



Government of Chhattisgarh

Speech of

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**Hon'ble Prime Minister, Deputy Chairman Planning Commission, Hon'ble Central Ministers, Chief Ministers, distinguished members of Council and friends.**

2. We have assembled here today to deliberate on the strategy paper for the Eleventh Plan. Our 10th Plan journey has been reasonably satisfactory. With robust growth in the manufacturing and service sectors and improved fiscal performance, we have been able to achieve the overall GDP target of 7% as well as the sectoral targets. The transition to the 11th Plan period will, therefore, be relatively smooth.
3. In the regional conference at Kolkatta, we had expressed our views on the draft approach paper prepared by the Planning Commission. I am happy to note that most of them have been incorporated in the final draft. However, the theme of equity promoting role of central planning which was so emphatically brought out in the mid-term appraisal report of the 10<sup>th</sup> Plan should have been properly weaved into the strategy paper for the 11th plan. To quote from the report *"the centre has an important role to play in promoting balanced development in which all states and regions within states, have the opportunity to develop evenly. As the economy has increasingly integrated with global economy, the centre may be required to play a stronger equity promoting role"*. I am sure the central planning process will take care of the demands of the less developed states.
4. Sir, the projected 4% agriculture GDP growth for the Eleventh Plan period is ambitious, yet achievable. However, certain critical issues need to be adequately addressed. I would like to highlight a few of them.

4.1 Chhattisgarh's irrigation potential is 28% as against the National average of 48%.

In order to bridge this gap, Chhattisgarh should be accorded special dispensation under Accelerated Irrigation Benefit Programme (AIBP) as in case of special category states including the newly created state of Uttaranchal which receives 90% grant under this scheme.

4.2 Another major constraint in creating additional potential through major and medium irrigation schemes is the forest clearance procedure. It has now become impossible for us to take up any such scheme because of vast area (44%) under

forest cover. We have, therefore, undertaken an integrated project to construct large number of small annicuts/ diversion weirs and subsidise the cost of lift irrigation including the cost of energisation of pump sets by individual farmers from our own budgetary resources. Unfortunately, such schemes have not been included for financing under AIBP on the ground that they do not yield direct irrigation benefit. I would, therefore, urge that Planning Commission should have a re-look on this issue and make such projects eligible for financing under AIBP.

4.3 Yet another impediment is the additional cost component of Net Present Value (NPV) being charged for the projects involving forest land. In case of minor irrigation projects, sometimes the cost of NPV exceeds the capital cost of the project, thus making the projects unviable. I would strongly urge the Planning Commission & Central Government to take up this matter with the Supreme Court and get the conditionality relaxed, at least for the irrigation projects of such states which have the forest cover much higher than the national average

4.4 Sir, we welcome the initiative of the Central Government to bring 10 million hect. under assured irrigation in next four years under Bharat Nirman Programme. To achieve this objective, funding under AIBP has to be stepped up adequately and since the return on these investments are meagre, resource flow has to be primarily of a non-debt creating nature. In order to achieve the projected target by 2009, the funding norm of AIBP may be further relaxed to include all such schemes which can be completed within next 2 years.

4.5 Rural credit is an important critical input and the credit flow has to take a quantum jump if we are to achieve the 4% growth target in agricultural GDP. In this context, following issues need serious consideration :

- Central Government has recently decided to extend financial assistance to NABARD, Commercial Banks and RRBs for facilitating concessional short term agricultural credit at 7%. However, the total allocation of NABARD is only Rs.

14,000 crore, out of which Chhattisgarh's share has been pegged at a meagre Rs.142 crore i.e. 1% percent of the total. This needs to be increased substantially, considering the large percentage of small and marginal farmers as well as the huge gap in irrigation potential.

- The agricultural credit flow through commercial banks is highly inadequate in Chhattisgarh. This needs to be augmented by increasing their branch network.

4.6 We welcome the suggestion in the approach paper to set up a Stabilisation Fund by the Centre for automatic write-off of farm debt. I would urge the Central Government to work out the details of the scheme expeditiously for early implementation.

4.7 The emphasis on implementation of Minimum Support Price Policy for various crops is apt. However, this should be extended to non-traditional crops also and the procurement agencies of Central Government, i.e. FCI & NAFED need to be adequately sensitised to the needs of the farmers and take proactive steps in procurement when market prices slide below the MSP level.

4.8 Seed is the most critical input for improving productivity. The availability of parental line of various hybrid seeds is the main impediment for their multiplication at the field level. Central Government's research institutions should make available to the state seed corporations various parental lines along with proven technology of multiplication so as to make available seeds to the farmers at affordable prices

5. The approach paper talks about dereservation of small scale industries so as to make the Indian industries globally competitive. While the strategy may be relevant in the present day context, I would suggest that the policy be implemented in a selective and phased manner and while doing so, past experience of dereservation in specific sectors should be taken into

consideration.

1. Phasing out of CST under the VAT regime must take into account the revenue loss of high manufacturing but low consuming states like Chhattisgarh and provide for suitable compensation mechanism. Sir, while almost all the states have now switched over to the VAT regime and discontinued with the industrial incentives, the Central Government continues to extend fresh excise duty exemptions in certain regions which create distortion in inter-state trade and adversely affects industrial investments elsewhere. I would urge the Central Government to stop this.
  2. The Approach paper has rightly focused on the inadequacies in credit delivery to small and medium enterprises. Urgent remedial measures need to be initiated so as to sensitise the Managers of the Commercial Banks and Financial Institutions to the credit requirements of the SMEs
6. It is an irony that Chhattisgarh and its neighbouring mineral rich States continue to be the poorest States in the country. Due to absence of agriculture based activities in the mineral bearing areas, the mineral based industry alone can bring about improvement in the living standards of the local inhabitants. The policy on minerals should appreciate this need and address the same.
1. We agree that the process of mineral exploration in the country needs to be accelerated by bringing in the latest knowledge and technology. The recommendations of the High Level Committee on National Mineral Policy concerning the States were discussed at the meeting of the Mineral Advisory Council held last month. At the said meeting, Chhattisgarh and other States expressed their views on the recommendations of the Committee and the areas in which States have a different view point were high-lighted.
  2. Sir, I and my colleague Chief Ministers have written to you requesting that Govt, of India should have discussion with the mineral producing states to arrive at a consensus before finalizing the changes in the policy and the legal regime for the development of minerals. I am glad that the Union Ministry of Mines has recently held discussions with the representatives of the mineral producing states in this

regard. I would again like to urge that the new mineral policy and the legal amendments should be finalized after arriving at a consensus to see that the overall development objectives and targets of the mineral sector are met without adversely impacting either the jurisdiction of or the ongoing process of industrial development in the mineral owning States.

7. 12th Finance Commission and the Planning Commission have recommended for introduction of ad-valorem royalty regime both for mineral oils and minerals. Central Government, on demand of the oil producing states, have agreed to 20% ad-valorem royalty for onshore crude oil with retrospective effect from 2002. May I, therefore, take this opportunity to request you again Sir, to put in place fully ad-valorem royalty for coal at the earliest. Moreover, the revision of coal royalty rates overdue since 2005 should be effected immediately so as to improve fiscal health of the states.
8. The Public Private Partnership model spelt out in the approach paper for accelerated infrastructure development seems to favor the developed states which are in a better position to recover the gap in cost. In my view, uniform application of 20% ceiling on viability gap funding limits the scope of flow of private investment to backward regions like Chhattisgarh and you would appreciate that such conditionality will further widen the gap in infrastructure development between the developed and the underdeveloped states. I would, therefore, strongly recommend that Planning Commission should re-examine this issue and a differential viability gap funding norm be worked out for the backward regions.
  1. The Approach paper lays stress on BoT route for National Highway development. This model is unsuitable for states like Chhattisgarh as most of the NH pass through a number of small towns and would be either financially unviable or could cause considerable hardship to local population with their given income profile. In my view, BoT approach should not be uniformly applied to all states and there has to be a separate criteria for underserved states.
9. Sir, I would like to reiterate my concern already expressed in the last NDC meeting over the recent circular of the Ministry of Railways to give priority to projects in which state governments agree to share 50% of the project cost. This approach is unfair as the centre has

been entrusted with the constitutional responsibility of developing railway network in the country and it goes against the spirit of horizontal equity in development among the states. It is a pity that railway network density in Chhattisgarh is a meagre 0.77 km per 100 km as against the all India average of 1.92 km, although one zone i.e. Bilaspur alone contributes nearly 13% of the total revenue of India Railways. I would, therefore, request you to urgently intervene in the matter and impress upon the Ministry of Railways to withdraw the circular and accord priority to complete the projects in underserved regions.

10. Now, I come to the power sector. The approach paper has aptly brought out the huge demand - supply gap in the energy sector and the urgent need to increase generation capacity during the Eleventh Plan period. You will agree that pit-head generation is the most cost effective strategy. However, it carries with it the negative aspect of environmental pollution. Therefore, suitable package of incentives should be provided to the coal bearing states in order to encourage additional capacity generation at a faster rate. National policy allows 12% free power to the host state in case of new hydroelectric power projects. I would recommend that the same incentive should be extended to the coal based power projects as well.

1. In addition to capacity augmentation, we must emphasise on renovation and modernisation of existing power plants. Towards this objective, Central Government needs to take a policy decision to allocate additional central sector power to states during outage, as an incentive, so as to encourage them to undertake renovation and modernisation work on priority.
2. I would like to reiterate certain shortcomings in the Rajiv Gandhi Gramin Vidyutikaran Yojana. As per the existing norm, hamlets with population exceeding 300 are to be covered under this scheme and if this norm is to be followed, nearly 90% of hamlets in Chhattisgarh will be left out from connectivity as most of our tribal hamlets are small and scattered. Therefore, the population guideline needs to be relaxed to 150, keeping in view our low population density (154 as against 324 all India).
3. Similarly, the funding norm of Rs. 1 lakh per habitation for connectivity is unsuitable for states like Chhattisgarh with area under forest (44%) which adds to

the cost of laying distribution network. In view of the constraints of forest cover, funding guidelines under the scheme should be suitably upscaled.

4. I would also suggest that assistance under APDRP should be continued under Eleventh Plan period also.
11. We have undertaken an ambitious programme for biofuel development in Public Private Partnership (PPP) mode. We have undertaken Jatropha plantation in 96,000 ha. which will be expanded to ten lakh hect. in the next 5 years. We have also fixed minimum support price for procurement of seeds. The Central Government on their part, needs to urgently firm up a National policy containing long term fiscal regime for biofuel development.
12. Let me bring to your notice the critical funding requirement of the new state capital. Raipur is the only city selected under the JNNURM. However, it does not cover the infrastructure needs of the proposed new capital "Naya Raipur" to be located at a distance of 15 km from the old city. Although we have received allocation of Rs. 200 cr. from the TFC, it is too inadequate for the purpose. I would request that the funding guidelines of JNNURM may be » suitably amended to include development of new capital city also.
13. Although Sarva Shiksha Abhiyan model has proved quite successful, it has not adequately addressed the problem of high drop out rate in remote tribal areas. Our experience in the last three years has proved the residential school to be the most successful model in these areas. However, the existing SSA guidelines do not cover these schools. I would, therefore, request that infrastructure cost of residential schools should be made eligible for funding under SSA.
  1. 13.1 Sir, the present SSA funding pattern of 75:25 is proposed to be changed to 50:50 from the 11th Plan period. This will adversely affect our Plan resources. In the past, we have emphasised th to continue the funding pattern in the 11th Plan and beyond, keeping in view the additional resources (8071 cr. as per 2006-07 BE) to be generated from 2% Education Cess, but no decision has yet been communicated by the Central Government. The issue needs to be settled urgently.
  2. 13.2 The approach paper has rightly emphasised the need for SSA-2 mission to cover secondary education. As per current data, while 97% of children are enrolled in schools at primary level, only 20% of them complete secondary



education. Thus, nearly 4/5th of the children are deprived of their right to education till the secondary level. In this background, the SSA-2 mission needs to be implemented at the earliest. The policy framework should also take into consideration the need for giving financial aid to privately run secondary schools and thus avoid duplication of institutions.

14. The concept of upgrading one State University to Central University as envisaged in the approach paper is welcome. We would urge the Central Government to work out the details of the scheme expeditiously.

15. National Rural Health Mission is a step in the right direction to improve health services. However, the scheme has not addressed the problem of critical gap in health infrastructure, particularly in the backward states. In states like Chhattisgarh lack of health infrastructure in the form of sub-centers, PHCs, CHCs as well as residential accommodation for doctors continues to be an important bottleneck affecting health services in remote areas. While we have been trying to bridge the gap through our own resources, the process will take a long time because of resource constraints. I would, therefore, suggest that NRHM guidelines be amended to cover funding for creation of infrastructure with a 33% ceiling of total allocation as in case of SSA.

1. As per the existing NRHM guidelines, Central Government funds one female health worker in a sub-center covering population of 3000 in tribal areas and 5000 in others. This is inadequate, keeping in view the scattered location of the tribal hamlets. It would be in the interest of the overall objectives of the scheme to provide and fund for an additional female health worker.
2. As per the funding pattern under State Illness Assistance Fund, Central Government is to contribute 1/3rd of the State's share. However, this has not been forthcoming and as a result there is a huge gap in resource pooling. Central Government should, therefore, step up its contribution.
3. There appears to be an urgent need to provide health insurance cover for all BPL families. A few States have worked on this, but a successful health insurance scheme is yet to emerge. I would suggest that Central Government may take the

initiative to design and implement a uniform healthcare insurance scheme under NRHM.

4. In spite of our persistent efforts, availability of doctors for the rural areas continues to be a major challenge. I am sure, the position would be similar in other states also. In the past, the State Government had started a 3 year medical course but this could not get recognition from the Medical Council of India. Central Government needs to examine this issue seriously and take a favourable decision.
  5. We welcome the suggestion to start Sarva Swasthya Abhiyan to cover the needs of the urban poor, particularly the slum dwellers. I would suggest that this be dovetailed with JNNURM.
  6. Sir, the human development goals projected for the Eleventh Plan are ambitious and it may not be easy to achieve these targets, considering the current status and resource constraints of states. Therefore, the fund flow under central government schemes in these sectors must be stepped up substantially.
  7. Chhattisgarh is one of the few states without CGHS facilities. In view of presence of number of Central Government offices I would request you to start CGHS facilities in Chhattisgarh also.
16. For effective implementation of the Integrated Woman & Child Welfare Programme, we need to provide adequate infrastructure. Presently, more than 15,000 Anganwadis in Chhattisgarh are without buildings. The State Government is trying its best to bridge this huge gap through its limited resources. I would suggest that the Central Government should come forward and share the burden at least on a 50 : 50 basis.
17. Existing norm of PMGSY covers habitations with population exceeding 250. As per this criteria, 39% of the habitations will be excluded from the scheme as they are within the

population range of 100-250. In view of the typical geographical spread of Chhattisgarh, the norm needs to be scaled down to atleast 150.

1. Sir, I would like to place for your consideration the long standing problem in PMGSY connectivity involving forest land. Since nearly 44% of our land area is under forest cover, progress in rural road connectivity has been and will continue to be severely affected unless the existing forest conservation rules are relaxed. Central Government (MoEF) has already made conditional relaxations in the provisions of the Forest Conservation Act in respect of certain categories of constructions like schools, dispensaries / hospitals, drinking water, police stations etc. I would suggest that construction of roads under PMGSY involving diversion of forest land upto two hectares should also be covered under this relaxation and State Government be delegated the power to take a decision in such matters.
  2. Eleven out of 16 districts of Chhattisgarh are included under EGS. Five districts namely Raipur, Durg, Mahasamund, Janjgir and Korba, which have been left out, have the maximum reported figure of migration of agricultural labourers. I would, therefore, request that these districts should also be included under the scheme.
  3. The administrative units at the zilla panchayat and the state directorate level need to be strengthened so as to handle direct transfer of funds to panchayats and monitor progress of Backward Region Grant Fund projects.
  4. There is large variation in the rate of interest charged by banks for SJGSY loans which ranges from 8.5% to 13%. As this programme is for rural poor, banks may be urged to rationalise the interest rate to 8.5%.
18. The emphasis on creating additional job opportunities in the unorganised as well as rural and village industry sectors is appropriate. We must ensure that creation of new jobs keeps pace with growth in GDP. Fund flow in the rural and village industry sectors particularly in skill upgradation and creating better marketing facilities must be stepped up. Besides, the banks should be sensitised towards the critical credit needs of these sectors.
19. Another important area is the women SHGs sector. Their number has grown over the years, but credit linkage is highly inadequate and must be expanded.

20. While the approach paper talks about the strategy of inclusive growth, it has not properly addressed the critical issues concerning tribal population. Sir, in this regard I would like to place a few facts before you. Sixty percent of our area is under Fifth Schedule. Tribals constitute 32% of our population. 10 out of 16 districts are affected by left wing extremism. These areas are low in all human development indices. Sizeable number of tribals is dependent on Minor Forest Produce for their livelihood. While the State Government has undertaken the responsibility to procure major forest produce and also distributing bonus, it has not been possible to extend the same facility to minor forest produce because of inadequate resources. In order to achieve the goal of inclusive growth, the Central Government must come up with a comprehensive policy on procurement of MFP on support price as in case of agriculture produce.
21. Sir, I would seek your urgent intervention on the issue of regularisation of encroachment on forest land prior to 1980 involving 54,000 tribal families. The matter has been pending with Government of India for more than a decade. Required compensatory afforestation has been completed. In fact, these are the areas where naxalite activities have grown over the years. I would sincerely urge that the central government settle this matter at the earliest.
22. Under the Antodaya Anna Yojana, only 30% of the BPL families are being benefited. The state has a substantially high percentage of tribal population (32%) and most of them live below poverty line. Incidence of malnutrition among the tribal population is also quite high. We have been requesting Central Government to consider inclusion of all the scheduled tribe families in the BPL category under the Antodaya Anna Yojana as a special case. I would like to once again reiterate our demand for your kind consideration.
23. Sir, I would like to conclude by reiterating the overriding objective of achieving balanced regional development in central planning process. In the past, uniform policy and programmes for different regions have resulted in distorted growth within different states. The objective of the Plan should correct these distortions by switching over from the broad brush approach to need based interventions. I am sure the Planning Commission and the Central Government will give due weightage to my suggestions.

**Thank You**