



GOVERNMENT OF JAMMU AND KASHMIR

SPEECH

OF

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NATIONAL DEVELOPMENT COUNCIL
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Hon'ble Prime Minister, Hon'ble Ministers of the Union Government Hon'ble Deputy Chairman, Planning Commission, Hon'ble Chief Ministers, Lt. Governors, Ladies & Gentlemen.

The adoption of the 'Approach Paper' to the 11th Five Year Plan today will establish a framework and a clear road map for the process of planned socio economic development in the country atleast for the next five years. I would like to sincerely compliment the Planning Commission for having prepared a very comprehensive Approach Paper.

2. I fully share in the proposed 'vision' for the 11th Five Year Plan for restructuring policies based on faster, more broad based and inclusive growth. This is the only way to reduce poverty and focus on bridging various divides that continue to fragment our society. The Approach Paper consistently makes a strong case for bringing about necessary policy, structural and strategic changes in the design and implementation of various sectoral schemes to realise this vision.
3. The clear recognition in the Approach Paper of the need for greater emphasis on employment generation as a focus of planned economic development during the 11th Five Year Plan is a positive change in the right direction. In this context, I fully support the emphasis to target employment growth as a key variable because of our experience that rate of economic growth per se does not necessarily lead to commensurate increases in employment opportunities.
4. The need for addressing the crisis of stagnation in agriculture is imperative, given that this sector provides livelihood to nearly 60% of our people and remains vital for food security. I fully agree with the policy initiatives and strategies recommended for bringing about a sustainable reversal in this very disturbing trend. A greater focus is needed for encouraging diversification of agricultural activities towards production of high value cash crops, not only for the domestic markets but also for exports in an increasingly liberalized and competitive environment. This will require investments in technological upgradation,

development of production and marketing value chains with the support of the private sector and a friendly policy environment, including easy availability of credit and significantly upgraded rural infrastructure.

5. The unorganized sector of the economy is of very special importance to my State which has a rich tradition in handloom and handicrafts. The recommendation for infusion of appropriate technology, design skills, modern marketing capacity building and providing easier access to credit for self sustaining employment are very appropriate. We fully support the proposal for a significant branch expansion of SIDBI to cover all specialized clusters of small and micro enterprises and expansion of its credit guarantee scheme in order to obviate the need of the banks seeking collaterals.
6. J&K has a very weak manufacturing base in the organized sector. While it is encouraging to note that we have been able to attract some outside investments in this sector in the last few years, mainly because of an attractive industrial policy, it is virtually negligible in comparison to some other states which presently have a similar advantage. More importantly, because of the prevailing perception of the investors, hardly any investment from outside the state has come to Kashmir Valley, even though it is richly endowed with natural resources in terms of minerals, fruits etc. However, expectations about the positive outcomes of the peace process with our Western neighbour and possible opening up of trade across the line of control, have generated a new optimism in the trade and industry circles of my state. In this context, therefore, suggestion in the paper for a review of the existing special incentive programmes, possibly with a view to restricting or even withdrawing these incentives has caused a serious concern to us. Any such move would result in completely freezing out even the small level of investments which we have been able to attract so far.
7. While Infrastructure inadequacies in both rural and urban areas are a major factor constraining India's growth, the situation in my state is particularly bad. Even as a programme of economic reconstruction is on going with liberal support of the Central Government, we are still constrained in many ways. This is especially true of the two key sectors of great relevance to my state namely; power and road connectivity.
8. In case of the power sector, we have fallen far short of harnessing our assessed potential,

and have a lot of catching up to do with our neighbouring state of Himachal Pradesh. A number of power projects have now been included in the Prime Minister's Reconstruction Programme, but most of these have very long gestation periods. However, we still have a large number of relatively small and medium scale projects which can be implemented quite speedily on public private partnership basis if adequate resources become available. If we are given more flexibility to borrow from the market, we can quickly raise productive assets in the power sector and add significantly to our revenue earning capacities.

9. Bharat Nirman is a particularly relevant scheme for my state where cost of developing road networks in far flung and widely dispersed habitations is prohibitively high. However, the scheme has been a virtual non-starter in J&K so far, because it does not provide for the cost of land acquisition. There may be a case for making a special dispensation in this regard for states like J&K if the scheme is to be implemented in a meaningful and effective manner.
10. JNNURM is another major and welcome initiative of the Union Government aimed at urban renewal. Due mainly to the lack of institutional capacities, we have been somewhat late in preparing City Development Projects. These are now ready and we would seek positive support and consideration of the Union Ministry of Urban Development for early sanction and launching of these projects on the ground.
11. The focused attention recommended in the Paper for increasing the outreach of basic health and education services to all disadvantaged areas and groups and for improving their quality is also most appropriate. Emphasis on encouraging public and private partnership in these areas is also fully justified. We also support the recommendation for greater resource allocations for improving the quality and outreach of secondary education, vocational education and technical education.
12. I had earlier highlighted at the July meeting of the Chief Ministers the need for a serious look at redesigning flows under the centrally sponsored schemes. I had suggested that we could explore the possibility of having a normal plan which is based entirely on State specific priorities, and a central plan, designed on the basis of national priorities, for each State by merging the central plan schemes and centrally sponsored schemes in to one

kilty meant to finance this plan in the states, without their involvement in financing it, either in terms of contributing the state share or raising of loans. If this is not considered feasible in the immediate context, there is an urgent need to atleast consider modifying the financing pattern of all centrally sponsored scheme for the special category states in such a manner as to provide that these states would be expected to contribute only 10% of the cost as their share. This will help them to take full advantage of these schemes within the constraint of resources facing them.

13. I thank you all for giving me an opportunity to express my views and a patient hearing.