



GOVERNMENT OF GOA

SPEECH OF

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Hon'ble Prime Minister, Deputy Chairman, Planning Commission, Members of the National Development Council, Union Ministers, Chief Ministers of various States, distinguished colleagues and Officers of the Government of India and various State Governments.

2. I take this opportunity to congratulate the Hon'ble Prime Minister for his strategic vision, leadership and successive initiatives of major economic reforms as also the commitment to making the National Development Council (NDC) a more effective instrument of co-operative federalism.

3. The approach to the 11th Five Year Plan, as exemplified in the title of the draft document 'Towards Faster and More Inclusive Growth', is an affirmation of the immense potential of the nation and the equally important imperative of equitable distribution of the gains of growth. The vision, the growth potential, the sectoral policies, the strategic initiatives for inclusive and sustainable development and the financing of the public sector plan are based on a realistic, and candid analysis of the development trends. The document has highlighted the key vulnerabilities, which may have to be encountered.

4. Accordingly, it seeks to provide pragmatic solutions to the multitudinous problems, which beset the planned development effort in the country. Also, it is characterized by a refreshingly bold attempt, which steers clear of dogma and offers extremely valuable insight into preparation of worthwhile and meaningful plans at progressively decentralized levels that would positively impact the lives of people and bridge the various gaps.

5. In terms of geographical area, Goa is the smallest State in the Union of India. Its proportionate contribution to the Gross Domestic Product of the nation is approximately 0.38%. Also, it accounts for a significant share of foreign exchange earnings from tourism, export of iron ore and human resources. The State has traditionally been environment conscious and it has not compromised with the short-term gains of economic growth to the long-term detriment of environmental sustainability and human well-being.

6. After attaining Statehood in 1987, Goa has registered impressive gains and carved a niche for itself. The development profile of the State represents a fine blend of

economic growth, social progress, cultural advancement, environmental protection and communal harmony. From modest plan investment in the initial years, it has gradually accelerated the pace of development effort in tune with present day imperatives.

7. The 10th Five-Year Plan outlay of Goa of Rs. 3200 crore (at 1991-92 price) represented doubling of the 9th Five-Year Plan Outlay. This magnitude of increase was the highest among all the States. To have a larger plan size, the State has mobilized its own resources in a significant measure. About 80% of the 10th Five-Year Plan projected outlay would be met from the State's own resources. Also, I am happy to share that it has been possible for us to devote a greater magnitude of resources for development purposes. Nearly 40% of the plan outlay is allocated to the Social Services sector.

8. There is considerable potential for growth in the State's economy. As per assessment of the potential of the annual growth target during the 10th Five-Year Plan, the GSDP growth of Goa was assessed at 9.23% with industry potential at 6.25% and services at 12.36%. However, the growth in agriculture was assessed at, (-) 0.90%. The tentative growth target for the State during the 11th Five Year Plan, which has been worked out by the Planning Commission, is 12.1% with agriculture growth of 7.7%, industry growth of 15.7% and services growth of 9.0%.

9. The enhanced development spending in the State Plan has been coupled with wide-ranging fiscal and economic reforms. We have enacted the fiscal Responsibility and Budget Management Act and the Revenue Deficit has witnessed progressive decline in recent years. I am grateful to the Planning Commission for encouraging reforms at the State level, particularly in the critical sectors of Power, Irrigation and Urban Infrastructure through a number of reform-linked financing facilities. Accordingly, the creation of new economic and social infrastructure as also up-gradation of the existing facilities in the State by way of Public-Private-Partnership (PPP) is receiving utmost attention. While we have already moved ahead in areas like the State Wide Area Network, Convention Centre and Special Economic Zone, the construction of a civilian airport, 6-lane express highway, cruise terminal and the development of the Panaji port represent other major initiatives we plan to undertake

10. The development context of Goa is significantly different from other States. The

reach and coverage of the core social sector services has been universalized in the State. While there is concern at the current pace of progress in the country with regard to the achievement of the monitorable targets for certain indicators of social development in health, education and gender equality, Goa may take justifiable pride in this regard since it is ahead of the monitorable targets in these specific sectors/areas and also it is nearer to the Millennium Development Goals. Accordingly, more challenging target for the State are being proposed during the 11th Five Year Plan.

11. The State does not generate power and it is entirely dependent on the Western and the Southern grids for meeting its requirements. Therefore, exploring options of thermal, gas and micro-hydel power generation will be a priority area during the 11th Five Year Plan. Also, in view of the growing urbanization and given the very high inflow of tourists, it is imperative to plan for adequate sewerage, sanitation, waste disposal and water supply.

12. The average norms for and the parameters of the various schemes of the Government of India may not be relevant to the State. For example, Goa traditionally has had difficulties in accessing and utilizing funds under the Accelerated Rural Water Supply Programme (ARWSP) and the Accelerated Urban Water Supply Programme (AUWSP) due to differential norms for the two schemes even though water is supplied through common network for both the rural and urban areas. This unique character of the State in not differentiating in quality, pricing or access between the rural and urban areas deserves support so that the share of funding from the Central Government may increase.

13. The Accelerated Power Development and Reform Programme (APDRP) was expected to bring down the AT&C losses to 15% by the end of the 10th Five Year Plan period. However, it has not been feasible to achieve the target at the all-India level and the average for all the states is closer to 40% inclusive of uncollected bills. Therefore, it is now expected of the States to achieve the target by the end of the 11th Five Year Plan. However, Goa has shown a much better performance than the average in this regard and it is close to attaining the initial target. Yet, the incentive, which Goa is entitled to receive under APDRP towards 50% cash loss reduction, has not been released pending corporatization of the Electricity Department.

14. The headcount of poverty in the State, as conventionally defined and measured, is 4.4% (1999- 2000), which is among the lowest in the country. The incidence of rural poverty is 1.35% and accordingly, the number of BPL households is the lowest. In tune with the strategy of economic reforms, the State Government is committed to spreading and deepening rural prosperity. Agriculture in the State has to be rejuvenated if the goal of inclusive growth has to be realized. Accordingly, the completion of the Tillari Irrigation Project is being accorded high priority.

15. It is widely shared by all the States that their committed expenditures notwithstanding, the counter part funding requirements for Centrally Sponsored Schemes (CSS) reduce their ability to provide for and direct plan investments in directions desired by them. However, while the concern of the States on the proliferation of CSS and Additional Central Assistance (ACA) has been appreciated, the lack of a satisfactory alternative model for providing minimum developmental levels in states, which are deficient, has affected the prospects of the States, which perform better than average.

16. Some of the major policy issues which have been time and again referred by the State Government to the Planning Commission for resolution refer to (i) declining share of Central Assistance under the formula based transfer (ii) application of differential norms for better performing States (iii) providing State-specific flexibility in the rigid parameters designed for the Centrally Sponsored Schemes (iv) according centrality to the performance of the State in the allocation of Central funding (v) periodic review of payment of royalties on minerals and (vi) establishing linkage between the financial contribution of the State and the corresponding devolution of Central funds to it. Now that enhanced target for the State are being set by the Planning Commission, it is hoped that the Central Assistance will be linked to the achievement of the target.

17. Similarly, the larger issue of flexibility to the State in deciding on the sources of financing for funding the fiscal deficit also requires to be addressed. The recommendations of the 12th Finance Commission have brought about significant changes in strengthening the borrowing programme of the State. Therefore, there is no economic rationale in the State being forced to avail of high cost debt from the NSSF, which may also be disproportionate to its requirement from this source. Besides, the

compulsion of the State to borrow from the NSSF impinges on its capability to adhere to the FRBM target. In fact, in the 51st Meeting of the NDC held on June 27-28, 2005, it was decided to set up a sub-Committee under the Union Finance Minister to examine the relevant issues relating to the debt burden of the States and debt relief with reference to their debt outstanding against the NSSF. Therefore, even as the financial projections of the Gross Budgetary Support for the 11th Five Year Plan are being finalized, clear policy guidelines on core financing issues hardly need to be overemphasized.

18. The approach paper rightly cautions that while achieving the target set for the 11th Five Year Plan will not be an easy task, yet it is feasible. Therefore, as we embark on the 11th Five Year Plan, we are committed to eliminating poverty, generating employment opportunities, improving delivery mechanism and quality in areas, which have already been reached, and exploring the emerging technological options to upgrade and upscale the effort. The State Government would strive to realize the full potential of its human and material resources in a sustainable manner in keeping with the national priorities. We look forward to the active support of the Government of India in our endeavours.

19. With these words, I commend the Approach Paper to the 11th Five-Year Plan for endorsement by this august house.

Thank You.

**JAI HIND.**