that shows up in all subsequent inter-State comparisons of Andhra Pradesh. As I have always put it, Andhra Pradesh was the highest among the North Indian States and the lowest among the Southern States. Andhra Pradesh is the northernmost Southern State, which meets the North and the East at Dandakaranya. We meet the South near Bangalore and Chennai. That is what makes us a bridge between the North and the South, and somewhere in between all our averages drop! Whenever we review the progress of AP over the last half-century we should keep this initial handicap in mind. We should judge its rate of progress against its own base level and not always make horizontal comparisons with other South Indian States.

Given the fact that the All India indices contain the performance of the North Indian States also, a comparison with the All India levels would be more meaningful. AP was at Rank 9 in Per Capita Income in 1971 and came up to 8 in 1981-84. Thereafter it remained at that level. The only State that was above us in rank to begin with, but fell below us after 1993-96 was West Bengal. In terms of rate of growth of SDP per capita, AP almost caught up with the All India Rate in the decade 1970- 80. In the next decade the difference widened to 2.1 against 3.3 and that difference remained at 3.5 against 4.8 in the decade ending 2000. These ranks do not give the full picture. If we look at per capita GSDP in Rupee terms, we find that in 1970-71 the per capita GSDP of AP was 14.1 per cent behind the All India per capita income. By 1982-83 this gap was reduced to 3.71. This was 3.6 in 1993-94, but became 4.7 in 2003-04.

In a paper of Dr. S. Mahender Dev in this volume, the growth rate of GSDP for AP for the decade 1980/81 to 1990/91 is given as 5.50 % against 5.37 for All India. The per capita GSDP growth rates for these periods are 3.33 for AP and 3.24 for All India. Thus AP was slightly ahead of All India. However, for the period 1993/94 to 2000/01 the percentage growth rate of GSDP for AP was 5.31, which was slightly lower than the All

India rate of 6.13. These figures confirm the general proposition I am making, that AP is not so far behind the All India average rate of growth as to fall irrevocably into the lower fractiles, but is not moving fast enough to be securely above the All India average. When the Country was growing at the "Hindu Rate of Growth" of 3.5%, AP, like a dutiful Hindu wife, was keeping pace with the husband but was always a modest step behind! Now that the Country is growing at a "Secular" rate double this, will AP also, like a modern woman jump on to the ramp of faster growth?

I was Secretary Planning of the State from 1964 to 1982. I was in a way responsible for whatever was done during that period. I returned briefly and indirectly to the field in 1989 as Dy. Chairman of the Planning Board from 1989 to 1993. Therefore, I have dealt with some figures for these periods. But after 1994 - as Rajaji once put it to me in a letter - "my professions will be mere professions!" This later period has been covered excellently in the book published by the CESS. It has also been covered in several excellent papers in this book. Therefore, let me leave it at that.

I had joined the department in 1957, on the initiative of the then Secretary, Planning, Sri. C. Narasimham. I saw in him a model of dedication to the development and welfare of the new State that had just been formed then. I then did a spell in the Osmania University, under Dr. D.S. Reddy, a product of Oxford University, urbane, with all the civilised virtues that one associated with good British administrators. He was proud to be from Cuddapah, with all the virtues and failings popularly associated with that District. In contrast, Sri. Narasimham was a typical Andhra of the East Godavari District, proud of the quintessential rustic virtues of that great Delta. He had a leonine personality, with a large heart, a large head and a large handwriting, utterly devoted to the new State and widely respected. I was from Hyderabad City, steeped in the composite culture of that City. Between the three of us we represented the new State. He asked for my services when I returned from deputation to the University, and that shaped and fixed the rest of my career. From 1956 to 1982 AP had just three Planning Secretaries - Sri. Narasimham, Sri. LN Gupta and I. It had just four Finance Secretaries - Sri. Damodar Reddy, Sri. MA Abbasi, Sri. N. Ramesan and I. I worked with five of the seven Chief Ministers - Sri. K. Brahmananda Reddy, Sri. PV Narasimha Rao, Sri. J. Vengala Rao, Dr. M. Channa Reddy and Sri. T. Anjiah. Sri. V.B. Raju, a colourful Minister, had once introduced me as the backbone of Andhra Pradesh. I corrected him to say that I was the memory; they were expected to be the backbone! Now with all of the above persons being no more, I alone am left as the memory of this State. Ripeness is all!

During that entire period I was Planning Secretary, two thirds of the plan was allocated to the two sectors of Power and irrigation. We were well endowed with coal and water.

Next to UP we were the State that was endowed two mighty rivers, the Godavari and the Krishna. Initially we set up thermal power stations at Kothagudam. Then we took up the great irrigation project on the Krishna, Nagarjunasagar. The Ramapadasagara Project proposal was on every Andhra's lips even when the Andhra State was formed. There was a feeling among Andhras that this had been shelved in the Madras State because it was an Andhra project. Its name was associated both with its waters touching the feet of Sri. Rama at Bhadrachallam and with the person who originally championed it, Sir Sonti Rammurthy, ICS. But, it was conceded that there were some serious technical problems connected with it. There was also the consideration, at the back of our minds, that Godavari water beyond Inchanpalli was entirely ours, whereas Krishna had eager and powerful upper riparian States. Being a lower riparian State, we had to go by the principle of first come first served. It also helped that the Nagarjunasagara Project benefited Guntur and Nalgonda, two politically powerful districts.

This project also posed technical problems, but our engineers guided by the formidable Dr. KL Rao dealt with these brilliantly. It is only fitting that by naming the Pulichentala Dam after him we have now recognized his technical brilliance, and the leadership he provided to our engineers. Each time Dr. Rao came to Hyderabad, as a Central Minister, he would solve some technical problem and advise Sri. Brahmananda Reddy about the funds to be allocated.. Those days there was no assistance flowing to the States outside the State Plan Assistance. World Bank aid, if any, was also part of Plan financing. This great dam was financed entirely by us within our own plan allocations and was designed and constructed by our own departmental engineers. We tried, for some time, to get it considered as a National Project, like Bhakra Nangal. Pt. Nehru laid the foundation stone. But we could not make it national beyond that!

The other great project that was taken up then was the Srisailem Dam. Our grid was too dependent on thermal power and we wanted to balance it with hydel power. Srisailem Project would also establish our rights over Krishna water. This also was entirely financed from our own plan allocations. With these two projects being completed, we had laid solid foundations for our irrigation and power sectors.

Our State was getting excluded from a number of Centrally Sponsored Schemes (CSS) because of definitional problem. There was a CSS for the Western Ghats. A similar scheme for the Eastern Ghats came later. Rayalseema and adjoining areas of Karnataka were drought affected because they were in the Rain Shadow the Western Ghats. There was a scheme for Desertification; but what was happening in this area could not yet be called desertification. We, therefore, suggested a Centrally Sponsored Scheme for Drought Affected Areas. Sri. Brahmananda Reddy invited Sri. C Subramaniam, then Union

Agriculture Minister, to Tirumala in 1967 (?) for a meeting in this regard. The only guesthouse available at that time was the Government Guest House. Sri. Subramanyam was put up there and the meeting was also held there. Sri. Brahmananda Reddy and I stayed in two of the Cottages adjacent to this. A draft note was circulated to us earlier. In this note the definition of drought-affected areas was given as "areas with scarce rainfall" This itself was defined as average rainfall below a figure, which I do not recall now. But, according to this even Anantapur was not qualifying. Our contention throughout had been that the distress due to drought was caused by a certain variation around a precarious average and not by any absolute minimum. I explained our problem to Sri. Subramanyam. He readily conceded this and asked me whether substituting the words "scarce rainfall" with "fitful rainfall" would serve my purpose. I happily agreed and the statement was issued accordingly. One fall-out of this meeting was that it was decided then that, in order to preserve the sanctity of Tirumala, no such official meetings should be held at Tirumala thereafter. To the best of my knowledge this convention has since been observed. They did not imagine then that a myriad other ways would be found to breach that sanctity!

I believe that the unique position AP holds in the All India picture, between the North and the South, between the advanced and the backward States, between the Hindi plains and the Peninsula, has enabled its Chief Ministers to take a principled stand on various national developmental issues. A Committee of the National Development Council (NDC), consisting of all the Chief Ministers and presided over by the Dy. Chairman of the Planning Commission, (PC), Dr. D.R. Gadgil, was set up to finalise a formula for Central Assistance for State Plans, which later came to be known as the Gadgil Formula. There was a stalemate regarding a ten percent reservation for States whose per capita income was less than the All India average per capita income. Sri. Brahmananda Reddy took the initiative in resolving this issue, in cooperation with the Chief Ministers of Maharashtra and Rajasthan. As I have explained elsewhere this stand was not based on any narrow considerations of the interests of AP. (1) The first major modification of this formula was considered by the NDC in December 1991, when Sri. Pranab Mukherji was the Dy. Chairman of the PC. Sri. N Janardhan Reddy, the then CM of AP, again took the initiative, with the Dy. Chairman, on the basis of a principled stand.(2)

Sri. Brahmananda Reddy had the courage to impose Betterment Levy. If I remember right, one of two installments was also collected initially. He proved that such measures could be taken even in a democracy. But, thereafter this was disproved soon enough when major problems arose and this was withdrawn. Sri. Brahmananda Reddy remained in office for, what proved to be, the longest tenure then.

In a subsequent proposal for aid for modernization of the Nagarjunasagara Canal System and Command Area Development, the World Bank was insistent on not including any portion of the canal that had already been completed. Our point was that unless the main canal was lined in the earlier reaches also sufficient water would not reach the area they were now taking up. They would not agree and we were not interested. Having failed to persuade me a World Bank team, accompanied by a Deputy Secretary of the Government of India, had a meeting with the CM. They could make no progress with him either. Finally the World Bank team leader said, "Mr. Chief Minister, if you do not agree to our conditions we will have to withdraw our offer of assistance." Sri. Vengal Rao turned to me and asked in Telugu, "Emi Antavu?" What do you say? I said that he might tell them that they were welcome to do so. Sri. Vengal Rao was a man of few words. He said, "Alright." There was stunned silence. The Govt. of India official rushed to my side and started pleading, "Sir; Sir." I told him a polite equivalent of, "Go to hell." Later we refused to send our officers for the discussions at Washington because I knew that no real discretion was left to the State officials at that stage.

Sri. Vengala Rao was a CM with whom I could do business on the phone. He phoned me some days later, and said in his cryptic manner, "Nenu Uppukunanu ayya." I rushed to him and asked him why he had changed his mind. He said, "Ammane line meedika uchindi ayya." "She herself came on the line." It was rare in those days for Mrs. Gandhi to speak personally to the Chief Ministers. It seems she said, "Vengal Raoji, I believe your officers have some objections to the World Bank conditionalities. I have told our officers to sort these out. So let your officers go to Washington." What weighed with Sri. Vengal Rao was that Mrs. Gandhi had spoken personally. And so our officers went. No conditions were changed. Years later the World Bank officials themselves realized that, as I had said, water was not flowing to those areas. Lining of the earlier reaches of the canal was then agreed to! At that time it was the Central Government that was interested in all such aid because they needed the foreign exchange. It made no difference to the States. It was because of this anomaly that Sri. C. Subramaniam later introduced the system of passing on a portion of such foreign aid as an 'additionality' to Plan assistance.

The Planning and Finance Departments were initially separate in our State and I was Planning Secretary. Whenever the State ran into an overdraft the initiative passed to the Finance Department, in the name of restoring financial discipline. At the time of Plan discussions, the Finance Department rightly gave a conservative estimate of the State resources and a certain Plan was sanctioned. But later, during the course of the year, whenever the Chief Minister wanted some unbudgeted schemes to be sanctioned, the Finance Department would agree. The credit for a positive approach in the current year went to the Finance department. The adverse effect of such unbudgeted expenditure fell

on the next year's plan. The Planning Department thus appeared to be either conservative or powerless!

Sri. V. K. Rao, ICS, then Advisor, and I were in Delhi In December 1973, for the Annual Plan discussions. Sri. Vengala Rao had come there to meet Mrs. Gandhi. Sri. Rao and I had seen in the newspapers that he had just been nominated as the next Chief Minister. When Sri. Vengala Rao joined us at the breakfast table we congratulated him. He turned to Sri. VK Rao and said, "Raogaru, I have decided to merge the Finance and Planning departments and make Vithal the Finance and Planning Secretary." Like a US President designate he was ready with his administrative changes even before he had taken charge at Hyderabad! I immediately guessed that Sri. Vengal Rao had sensed the present anomalous position of the two departments from his own experience and from what he had seen in the meetings of the Telengana Regional Committee.

The State had been fluctuating between a small revenue surplus and revenue deficit from 1956 onwards. This may have been partly due to prohibition during those years in the Andhra area. In passing I may add that this was also part of the reason for the Telangana surpluses. But that is another story, which I have related more fully elsewhere. (3) The State was constantly in Overdraft. Sri. Brahmananda Reddy had, in a tactical move, made a virtue of this by making it a proof of his weight with the Central Government. The Center, in a way condoned this by giving loans from time to time to cover the overdrafts and finally by consolidating such periodic loans.

As soon as I became Finance Secretary also and could take an integrated view of plan and non-plan resources, I explained to Sri. Vengala Rao that we could increase our plan outlays in the long run only if we had a firm foundation of our own resources. Otherwise we may appear to be making some immediate gains but would be ultimately slowed down. I made a kind of deal with him. I said that if he allowed me to cut the plan for two years, I would build up reserves such that in the last year of the Sixth Plan we would have an outlay equal to the entire previous Plan. He readily agreed because he liked clear and firm formulations like that. We achieved that goal. His technique for restoring financial discipline was simple. The Ministers used to try to short-circuit the Finance Department by suddenly placing proposals before the Cabinet. Sri. Vengala Rao would ask whether the Finance Department had agreed. If it had not, he would say, "Next item." In some cases he would turn round and ask me, "What do you say?" If I were hesitant he would ask the Minister to discuss it with me. A Minister once said in the Cabinet, "Sir, this Finance Secretary behaves as if he is giving us his own money." When Sri. Vengala Rao smilingly looked at me, I said, "Sir, should there not be one person among all of us, who spends government money as if it were his own money?" They all laughed.

The result of this was that we jumped from the previous revenue deficits to a Revenue Surplus in 1974. This surplus continued till the 1982-83 Budget, which was the last budget I prepared and plunged to a deficit after a decade. Those were days of Keynesian economics and running a surplus was considered conservative and out of fashion. During Coffee breaks in meetings at Delhi sarcastic remarks would be made. I was said to be financing the Govt. of India because we were holding Treasury Bills while Delhi was spending the money. Some of my colleagues carried these reports back to the CM. So I told Sri. Haksar, who was Dy. Chairman of the Planning Commission then, that I could also run a deficit if I was losing any Central aid by having a surplus. Sri. Haksar immediately called his secretary and other officials and told them that AP should not lose any Central Assistance merely because it was running a surplus. His confidence in our State was such that plan discussions, which normally used to take a whole forenoon, used to be over in half an hour. Once he asked me, "Vithal. What more do you want?" I said, "Sir; the coffee has not arrived." On another occasion Vijaywada Thermal Station, which was a new scheme had not been included in the Plan for want of resources. Sri. Vengal Rao was very keen on it. So he said, in his cryptic manner, "I want to take up the Vijaywada Thermal Scheme." The Commission officials explained that no resources were available for this. Sri. Vengal Rao said, "I will raise the resources." When the official was about to raise some point again, Sri. Haksar intervened to say, "Look, when Andhra says it will do something, it will do it. Don't labour the point." And Vijaywada Thermal Station was included and promptly completed and efficiently run thereafter!

In 1978 Dr. Channa Reddy succeeded Sri. Vengal Rao, after a thundering success in the elections. In some of his initial public speeches, Dr. Channa Reddy gave the impression that, where development was concerned, he would not care for financial prudence; but, in actual practice he was as prudent as his predecessors. During that first spell as Chief Minister he undertook certain administrative reforms to strengthen the Panchayath Samithis. He made them co-terminus with Talukas. His outstanding accomplishment was during a subsequent spell in 1989, when he again became Chief Minister after another thundering success in the elections. Dr. Channa Reddy made the World Bank agree, for the first time, to give assistance of Rs.700 crores for Cyclone Relief in Coastal Andhra. There was an interesting and inevitable regional spillover of this. Dr. Channa Reddy had appointed me Dy. Chairman of the State Development Board. On return from the USA, he asked me what the reaction to this achievement had been, I told him that our Telengana friends were asking me for a Cyclone in Telengana, so that they also could get World Bank Assistance! According to our convention, we had to provide for Telengana half of any amount allocated to the Andhra Region. It was at this juncture that we thought of the Remote Areas Development Fund and Sri. Ramakrishna Hegde,

Dy. Chairman of the Planning Commission agreed to provide Rs. 100 crores additional assistance.

Sri. Hegde was a reasonable person and was a good friend of Dr. Channa Reddy. I also came to know him well because I, as Planning Secretary, had to receive him, as Finance and Planning Minister of Karnataka whenever he passed through Hyderabad on his way to Bidar and Gulbarga. Sri. Hegde became Dy. Chairman in 1989, when the Congress was defeated at the Center, but had come back to power in Hyderabad again under Dr. Channa Reddy. The Congress Government had prepared an approach for the next Plan before they went out of power. The new Union Government prepared another approach paper, which was to be discussed at the National Development Council. (NDC) I found nothing in this approach from which we needed to differ. I, therefore, prepared a speech for the Chief Minister generally supporting this approach. Dr. Channa Reddy was in the USA for medical treatment and Sri. Rosiah was deputizing for him. I alerted both of them to the implications of the positive approach that I was proposing. When we sent the draft speech to Dr. Channa Reddy he agreed without any changes. The AP CM speaks first in the NDC discussions in the alphabetical order. We were one of the few Congress States and Dr. Channa Reddy was a major political figure. So the members of the Planning Commission were waiting anxiously to see what tone we would set to the deliberations. They were all pleasantly surprised when they found that we were constructive and generally supported their approach. Sri. Hegde and other members of the Commission congratulated Sri. Rosiah and Dr. Channa Reddy. All the Chief Ministers of our State kept up this tradition of taking a broad and constructive stand on all major developmental issues.

Thanks to the widely varying levels of development within our State and consequent regional complexities - not always complications - we have had considerable experience in Sub-State regional planning. We worked out the entire budget in terms of two regions, in consultation with the Auditor General. This required classification of all schemes into Statewide, Regional and District. We used this as the basis of district plans. A good framework for district planning had been worked out when the Collectors were designated district heads of departments for development departments. This was effective district planning, but was not democratic de-centralization. Unfortunately we could not take that last step towards local planning, because the political will to empower the local bodies was not there. This, in a State where three Chief Ministers had been either President of the District Board or Chairmen of Zilla Parishads and two of them went on to become Union Ministers. Nevertheless, we had long and well-recognized experience in regional planning. The Dy. Chairmen of the Planning Commission during that period, Sri. PN

Haksar from 1975 to 1977 and Dr. DT Lakdawalla from 1977 to 1980 were always forthcoming in appreciating this work done in our State.

The institution that made us look at developmental issues of a region within the context of the State as a whole was the Telengana Regional Committee, (TRC) during the period it was in existence. This was a Committee of the Assembly provided for under Art. 371 of the Constitution, which applied to the States of Andhra Pradesh, Maharashtra and Gujarat till 1-7-1974, when by the Thirty Second Amendment, Andhra Pradesh was deleted. This Committee did a remarkable job of direct legislative participation in the planning process as well as of effective legislative control over public expenditures, in so far as both these related to Telengana. These are tasks that the Estimates Committee and the Public Accounts Committee are normally expected to perform. The TRC played a direct and responsible role that had never before been seen. This was due partly to the political situation then, to the importance the Government attached to the recommendations of the Committee and partly due to the interest and dedication of the members concerned, in particular, the Chairman of the Committee, the late Sri. J. Chokka Rao. For two of these years the AP Budget was also broken up into a Telengana and Rest of the State portions. This was a unique experiment in the Country, which had no precedent. It, therefore, required close and constant cooperation between the Committee, the Finance Department and the Accountant General. Of course, it required the full support of the Chief Minister (initially Sri. Brahmananda Reddy and later Sri. P.V. Narasimha Rao) and the Cabinet, which was available in full measure. More details of the work of the TRC are given in the Working Paper of mine published by the Center for Economic and Social Studies (CESS).( 3)

The abolition of the TRC was, in my view, ill advised and I had expressed this view even then in a note I submitted to Sri. HC Sarin, who was Advisor during President's Rule. I have given this note in full in the paper referred to above. I may, however, quote here the last para of that note:

" The Regional Committee is essentially a political device. The question whether it ought to be continued or it can be abolished has to be decided on considerations of political feasibility or expediency. It would, therefore, be a futile exercise to try and justify either the continuance or the abolition of the Regional Committee on the basis of its performance as a development body or on the basis of the relative merits and demerits of alternative development bodies for either the regions or the backward areas. In this view of the matter, no alternative body can possibly give the same political satisfaction as the Regional Committee as it is at present constituted. If it is felt on purely political considerations that this body could or ought to be abolished no purpose

will be served in trying to examine what alternative body would reduce the consequent dissatisfaction to the minimum. To use dialectical terminology, the abolition of the Regional Committee will be a qualitative change in the situation which cannot be quantitatively compensated. Once the Regional Committee is abolished, it would be best to look at the question of the alternative bodies to be devised on purely rational considerations of efficient planning rather than as adequate or attractive substitutes for this body." (7-4-1973)

In the event, the TRC was abolished and the State Government set up three Regional Development Boards. Subsequently, sometime in 1985 or so these Committees were abolished. Whether or not these Committees gave satisfaction as Regional bodies, their existence did give a great fillip to regional planning in our State. Earlier, we had done a great deal of work on spatial planning with the help of the Geography Department of the Osmania University. Dr. VLS Prakash Rao had done work on identifying backward areas. Since the Samithis at that time covered large areas, an exercise was done to identify Service and Market Centers within the Samithi. Dr. Manzoor Alam and Dr. Afzal Mohammad prepared a Planning Atlas of our state in collaboration with the Survey Of India. All this work became useful later when the Samithis were re-organized into a large number of Mandals. We had two professors from the University of Normandy (France) who brought pioneering software, which visually displayed data on maps with a view to making planning decisions at the local level easier. Dr. Venugopala Reddy who joined the Planning Department then did pioneering work in preparing a regional Plan for Rayalseema. This was followed by similar plans for the other two regions. The identification of backward areas, which had been done earlier on a Statewide basis, was repeated on a Regional basis.

The distinguished scientist Dr. Nayudamma was a expert member of the part-time State Planning Board we had those days. When he became Director-General of the Council of Scientific Research he wanted to bring together the scientists in our various National Laboratories to prepare a Science-based development plan for a selected District. He asked me to help select a Bloc for this purpose in our State. I suggested Karimnagar. It had always been known as being most typical of Telengana. But it was not predominantly tribal like Adilabad, nor predominantly feudal like Warangal or Mahbubnagar, nor too near the City like Medak. It was purely coincidental that I had been Collector of that district way back in 1957 or that, in that very year Sri. PV Narasimha Rao had been elected for the first time to the State assembly! A Science based District Plan was prepared under the personal supervision of Dr. Nayudamma and was implemented for some time. But, like all plans it seems to have been later forgotten. In all planning work of this type AP was in the forefront in the Country.

Our State was at the bottom of the South Indian States in respect of various indices of human development, which today constitute what is called the Human Development Index. We always recognized this, but still chose to go ahead with giving greater priority to the irrigation and power sectors. In the Soviet model, which was considered at that time to be the inspiration for our five years plans, priority was to be given to the primary sectors so that the country and the people may have economic security. Since Irrigation and power provided the basic infrastructure for both agriculture and industry these were given the first priority. Sectors concerned more directly with human development were, at that stage, given the next priority. The argument that education was also part of the economic infrastructure and not merely part of the social superstructure had been overlooked! By 1982 we had begun to recognize this. However, at this stage, Social Welfare programmes were given priority over education and health, within the social service sector. Once again education and health suffered.

The World Bank published a Study on the Andhra Pradesh economy in January 1997. In this Study, 1980-81 was taken as the benchmark year. In 1980-81 the total expenditure of the State was 17.1 per cent of GSDP. There was a Revenue Surplus of 1.3%, which partly financed the Capital Expenditure of 4 % leaving a Fiscal Deficit of 2.7 %. This means that the entire borrowing was for Capital expenditure. The expenditure on Education was 18.6, on Health 9.9 and on Welfare Programmes 10.9. In 1986-87, the Total Expenditure jumped to 22.6, with a Revenue Deficit of 1.1 and a Fiscal deficit of 4.9. But Capital Expenditure fell to 3.7 %. This means that loaning was diverted to meet the Revenue deficit. Expenditure on Economic Services fell from 35.5% to 26.9%. The expenditure on Welfare Programmes, increased from 10.9 % in 80-81 to 22.9 in 86-87. But the expenditure on Education fell in 1986-87 to 14.8 % of GSDP and on Health to 7.6%. The expenditure on Welfare Programmes increased further to 27% in 1995-96, but expenditure on Education fell further to 14.2 and on Health to 6.7. Expenditure on education and health as a percentage of total expenditure has not so far exceeded the levels of 1980-81.

Those who support the sharp increase in the allocation for Welfare Programmes at that time, justify it on the basis of the food subsidy scheme of AP. They attribute the spectacular fall in rural poverty in AP to this scheme. There had indeed been a dramatic fall in rural poverty. However, it will be seen that the fall in percentage of those below the poverty line has been steeper, both in the rural and urban sectors, in the decade ending 1983 than in the next decade. Whereas the 2 Rs.a KG Scheme and other populist social welfare schemes were all introduced after 1984. The Poverty Percentage in Rural areas fell by 21.9 points between 1977 and 1983, while it fell by only 10.6 points from 1983 to 1993. Similarly urban poverty also fell by 12.3 points from 1973 to 1983, where it remained stationary in the next decade.

My own view is that this was due to the enormous emphasis we gave to irrigation in the decades prior to 1984. Irrigation directly benefits those who own land. But it also has a spread effect on the rural economy because of increased agricultural wages and increased purchasing power in the rural sector. Schemes that increase these will have more long-lasting effects on the poor than mere subsidies like the 2Rs a KG Rice Scheme. The figures given above are admittedly disputed. There is a controversy about whether rural poverty had fallen in AP as sharply as reflected in these figures. Nevertheless, whatever figures are adopted, they do not refute this contention. For this reason I am optimistic about the spread effects of the recent guaranteed employment scheme and the large irrigation projects now being taken up once again in our State. The result of this period was that we lost the initiative we should have gained in the agriculture sector but did not gain the advantage of making good in the human development sectors we had neglected.

As I look back what do I see? First, I must be objective enough to clarify where I stand, because what one sees depends on where one is standing. I was deeply involved in planning in AP not merely as a civil servant, but also as a son of the soil - though urban soil! I do not regret the priority we gave to irrigation and power for most of the first thirty years. We were an agricultural State and irrigation was its lifeline. We the lower riparian State in every river and we had to establish our claim earlier. Having utilized Krishna waters we had to take break before paying attention to Godavari because of the magnitudes of that river and the complexities of its basin.

However, one point has to be made about the decade after 1984. This was the period when the identity for which the Andhras had struggled from the beginning was, at last, established. When I left in 1982, we were still Madhras, although AP had been in existence for nearly three decades. In 1984, I was in Khartoum and even there the people knew that I came from a State where a charismatic actor had defeated the great Mrs. Gandhi! The Andhras, always known for their exaggerated sense of self-respect were happy to pay any price for this. This was also a period of genuine restoration of local self-governance. Women were empowered by reservations in these revived bodies. Services in the rural areas improved as a result of the Mandal re-organisation. Women's movements benefited from the Self- help groups set up. Literacy among women had not gone up sufficiently enough to reduce the gap between AP and other Southern States. But the tremendous awakening among the women of AP that took place during this period seemed to show that the empowerment of women can have the same social effects as literacy. In AP this seemed to have manifested itself in a fall in Fertility Rates, to the surprise of famous experts who were searching for it in Literacy statistics! This did not however come as a surprise to those who had worked in our rural areas. We had seen in the past, particularly during the Freedom Movement and later during the Communist Movement in Telengana,

that political awakening does not wait for literacy. Literacy is as much a consequence of political awakening as its cause. If it is there before a political struggle, it makes it more focused. If it arises after it, it may well be frittered away in drawing room criticism or inner-party rhetoric of political parties or find trivial expression in consumerism and pornography!

A brief period of this euphoria would have seemed natural and excusable. But much time and resource was wasted in this excusable diversion. The responsibility of the State to the poor and deprived even under the regime of the new economic reforms was not sufficiently appreciated. This resulted in a withdrawal of the State from areas where, in fact, its responsibilities had increased in the new competitive, market economy. As I have pointed out above, the fall in rural poverty in AP up to the Nineteen Eighties has, in my view, been due to the priority we gave to irrigation at that time. In the latest shift of priorities primacy has now again rightly been given to irrigation. This will once again have a positive impact on rural employment and poverty. But, the large irrigation projects have long gestation periods. Even when their benefits begin to flow they will not directly benefit all sections of rural society. Considering that, in spite of the fall in AP in the percentage of those Below the Poverty Line in the rural areas, a majority of the poor will still be in these areas, a direct attack on rural poverty is needed. The Employment Guarantee Scheme provides an effective instrument for this. However, the successful implementation of this scheme will require the active involvement of the Panchayathi Raj (PR) bodies. But, in no State is the political party in power at the State level necessarily in control of all these bodies in that State. The parties in power in the States take most of the credit for Central schemes. Similarly, the party holding the local body will take the credit for this scheme at the village level. Therefore, will the party in power in any State allow the patronage that will necessarily go with this scheme to accrue to other parties?

This is the problem the MLAs also have. If the PR bodies are fully empowered and they do a good job, what credit can the MLA claim when he goes to the people at the next election? The argument that he is supposed to be making laws in the legislature, for the benefit of the people, does not hold because there are hardly any laws in this country, which the people directly perceive as being for their benefit. At best they benefit some well-meaning NGO. The Parliamentary Constituency is large enough for the MP to afford to be somewhat distant from it. He can also ride out the elections on the shoulders of the MLAs. But, the MLA is too close to the people for this. He has to establish his own identity, even if he belongs to the same party as the local body official. This is the reason the MLAs and MPs have to be given Constituency Funds, so that they can at least give some bakshish to their people during their visits to their Constituencies! Schemes will be better implemented if the MLA is also in charge of the local body in his Constituency. But then, as in the USA, it will become impossible to dislodge incumbents.

In our State, at one time, MLAs could be also PR functionaries. The PR bodies functioned very effectively at that time and many Chairmen ZPs later became Ministers and even Chief Ministers. But the Constitutional amendment has not permitted this. The political problem here has to be faced and resolved if any statutory programs are to be effectively implemented in the rural areas.

The share of the agricultural sector in the total economy has fallen much more steeply than the percentage of the population in the rural sector. This results in the relative impoverishment of the rural people. Even if the agricultural economy improves, it will benefit only a section of this rural population. The Employment Guarantee Scheme is an essential safety net. It cannot, however, by itself correct the basic imbalance between the urban and rural sectors. That requires a shift in the nature of employment provided in the rural sector. If people are to adjust to such shifts in the nature of employment they require education. This adds a new dimension to education in the rural areas. The only abiding guarantee for the poor to get out of the evil circle of lack of opportunity and poverty is a guarantee of education and health. While the recent shift in priorities in our State to irrigation is welcome, there seems to be continued neglect of these two sectors. (Table IV) For the first time, we have yielded even our middling rank to a North Indian State - Rajasthan. The neglect of physical infrastructure can be remedied by heavy investment and new technology. But when education and health are neglected a whole generation is irretrievably lost. There is still time for corrections in our priorities. But the proper order of priorities must first be recognized. Every journey does begin with the first step. But you have to wake up before that first step. Otherwise you will be sleepwalking over a whole generation!

We did not have Visions in those days. But we did have Perspective Plans. A Perspective has to project from the present. It is a view of the future as moored in the present. A Vision is hitched to the horizon. Its moorings are in the head, not even in the will. "I have a Vision" is one step behind saying, "I have a dream." One of our concretized dream in those days was the Nagarjunasagar Dam. It was a marvel of our own indigenous engineering. The structure under construction was criss-crossed with bamboo ladders on which thousands of laborers carried head-loads of material. From the distance it looked like ants on the march and was immortalized in many posters and movies. A measure of that engineering achievement can be had when you walk through a tunnel inside the dam. There a pendulum hangs from the top to indicate how far the dam can swing depending on the pressure of the wall of water on one side! There inside that tunnel, separated from a column of water a hundred feet in depth by the cement dam, you suddenly realize what Panditiji meant when he said that these were our new temples. In a real temple God protected the believer from an equally forbidding column of life's calamities!

Today, every dam is a picture of protesters. The Cyber Towers are the new temples. People are not crawling like the ants of yore, but are rushing like bees to well-paid work in the Towers, which are their hives. The Queen Bee is across the oceans and they work to her time. We are told this is Knowledge Revolution. But I wonder if the laborers of Nagarajunasagara did not understand more of what the dam was about and how it was being built than these IT persons understand of what their BPO is about and how their machine works!

When one looks back, time comes on the X-axis and various indicators of our own development come on the Y-axis. There is no comparison with others. One's own condition over time is compared. The resulting graph is comfortingly upward sloping! I had pointed out in 1973 that, "The comparison the Hindu mind makes is along the fourth dimension of time. A man compares his present condition with his own previous condition. In economic terminology, he is concerned with his own secular trends and not the Lorenz Curve." It is against this background that I had said then that a target of 3 per cent rate of growth of per capita income was "the range within which alone the Hindu view of life will hold." (4) This came to be described as the Hindu Rate of growth. Young people, on the other hand, tend to put different States on the X-axis. The result is not flattering to us!

We cannot, of course, escape our responsibility for this. Who the 'We' are depends on how young the questioner is. All radical questioners are not exactly young! Am I not disappointed as I look back? Of course, I am. I had participated in the Quit India movement in 1942. By 1948 I was already disappointed with Panditiji for having joined with civil servants. By 1950 I myself was a civil servant and so it goes on. Only a few are lucky enough to be never responsible and always disappointed! Truly great as he was, Panditiji only claimed, even on 15th August 1947 that, "now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially." To quote his favourite poem, "But I have promises to keep; / And miles to go before I sleep." Lesser mortals like us cannot claim even this. We can only say that we did our best and then rest our case with the Gita!

**References:**

1. Vithal, B.P.R. Vithal & M.L. Sastry, The Gadgil Formula. CESS, Hyderabad. 2002. Note on p.33
2. *ibid.* Note on pages 104-105
3. Vithal, B.P.R. The Telengana surpluses - A Case Study. Working paper No: 44. June 2002. CESS. Hyderabad
4. Some Philosophic Aspects of the Approach. Najinyanupi (pseudonym) Economic and Political Weekly. Vol. VIII Nos. 4,5,& 6. Annual Number February 1973. pages 141,143

**Note:**

1. When Sri.V. Hanumantha Rao asked me in the year 2000 to write an Overview for a volume he was bringing out on the development of the State, I agreed because I thought that my experience of planning in AP was still relevant. I was effectively in charge of the planned development of AP from 1964 to 1982 working directly under every Chief Minister of that time. Again, from 1989 to 1994 I was Dy. Chairman of the State Planning Board and Chairman of a Research Programmes Committee. However, since then AP and I have drifted apart! Therefore, when Sri. Hanumantha Rao again asked me this time, I wanted to be excused from writing this chapter. But he has, as usual, been insistent. He is too long-standing a friend of mine for me to displease him. I would rather that the readers misunderstand what I write than that he should be unhappy with my not writing for him. The way out was to call this chapter, "Looking Back".

I may no longer be an expert, but no one alive can look at planning in AP as far back in one's own memory as I can! So, I thought I might take one last look. I have kept no notes for me to refer to. My memory might have played tricks with me. I am, therefore, willing to stand corrected on any issue.

2. In 2002 Sri. Swaminathan helped me write the Overview. This time also he helped me with various data and references. I could not have ventured to write this without the assurance of his help, despite his indifferent health.

3. Dr. Mahendra Dev, the then Director, CESS gave me a copy of his own contribution to this book, which helped me formulate my ideas and reflections.

4. Sri. C.Ravi of the CESS also helped with data and a number of tables.

5. Prof. C.H. Hanumantha Rao, Chairman, CESS and Dr. Mahendra Dev, Director, CESS were good enough to read through a draft of this paper and give their valuable suggestions.

I am grateful to all the above friends and colleagues.

March 5, 2006.

## Errata

Inside cover page	-	'Malawi' in place of Malawai
pp 1	-	2010 in place of 2000
pp 59	-	'surpluses' in place of surl uses
pp 67	-	'sectoral variations' in place of sect dralvariations
pp 83	-	B.P.R. Vithal in place of B.R.R. Vithal
pp 85	-	'never' in place of nerver
pp 87	-	'only' in place of obly
pp 87	-	'inertia' in place of intertia
pp 88	-	'kishan' in place of krishna
pp 90	-	'Bombay' in place of Bomaby
pp 92	-	'sindh' in place of slind
pp 94	-	'independent' in place of independence
pp 94	-	'lift' in place of left
pp 97	-	'cites' in place of cities
pp 100	-	'hallowed' in place of haloed
pp 101	-	'to' in place of tu
pp 102	-	'why' in place of whey
pp 103	-	'pannikar' in place of pannikhar
pp 105	-	'1956' in place of 1995
pp 110	-	'Bhakra' in place of Bhaka
pp 113	-	where is the graph?
pp 114	-	'Panchayat' in place of Panchayth
pp 116	-	'in existence' in place of inexistence
pp 117	-	'service' in place of servie