



NATIONAL DEVELOPMENT COUNCIL
MEETING
DECEMBER 9, 2006

SPEECH OF
BHUPINDER SINGH HOODA
CHIEF MINISTER, HARYANA

Hon'ble Prime Minister Shri Manmohan Singh ji, Respected Deputy Chairman of the Planning Commission Shri Montek Singh Ahluwalia ji. Esteemed Union Ministers, Governors/Lt. Governors, Colleague Chief Ministers and other distinguished participants !

This is an important occasion for the National Development Council as the development strategies for the next five years are to be approved today. I don't want to make a long speech on this occasion. I would, however, like to highlight a few important issues from the perspective of Haryana, which I believe are relevant to many other States as well.

Five months ago, when we first met to discuss the Draft Approach Paper for the 11th Five Year Plan, I had mentioned that State Plans have to address the specific problems and requirements of the concerned States. A uniform approach will not produce optimum output. I am happy to note that the Planning Commission has noted this concern in the Approach Paper and is willing to consider adjustments in the existing procedures. Within the overall approach set out in the Paper, I do hope that the Planning Commission would find the flexibility to address the specific needs of the most critical sectors in individual State Plans.

I am proud of our achievements in Haryana during the 10th Five Year Plan. Our Gross State Domestic Product (GSDP) has grown at an average of 7.6 per cent during the past four years. Therefore, the growth projection of 8.9 per cent for Haryana during the 11th Plan period is an achievable target. However, this would require a *very* serious effort in creating new and upgrading the old infrastructure in Haryana to sustain the expansion and growth of the State's economy.

For the agriculture sector, 4 per cent growth has been projected in the approach paper. To my mind, this poses the greatest challenge and requires very innovative policies and programmes. Haryana has managed to maintain high productivity in wheat and rice, making us the second largest contributor to the central pool. This, we have done despite the fact that Haryana is a water-deficit State. You are all aware that in the matter of allocation of water, justice to Haryana has been delayed. We have initiated major irrigation projects such as the Bhakra Main Line - Hansi Branch Multipurpose Link Canal for ensuring equitable distribution of

the available water within the State. We have started the Dadupur - Nalvi Canal to utilize surplus water in Yamuna during the rainy season to restore the ground water level in three districts of Haryana. These projects are being implemented with State's own resources, as there have been procedural delays in clearances from the Central Agencies. The Central Government should ensure that important irrigation projects proposed by States are cleared within a definite time limit.

Agriculture is the most critical sector for the people of Haryana. And water is the most critical input required for sustaining growth in Agriculture. Therefore, I would urge the Central Government and the Planning Commission to give the highest priority to the irrigation sector in Haryana. Solutions to the longstanding problems of the Sutlej Yamuna Link Canal and construction of storage reservoirs in the upper reaches of Yamuna, such as Kishau, Lakhwar-Vyasi and Renuka, have to be found during the 11th plan period. These are important not only for Haryana, but also for the National Capital Territory of Delhi.

I would also like to draw your attention to the fact that more than three million acre-feet of water is still flowing to Pakistan through river Ravi. We need to construct storage reservoirs on Ujh and Basantar, which are tributaries of Ravi. A barrage across river Ravi at a suitable location and a canal to link this barrage with river Beas upstream of Harike also needs to be put up. If these projects are completed, precious water that is presently flowing to Pakistan can be utilized in all the water deficit basin States. Central Government should get these projects implemented on priority.

The second most important input for sustaining agricultural growth is power. We have in the past two years initiated many new projects with huge investments for augmenting our generation capacity and improving our distribution network. But exponential growth of industry, rapid urbanization and continued denial of its rightful share of surface water resources to the State have led to greater demand for power. Dependable availability of power is the key factor for industrial growth. State like Haryana, which do not have the hydel or mineral resources, should be given higher priority in the matter of central assistance for generation efforts. Interest subsidy as originally assured should be released for the power generation units set up and initiated during the 10th Plan period. The Nuclear Power Corporation has already approved a

suitable location for a nuclear power plant in Haryana. This should be taken up for implementation in the 11th Plan Period. Another important issue is the high cost of power charged by surplus States. Despite central legislation to the effect that no entity shall indulge in profiteering in the sale of surplus power, we have often had to buy power at exorbitant prices. Central Government should intervene in the power trading market with a suitable mechanism to ensure that no State/entity earns undue profits from the distress of power deficit States.

Haryana was the first State in the country to provide safe drinking water, power connections and road connectivity to all its villages. This we had done more than fifteen years ago. These facilities now require massive investment for upgradation. In the past, the Central Government has been partial in providing assistance to States lagging behind in these sectors. While, I have no complaints about more Central assistance being given to States which are yet to achieve drinking water, power and road connectivity to all villages, I urge the Hon'ble Prime Minister to evolve an equitable formula wherein better performing States are not denied their rightful share to meet the necessary investment in upgrading the infrastructure. Such assistance is essential for maintaining the growth rate of the State's economy.

Haryana has the location advantage of surrounding the National Capital Territory on three sides. The Central Government needs to revisit the concept of National Capital Region, and provide liberal assistance for upgrading the infrastructure and civic services in the NCR area, in order to decongest Delhi. This should be a priority for the 11th Five Year Plan. Dedicated rail and road corridors providing fast connectivity for the NCR with major ports should be another priority for sustaining the industrial growth in the entire northern region.

The central theme of the 11th Plan as set out in the approach paper is "**faster and inclusive growth**". It is necessary to step up investment in the Social Sector in order to achieve the goal of inclusive growth. I am very happy to say that in Haryana we had already begun the process of increasing our investment in the sectors of Health, Education and Women & Child Development during the last two years of the 10th Plan. We shall continue this effort during the 11th Plan period. In this effort the Central Government should review its policy of allocation of funds on the basis of focus and non-focus States. Central outlays should support those States,

which have a better track record of improved outputs. We are confident of achieving all the targets set in the approach paper for Haryana in the sectors of Education, Health and Women & Child Development in the 11th Plan Approach Paper.

I would like to take this opportunity to draw your attention to the issue of tax revenues of the States, which is very relevant for financing the 11th Five Year Plan. If and when Central Sales Tax is abolished, the States should be suitably compensated by the Central Government. This loss in revenue would otherwise make a major dent in the resources of the States. The Central Government should evolve a separate formula for sharing the Service Tax collected from a State with that State. In the alternative, the States should be allowed to tax some of the services, which may be identified in consultation with the State Governments.

I do have a long list of other critical issues in which Haryana requires Central Government assistance and intervention. I shall not go into these details in this venue. These are being taken up separately with the concerned Ministries as well as with the Hon'ble Prime Minister. I would, however, like to table an important issue for deliberation and decision by the National Development Council. I have found the present system of dividing the States' expenditure into Plan and Non-Plan Heads is not a very efficient way to allocate resources. Since slots and account heads are pre-determined, we start by making nominal increases in allocation to each and every slot from year to year. State Governments have problems in fitting in their priorities in the Annual Plans. To me it appears that introducing such artificial accounting constraints lead to distortions in the planning process. With such eminent economists such as the Prime Minister, the Finance Minister and the Deputy Chairman of the Planning Commission guiding the Nation, this seems the right time to move towards a system where the planning process takes into account all public expenditure and allows the required flexibility to the State Governments to identify priorities, programmes and projects and decide the scheduling of expenditure in a more pragmatic manner. Such a system might eventually lead us to Zero Base Budgeting. This may require giving more powers to the Planning Commission as well as giving greater freedom to States in allocation decisions. I do hope a serious debate on this issue is taken up in the coming year.

I am committed to the vision of making Haryana the Number One State in terms of both economic and social indicators. This approach paper gives me the hope that the Eleventh Plan will be an effective instrument to realize this vision. I would, therefore, like to place on record my appreciation of the Planning Commission for coming up with this very good Approach Paper for the Eleventh Plan. The NDC may approve the same today so that we are able to get on with the actual business of formulating the Annual Plan for 2007-08.

Thanking you,

Jai Hind !