



Government of Chhattisgarh

Speech of
Dr. Raman Singh
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National Development Council at New Delhi

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

We have assembled here today to deliberate on the report of the sub-committee of National Development Council on agriculture and related issues. Economists have come to realise that manufacturing sector driven GDP growth cannot be the sole indicator of economic development, particularly in the context of developing countries where majority of the population depend on agriculture for their livelihood. Therefore, the renewed emphasis on agriculture as in the 80's is apt. While I share the concern of the sub-committee on the marked declining trend in agricultural productivity and appreciate the emphasis on a comprehensive strategy to improve the agricultural production and productivity, I would like to highlight certain critical issues which merit consideration at the Central Government level.

2. Sir, in the last meeting of the National Development Council, I had emphasised the need for promoting balanced development and equity promoting role of the centre in the planning process. **I am happy to note that the sub-committee, in its report, has given utmost importance to up-scaling public investments so as to reduce regional imbalance in agricultural development.** There can be no doubt that both the Centre and the States will have to substantially augment public investments in agriculture and irrigation in order to achieve the projected target of 4% growth in agricultural GDP in the 11th plan period and the recommendation of the sub-committee for an action plan with funding arrangement through Special Additional Central Assistance is welcome.

3. The sub-committee's report has aptly recognised water as a key component for development of agriculture. **To that effect, backward states like Chhattisgarh, with irrigation potential at half the national average, would require differential criteria with regard to investment in irrigation so as to come up to the**

national level. Accordingly, the funding norms of the existing centrally sponsored schemes, particularly AIBP, need to be relaxed as part of equity promoting measure.

4. Chhattisgarh's irrigation potential is 28% as compared to the national average of 48%. In order to bridge this gap, Chhattisgarh should be accorded special dispensation under the Accelerated Irrigation Benefit Programme (AIBP) as in case of the special category states including the newly created state of Uttaranchal which receives 90% grant under this scheme.

5. Sir, we welcome the initiative of the Central Government to bring 10 million hact. 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 the next 2 years.

6. Another major constraint in creating additional potential through major and medium irrigation schemes is the forest clearance procedure. It has now become difficult 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.**

7. 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, the cost of NPV often 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

8. I fully endorse the emphasis of the sub-committee for speedy completion of the ongoing projects taken up by the states. However, I would like to draw your attention to one of the major impediments in this regard. In view of the large area under forest cover (44%) in Chhattisgarh, most of our irrigation schemes require clearance under the Forest Conservation Act. As many as 113 schemes are affected by the FCA and 19 schemes are pending at the

Central Government for necessary clearance. **I would urge that Government of India should evolve some special mechanism to accord speedy clearance to such projects.**

9. The opening paragraph of the sub-committee's report highlights the concern about the rapidly declining trend in productivity in the post-80's period. Sir, one of the main reasons for this declining trend is the withdrawal of financial assistance under the World Bank aided "Training and Visit" scheme in the 90's which has adversely affected the transfer of technology through the extension staff. In the subsequent years, the State Governments, with their resource constraint, have not been able to maintain the same level of funding towards extension staff, thereby affecting live contact with the farmers.

Sir, the Public Private Partnership mechanism has its own limitations. So far as transfer of technology in agriculture is concerned, the State Government has to play a major role and **I would, therefore, urge the**

Planning Commission as well as the Central Government to revive a broad based Training and Visit Scheme for optimising the technology transfer.

10. Availability of certified seeds, especially in pulses and oilseeds, continues to be a major impediment in increasing productivity. The funding pattern under the existing centrally sponsored scheme of "seed village" is quite restrictive, as it limits the scheme of subsidy to 0.5 hectare per cultivator. **In order to motivate the farmers to take up production of certified seeds in a big way, the scheme has to be made more attractive by waiving the limit of 0.5 per hectare per cultivator.**

11. The sub-group has rightly emphasised the need to promote micro-irrigation on a large scale. Sir, I would like to draw your attention to some of the discrepancies in the prevailing centrally sponsored scheme. The scheme has categorised the states into developed, developing and weak states. However, the scale of subsidy per unit is uniform for all the states, whereas the unit cost fixed for drip sets is 15% higher for the farmers

in the developing states as compared to the developed states. While this arrangement could be fair for the manufacturers, considering the economies of scale, it adversely affects the farmers in the developing states, as they have to bear higher unit costs. **I would, therefore, strongly recommend that a differential subsidy norm should be adopted for the farmers in the developing states. This is necessary in the interest of reducing regional imbalances which is the central theme of the report.**

12. Chhattisgarh is a major rice producing state and I am happy to note that the report has emphasised the need to encourage production of hybrid rice seeds. However, the process of hybrid rice seed production involves great risk as the failure rate in seed production in the initial stages is quite high and for that reason the farmers are reluctant to undertake hybrid rice seed production. **The existing centrally sponsored scheme has no provision of risk coverage in case of failure of production. Therefore, the scheme needs to be suitably revised to include this provision.**

13. 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.

14. I fully endorse the recommendations of the sub-committee for strengthening the state level network for integrated pest management surveys for timely plant protection and expanding the soil testing network and mapping of multi-nutrient deficiency network. **However, this would require financial assistance from the central government towards survey equipment mobility and manpower.**

15. The recommendation to deepen the outreach of crop insurance coverage to village panchayat level is welcome. However, this would require additional

manpower, the cost of which should be shared by the centre and the states.

16. 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 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 for all the states.** 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.**

17. 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.

18. Sir, the 11th Plan Approach Paper talks about the strategy of inclusive growth. To that end, the critical issues concerning tribal population needs to be properly addressed. 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, 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.**

19. I am sure, with renewed focus on integrated action plan for growth in agricultural productivity and production, we should be able to bridge the gap between the rich and the poor and also address the issues relating to inflation, unemployment and food security. Both the Centre and the States must work together in this journey towards rapid agricultural development.

Thank You.