



Uttaranchal

ADDRESS OF

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CHIEF MINISTER, UTTARANCHAL IN THE

52nd MEETING OF

NATIONAL DEVELOPMENT COUNCIL

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Hon'ble Prime Minister, Deputy Chairman Planning Commission, Ministers of the Union Cabinet, Members of the Planning Commission, Fellow Chief Ministers and distinguished participants,

I, at the outset, congratulate you for calling the 52nd meeting of this august forum to discuss the Approach for the Eleventh Five Year Plan.

The Planning Commission has done a comprehensive macro level exercise which broadly covers the achievements during the 10th Five Year Plan period and the possible plan strategies for the future. The first draft of this approach paper was discussed with the States in the first week of July 2006 wherein the States were given the opportunity to put in their viewpoints.

Uttaranchal is one among the newest States in the country and has seen a significant growth at the macro level. Against the given target of 6.8 percent growth in GSDP the State witnessed two digit growth rate on an average.

The mid term appraisal conducted by the Planning Commission and now the Draft Uttaranchal Development Report prepared by the Planning Commission has given recognition to the strategies and approaches experimented in Uttaranchal and also indicated areas of focus for the way forward.

This performance has led to expectations of continued high growth rates during the 11th Five Year Plan period and accordingly a target of 9.9% growth has been proposed for Uttaranchal against national target of 9% for the country as a whole. However, any objective projection of the future growth rates need to be based on a careful analysis of the long run trends in the economy as well as factors affecting the growth rate. While some factors like better administration and governance, climate, infrastructural support etc. Remain significant in the long run, some factors like smaller base in the starting, fiscal incentives etc. will have a temporary impact. Clearly the capacity to sustain high growth rates will depend on whether the long run factors remain more relevant than the temporary factors. The relatively higher rate of growth of GSDP witnessed in Uttaranchal in recent years has to be seen in the context of the fact that

being a new State it has started from a low base. However, a good beginning needs to be appreciated.

Regional disparities mainly due to geo-physical conditions are prominently visible in terms of agriculture, industry and infrastructure. Regarding gender issues although there is not much conscious discrimination but still gaps are prevailing for which awareness among women folk need to be generated.

In an effort to concretize our approach we are also seeking support from various specialized institutions. It has still a lot of catching to do. There is scope for continued high growth, provided conducive policies and support follows from the State as well as from the Centre.

Challenges:

The Approach paper has taken notice of major challenges which need attention constantly. Agricultural crisis faced in the last few years call for a second Green Revolution in order to break the productivity stagnation. Further, imbalance among coverage of various crops like foodgrains, pulses, sugarcane oilseeds etc have to be seen carefully.

The most important challenge in our opinion is to find strategy for mitigating disparities and divides. There are many divides like rich and poor, caste based divides (SC/ST), rural-urban, gender based, region based, religion based and so on. These pose a great challenge to take into account such intricacies and strike out a balance while formulating five year or annual plans.

Environment protection is another issue on which extensive discussions are made on all levels but the situation seems to be constantly challenging.

Governance and delivery system although regulatory in nature are very important from the point of view of peoples' perception about the government. Transparency is the key and we have implemented the Right to Information Act 2005 in our State in its right earnest. However, on this count, constant efforts are needed with the ever changing

requirements.

Taking inspiration from the Planning Commission Approach Paper our state would also make all out efforts to achieve the objective of inclusive growth.

Poverty:

Policies and programs for addressing the issue of poverty in Uttaranchal are hampered by the non availability of relevant data. The 66th round NSS data regarding consumer expenditure is now available which would be analyzed. This will enable us a reliable poverty profile for the state which will serve as base line data.

The Planning Commission estimates 38.8% as the poverty ratio (2004-05) in Uttaranchal and sets a target to bring it down to 23.6 percent by 2011 -12, which we expect to achieve.

Agricultural Growth:

In the State although registered 2.62% average growth, it has remained uneven during last 5 years due to the fact that in our mountain region, which accounts for 75 percent of the area of the State, people are engaged in rainfed subsistence agriculture. The need is, therefore, to stabilize agricultural growth and maintain it around 4 percent on a sustained basis during the Eleventh Plan. Areas identified to reach this outcome are:-

- (a) Further diversification of agriculture with emphasis on horticulture which includes cultivation of herbs and medicinal plants, tea and silk in which the region has a comparative advantage.
- (b) Improvement in productivity, especially in the rainfed mountain areas of the State.
- (c) Overcoming the limitations of the large number of scattered small and marginal holdings.

(d) Easy availability of inputs including micro finance. However, raising the production of foodgrains, pulses and oilseeds output should remain central in the strategy as shortage of these can jeopardise development in any other field. Revamping of farm research apparatus may be a long run measure and outcomes of this may not be witnessed during the currency of the 11th Plan itself, nonetheless, we are in agreement with Himachal and other States that the time is ripe to jolt the farm research system to deliver the second Green Revolution. Various watershed management programs in hills launched during the past two decades have not delivered to the desired extent as they lacked complimentary continuity and community involvement. Soil management, moisture conservation and recharging of water resources basically need focused attention in financing and implementing various schemes like NREGS AIBP, BRGF etc.

Industry:

The strategic initiatives outlined in the approach paper for targeting higher industrial growth is a welcoming step. We are grateful to the Govt. of India for extending the validity of Industrial Package up to the year 2010 (albeit initially it was awarded up to the year 2013) which would certainly give fillup to setting up industrial units here. Neighbouring States should not have false fear of flight of industry. It should rather be considered as expansion of industry to the areas deprived hitherto. For providing a levelled play ground would inevitably require such corrective measures.

Similar treatment is required for setting up Special Economic Zones (SEZs). The physical parameters set up by the Govt. of India needs to be revisited.

This matter regarding relaxation of norms especially in the Himalayan States in view of that difficult topography also came up in the last meeting of the council and as I remember it was decided to set up a high level committee for this purpose. We hope that the recommendation of the committee would be available prior to launching of 11th Plan.

Manufacturing sector which was almost non-existent before the creation of the State is now showing impact on the composition of GSDR. During a short period of five years we have been able to create an investor-friendly atmosphere resulting in attracting many big industrial houses. However, the approach paper also reveals, shortage of electric power and unreliable supply of power are universally recognized as a drag on the pace of India's development. Roads, rail; ITES infrastructure facilities constantly need to be strengthened. I am thankful to the Govt. of India for sanctioning Muzaffarnagar-Roorkee railway line, six-lane road between Delhi - Dehradun, AIIMS Centre at Rishikesh, some border roads etc.

Employment:

The theme of the Approach is faster and more inclusive growth which essentially means to provide a leveled playing field to all citizens.

Creation of employment opportunities of various kinds and at different levels including self-employment, on a large scale has to be an important feature of the Eleventh Plan. Agriculture sector has its own limitations hence productive employment opportunities will have to be created in industry and services sectors.

As per Planning Commission estimates, about 6.41 lakh additional jobs will be required in the State during the 11th Plan. The unemployment rate is quite similar to some other high literacy States like Kerala and Tamil Nadu. The data from the live registers of employment exchanges in the State registered a sharp increase i.e. from 3.45 lakh persons in 2002 to 4.14 lakh persons in March, 2006.

Concern has been rightly expressed in the Approach Paper that care has to be taken to manage the livelihood changes and to ensure that employment is generated at all levels of skill in non-agriculture sectors. We agree with the observation that the inadequacy of widely dispersed and sustainable off-farm productive employment opportunities is a basic cause of most divides and disparities and will forfeit the objective of inclusive growth.

In this perspective, curriculum in technical institutions also need to be revised. To

inculcate and develop entrepreneurship among the youth EDP is being introduced in our school syllabi.

Employment in industry is gradually picking up in our State. Tourism, identified as a driving sector has also been assigned the status of industry for facilitating investment and creating employment.

Building on the success of the Self-help movement the State would need to dovetail the Social Venture Capital Company set up under the IFAD sponsored livelihood project and make it applicable for the whole state. The add-ons in terms of administrative support for making this a reality will be required from the Eleventh Plan resources.

Infrastructure:

A strong infrastructure is the backbone of development in general and for industry in particular. Inadequate infrastructure seems to be the major constraint in achieving faster growth in manufacturing and service sectors.

(a) Power:

Assured regular power supply is an essential prerequisite for modern industry. In our state we have identified over 20,000 MW Hydro power generation potential. Further for transmission and distribution a road map has also been drawn up. However, this would require high investment which is beyond the capacity of the State. The new dispensation of back ended loaning came as a shock and subsequent request was made to the Govt. of India to reconsider it. We are grateful that the Hon'ble Prime Minister has agreed in principle to our request.

In the meantime, in view of the electricity generation requirements we have negotiated 300 million dollar loan from ADB under Multi Tranche Financing Facility which permits the state to review periodic requirements and can minimize the debt burden by using Periodic Financing Request Facility (PFRF).

(b) Roads:

Being a hilly state, roads are the life line of the economy as railway has very limited scope restricted to plains of foothills. Roads are GDP enablers, however our per capita road density is half to that of Himachal Pradesh. Larger area being hilly, maintenance of roads is expensive as the area is very prone to natural disasters like cloud bursts, monsoon landslides, fast floods, earth quakes etc.

With the increasing traffic, widening of existing roads, upgradation of roads for linking major towns and district headquarters is unavoidable as it is the only source of transport in hills. Simultaneously all wheather bridges are also needed to maintain the connectivity in remote areas.

(c) Water resources:

Water is increasingly becoming a critical issue. Besides regulating and maintaining the overall natural environment it has diverse uses such as irrigation, hydropower generation, drinking water, industry etc. Thus optimal use of this resource is necessary. On the one hand the diversified demand has to be met and on the other, depleting resources have to be rejuvenated. Drinking water is a basic minimum need and with depleting water sources shift from gravity schemes to power lift schemes is becoming inevitable which involves larger investment.

The Himalayan Water Towers of the Himalayas and the eco system services provided urgently seek for a dispensation in favour of mountain States.

(d) Urban Development:

It has remained a neglected sector in the past. After the creation of the State a spurt in urbanization has been witnessed which caused sudden pressure on the already insufficient amenities . We are thankful that three of our towns namely- Dehradun, Hardwar and Nainital have been included in the flagship programme JNNURM launched by Government of India. But we have to go beyond this and do it for all our existing 63 towns including pilgrimage towns where all facilities are to be created and

upscaled.

Environment & Development:

Environment sustainability will have to be an important feature of the 11th Plan. In the absence of environmental sustainability the very future of growth could be in danger. This would be a major assault on inter generation equity. Ensuring environmental sustainability will require two pronged approach. On one hand it has to be ensured that the growth process in agriculture and allied activities, industry and part of the service sector does not impose too much of strain on the resources base while on the other hand it would involve adoption of policies and measures for the protection, conservation and judicious use of natural resources mainly land, water and forest cover.

Social Development:

The 11th Plan must lay strong emphasis on human development especially education, health, women and child development and development of deprived sections of the society. It is welcoming that the Approach paper lays appropriate importance to these issues which needs to be translated in the plan in its letter and spirit.

(a) Education:

In primary education though access has improved considerably and enrolment is near universal the challenge is to ensure retention and completion of the upper primary stage, by addressing the problems of dropouts and high rates of wastage due to failure. We have initiated certain incentive programs specially for the children of poor families so that they do not break studies for want of finances. Quality of education on gradual higher levels is another important issue. It needs to be employment oriented essentially.

In order to sustain the gains of SSA efforts will also have to be made to improve quality of teaching, learning and facilities at the secondary level for which launching of SSA-II may be considered.

In Uttaranchal a good beginning has been made in the field of computer

education through the '**Aarohi**' programme at the school level and '**Shikhar**' at the degree level. This enhances their employability immediately on completion of graduation. Currently 12000 students are enrolled in **Shikhar** programme in the State.

Attention was drawn in the July 2006 meeting regarding the imbalance in the knowledge growth. The access to quality education and job oriented education, particularly of the Knowledge Economy related sectors, is increasingly becoming a factor of affordability. This would accentuate the divide in the long run. Hence, we must, as a nation, make proactive efforts, to ensure that access to knowledge is not dependent on the money that the Parents have.

(b) Health:

Health services have seen a significant change in the recent few years. Although our State stands above the national average in respect of most of the monitorable targets, there are areas of concern. Women's health and nutrition, low incidence of institutional births, access to health care in the rural parts of the hilly districts poses a major challenge. Innovative solutions to the problem would, therefore, have to be sought. Partnership with communities and NGOs as well as private enterprises could be fruitfully tried; but public expenditure would have to continue playing a leading role. In the last meeting of NDC following decisions were taken:-

- 1- To set up a committee separately under the Finance Minister to examine relevant issues relating to the debt burden of States and debt relief with reference to their debt outstanding against the National Small Savings Fund (NSSF).
- 2- Recognizing the fact that agriculture and irrigation have been a common theme in the interventions of Chief Ministers the NDC agreed to form a sub committee for drawing up implementable action plans in agriculture and related issues.
- 3- On the Employment Guarantee Act, it was directed to consider the suggestion of cash wages and inclusion of non-BPL families in the final draft of the National Employment Guarantee Bill.

4- On providing adequate flexibility in the design of CSS such as SSA, BNY, NRHM to take account of state level realities and priorities, the NDC directed Planning Commission to consider setting up an Expert Group to develop concrete proposals for restructuring the CSS, in consultation with the concerned Ministeries/Departments.

5- Recognizing that improvement in physical infrastructure has also emerged as a common theme and increased private participation has become a necessity, the central Government was directed to work towards evolving such a framework, which could be adopted by the States.

The progress made on these decisions and subsequent directions may kindly be issued to States.

Our state will come to election mode very shortly as the new Assembly is to be elected by March 2007.

I once again thank you for giving us the opportunity to express our view points in this august forum.

(Narayan Datt Tiwari)