

Speech of Hon'ble Chief Minister
For the meeting of
National Development Council on Dated 24 July 2010

1. Hon'ble Prime Minister, Hon'ble Deputy Chairman of Planning Commission, Union Cabinet Ministers, fellow Chief Ministers of all states and other distinguished invitees. It is a privilege to be with you all at this NDC meeting to deliberate on Mid Term Review of the Eleventh Plan and to discuss various issues relating to Left wing extremism, agriculture development strategy, tribal affairs, urbanization with related issues and power sector.
2. I am glad to share that my state has performed well by registering growth in GSDP at 8.67% in 2008-09 at constant prices which is not only more than that of growth (6.64%) registered in 2007-08 but also better than national average. During tenth plan period, average annual growth rate was 6.86% at constant prices. Thus state economy is performing better than that of tenth plan period.
3. GSDP Sector wise has also witnessed satisfactory level of growth during 2008-09. Growth rates for Primary, secondary and Tertiary sector are 8.38%, 4.73% and 10.84% respectively.
4. Lower secondary sector growth during 2008-09 may be due to the impact of global slowdown. Present growth rate is close to the target of 7.9 % per annum planned during for eleventh plan period and I am optimistic that we will be able to achieve planned targets. State Government is committed to achieve the growth rate of 10% per annum for which efforts are being made.

5. Per capita income of Madhya Pradesh was Rs. 12384 in 1999-2000 which increased to Rs. 14918 in the year 2008-09, while at the national level, it increased from Rs. 15839 to Rs. 25661 during the same period at constant prices. Increase in state's per capita income is around one fourth of increase at national level. This high disparity in per capita income shows that special attention is required for the state on the part of central government for equitable and inclusive growth.

6. Growth in gross domestic product is important indicator of development but it is not enough. Our aim is to have all-round and integrated development which can provide the opportunity to every citizen to lead prosperous and happy life and can contribute to the development of country according to his/her capability. To achieve these goals we have to develop infrastructure, making farming a profitable proposition, improving education and health, welfare of schedule tribes and schedule caste, empowering of women and other poor section of society, Industrial Investment, law and good governance are our seven priorities. In the planning exercise, we have brought basic changes. We have arranged meetings with different stake-holders. We had discussions with group of specialists and done "MANTHAN". The special session of assembly was convened and to address the issues that emerged out of this process we are process of framing various innovative schemes. Ladli Luxmi, 3 percent interest rate for farmers, Mukhaya Mantri Kanyadan yojana, Comprehensive Social Security Scheme, Janani Express, Sick New Born Child Care unit and Nutrition Rehabilitation Unit are some of our such important schemes, which are the result of such deliberations. I hope, further improvement in our social indicators will be revealed in forthcoming surveys.

7. There are historical reasons for the backwardness of Madhya Pradesh. State has largest forest area of the country. Presently, the set procedures leads not only to delay in clearance of developmental projects but the cost of projects also get escalated. I consider Environment as a very important issue and we have to prepare plans which are sustainable but at the same time procedural impediments need to be removed. Standardization of Term of Reference, fixation of time limits for environment clearances and establishment of special cell are practical suggestions which are explained in detail in the rest of my speech.

8. In past few years, the tendency of centralization has increased. Practices, such as not discussing the provision of Right to Education, getting all proposals relating to implementation of Bundelkhand package cleared through NRAA before final sanction of Government of India and getting approval for using CAMPA funds which are supposed to be parked with states, are few examples which create hindrances in implementation. These practices should be stopped.

9. In **past few** years, The Increasing intensity of the Left Wing Extremist violence is a cause of great concern. It is with a heavy heart that we have paid homage in the recent past to the martyrs of Chhattisgarh Police and other paramilitary forces. More ominous is the spatial stretch along with the acknowledged resolve of the Maoists to establish a 'red corridor' through the tribal dominated areas of states like Jharkhand, Chhattisgarh, Orissa, Maharashtra, Madhya Pradesh and Andhra Pradesh. This makes the Left Wing Extremism a crucial challenge to the internal security as well as the developmental process of our country.

10. Madhya Pradesh with the presence of large tribal population, rich forest cover and geographical location is extremely vulnerable to the Maoist plans. So far, we have been able to successfully repulse the Maoist attempts to expand their influence in our state. This has been possible through a sustained mix of good governance, developmental efforts, effective policing and anti-naxalite operations. It does not mean that there are no nexalite activities in the state thus we have to be alert. I have been requesting the Home Minister for the re-inclusion of the districts Mandla and Dindori, and the inclusion of Sidhi, Singrauli, Anuppur, Shadol and Umari in the Security Related

Expenditure (SRE) scheme of the Ministry, in view of the increasing activities of Left Wing Extremists and the need to prevent them from strengthening their influence in these areas. In this regard, I am yet to receive a positive response. I think that the state's stand is not being understood in wide prospects. If we don't act now, it may be too late. I am astonished at the behaviour of centre by not calling the state to participate in deliberations on the problem. Therefore, re-inclusion of the districts of Mandla and Dindori, and the inclusion of Sidhi, Singrouli, Anuppur, Shadol and Umaria in the Security Related Expenditure (SRE) scheme should be done at earliest.

11. About 65% population of the state is engaged in agriculture and allied activities. We are committed to make farming a profitable business. We have reduced the rate of interest on short term loans to 3% per annum in 2010, which is lowest in the country. In addition, state has increased minimum support price by Rs. 100 per quintal for wheat and Rs. 50 per quintal in case of paddy in the form of bonus. The state is providing additional subsidy of 30% over and above the existing subsidy available from government of India.

12. Chemical fertilizers are a critical input for higher production and productivity. It has been observed that despite adequate stocks of imported DAP fertilizers being available at ports like Kandla, Vishakapathnam and other places, a scarcity like situation is created during the Kharif and Rabi seasons. This is because of the problem of rakes not being available for transporting the materials to various destinations in time. This problem can be resolved if advance stocking of fertilizers for Kharif and Rabi seasons is permitted.

13. State has two Agricultural Universities located at Gwalior & Jabalpur. These universities have done a commendable job. Our state has the distinction of being number one in the country in production of breeder seed. Our universities have been contributing significantly in developing appropriate technologies which have helped the development of agriculture in the state. Presently, there is urgent need to provide a onetime grant of Rs. 100 crores to these universities. This will help the universities in pacing up their research activities and also in strengthening other supportive activities.

14. Madhya Pradesh has a sizeable area under minor millets like Kodo, Kutaki, Samba, Ragi etc. If these crops are marketed properly in the international market they can fetch attractive prices. Government of India should consider of devising a policy on development, processing, value addition, fixation of minimum support price and marketing arrangements for crops under consideration.

15. Scenario of Agriculture needs to be seen in light of its dependence on monsoon. Almost every alternate year state is facing drought condition in major part of the state. The factors impeding agriculture growth are rain fed agriculture, high soil erosion due to undulating topography, high proportion of low value crops and low productivity.

16. Development of irrigation is on the top priority of state agenda. State has developed surface irrigation potential of 31.39 lakh hectare up to 2009, which is about 19% of net sown area and accounts for 51 % of total available ultimate potential from surface water.

17. State has completed ten Major, 105 Medium, and approximately 3883 minor schemes so far. Works on 10 Major, 26 Medium and around 1663 minor schemes and six modernization schemes is in progress at present. It is decided, that minor irrigation schemes will be completed within one year. In addition, Schemes such as Well in Farmer's field and Khet Talab have also augmented irrigation facilities and created more avenues to supplement farmer's income. I will urge the Government of India to declare next Five Year Plan as "Water Plan of India" so that adequate public investments are ensured in this important sector.

18. I am thankful to central government for sanctioning the "Bundelkhand Drought Mitigation Special Package". No doubt it will act as catalyst for improving agriculture income of the farmers and also overall development of the region. There are other backward regions such as Vindhya and Mahakoshal, which also require special package. For the development of these regions preliminary plans to the tune of Rs. 17295 crore and 19303 crore respectively have been prepared. The major chunk of these plans has been proposed for creating more irrigation and food grain storage facilities. Though state is putting up its efforts for development of these regions but central government should also assist in development of these regions. On the pattern of Bundelkhand, I strongly demand the special package for these regions in National Development Council.

19. The PESA Act was enacted in 1996. Madhya Pradesh is the first state to amend its laws including rules of Minor Forest Produce in 1997. In order to provide marketing support to Gram Sabha, State has set up the three tier cooperative structure in the schedule area and the guidelines were laid for sharing of revenues from MFP. The three-

tier co-operative structure consists of “Primary Forest Produce Co-operative Societies” at the village level, at the district level “District Unions” and at the State level, the “Madhya Pradesh Minor Forest Produce (Trading & Development) Co-operative Federation”. Madhya Pradesh became the first state in the country to transfer the entire net income from the trade of MFPs to the Primary Forest Produce Societies subsequent to the enactment of PESA, 1996. These societies distribute 60% of profit to the Primary collectors, 20% for the development of MFP and regeneration of forests and balance 20 % for infrastructure development of the villages.

20. This arrangement is working well and also meeting the objectives of PESA Act. Present arrangement is completely transparent in marketing of the MFPs as the disposal is being done through tenders/open auction which brings in a healthy competition among traders and manufacturers.

21. In Madhya Pradesh, collection rate is fixed every year and State Cabinet takes a decision on these wage rates taking into account the market rates of Tendu Leaves so that scheduled tribes can be benefited more. Time gap in passing the net income to the societies has been considerably reduced due to adoption of advance sale of leaves which facilitates the payment in advance.

22. Madhya Pradesh has the largest forest area in the country. 31% of the geographical area of the State is under forests. For protection and conservation of the forest wealth, it is important that states with forest area more than the national average should be given Additional Central Assistance (ACA). On the basis of Net Present Value of forest area in excess of national average, with annual rate of return of 5%, Madhya Pradesh should receive Rs. 8500 crore per annum as Additional Central Assistance.

23. Under Forest and Environment Conservation Act, there is inordinate delay in granting sanction to development projects forwarded by states. To overcome this problem, it is proposed to set a timeframe for sanction of projects. In case, the sanctions are not accorded in time, the project may be deemed sanctioned. It is also proposed, for continuous monitoring of such cases, a cell should be established which will coordinate with state's forest department and Government of India to bring speed in facilitating sanctions of such cases.

24. The Compensatory Afforestation Fund Management and Planning Authority (CAMPA), Govt. of India, currently parks the amount received by the State governments from various development agencies in lieu of the forest areas diverted for non-forestry purposes. The Govt. of M.P. has, so far, deposited Rs. 700.56 crore in CAMPA fund. This money is to be released to the State Government in stages, as per the proposals submitted by the State. So far, only Rs 53 crore has been received in August, 2009. The State Govt. has already sent proposals for Rs. 172.36 crore to Government of India in the month of March, 2010, but the release is still awaited. It is proposed that CAMPA amount should be deposited with state government so that amount can be used as per the order of Supreme Court. For this central government has to approach the Supreme Court for orders.

25. Presently there are 360 ULBs in Madhya Pradesh and about 26.67% population lives in the urban areas of the State. The decadal growth of urban population in Madhya Pradesh was 31.01% and this trend is going to continue. Under these circumstances it is inevitable to develop suitable infrastructure facilities in urban areas. It is worth mentioning that about 50% of the urban population of the state lives

in 14 Municipal Corporations. Therefore, it is essential to take up infrastructure development on priority in these cities/towns too.

26. Under the present policy of Government of India, million plus cities have been covered under JNNURM for infrastructure development. However, the urban areas adjoining these million plus cities (like Bhopal and Indore) have grown up as satellite towns which have a distance of merely an hour or even less from these cities. Therefore the infrastructure development is also required in these urban areas. It is, therefore, necessary to prepare “Metropolitan Area based Planning” instead of “City based Planning” and accordingly funding should be done. In this way we would be able to decongest big cities and reduce growing pressure on infrastructure facilities of these cities.

27. In addition to metropolitan area based planning, there are few towns in the state witnessing unexpected increase in population due to immense possibilities for investment. For example, Singrauli town has emerged as “Power Hub” in the country and therefore immediately requires development of necessary infrastructure facilities. Financial assistance on priority has to be given for such cities. Accordingly, it should be integral part of the policy of Government of India to provide special financial package for such growth centers.

28. In view of the policy of Government of India to ensure planned development of cities, Madhya Pradesh Government has resolved to prepare City Development Plans (CDPs) of all the Urban Local Bodies over a period of next 3 years. We have also taken up the work of

preparing City Sanitation Plans. The matter of concern for the State is that once the CDPs of all the cities are prepared, a fresh demand of funds for infrastructure development is going to rise and the existing financial resources would prove insufficient to fulfill this requirement. Though part of requirement can be met through Public Private Partnership. To develop basic infrastructure, state has to invest and also the role of Government of India will become more significant. In this context, the Government of India should increase the financial provisions under the ongoing 5 year plan and consider increasing it further in the next five year plan at least by three times.

29. In support of the above proposal, I would like to mention that the overall allocation of ACA for Madhya Pradesh under JnNURM is Rs. 1594.61 crore against which the ACA of Rs. 1506.71 crore has already been committed in the projects sanctioned so far. However, the State requires additional funds to the tune of Rs. 2700 crore to complete the sanctioned projects in 4 mission cities. It has become difficult to complete these projects in absence of additional financial allocation by the Government of India.

30. The ongoing reform programme, for ULB's, is a very important programme. In addition to preparing plans, this is also important to improve the capacity of ULBs enabling them to utilize the additional financial resources made available in time and cost. A well designed capacity building programme needs to be implemented in the ULBs to have optimum use of human resources available with them. Similarly, the Gol should provide services of experts for giving technical assistance to States and ULBs on different subjects/areas. They should be renowned national level experts who will advise States in the areas

of Local Public Finance, Urban Transport, Urban Land Management, Solid Waste Management and Public-Private-Partnership.

31. The unit cost for construction of houses for urban poor under IHSDP is Rs. 1.00 Lac. This cost was based on norms prevailing at the time of launch of the Scheme (i.e. Financial Year 2005-06). However, over the period, the construction cost of these housing units has increased to about 2.00 to 2.50 Lakh. This has caused additional financial burden of about Rs. 1.50 lakh on the beneficiaries which he/she is unable to bear. During the meeting held in Mumbai I had requested the Hon'ble Finance Minister to get the unit cost increased so that minimum liability is incurred by the beneficiaries. It is being reiterated again that the GoI should consider increasing the unit cost to Rs. 2.50 Lakh under IHSDP or the ultimate cost ceiling should be eliminated on the pattern of BSUP.

32. I would like to draw the attention of the august house to escalating cost of the projects leading to additional financial liability of about 40% of the project cost under various urban development schemes. Based on rough estimates, the State Government and ULBs have to raise additional funds to the tune of Rs 2748 crore to meet out this liability. Besides this, the ULBs are also facing problems in arranging the amount of their share ranging from 10 to 30 percent under different schemes. I am of the opinion that escalated cost should be shared by state and centre in same proportion as devised in the schemes.

33. I would like to draw the attention of the august house to the fact that poor families live in urban areas too and their requirement for employment, health and sanitation services are to be met. I appeal to National Development Council that programmes such as MGNREGA,

NRHM and Total Sanitation should also be extended to urban areas. This will help in creating basic infrastructure in cities and towns and provide employment to poor people of urban area.

34. We are aware that availability of power is very important for all-round development of state. State has added 3161 Megawatt (MW) power generation capacity through State owned Power Generating Company and Joint Venture in the last six years. As a result the State's own generation capacity has doubled to 6152 MW. Further, 1700 MW will be added till March 2013 taking the generation capacity of State owned Company and Joint Venture to 7852 MW. In addition, state is promoting Independent Power Producers and they will contribute 5243 MW power to the state by March 2013

35. We have also focused in increasing the Transmission Capacity and reducing transmission losses. Transmission capacity has increased to 8091 MW from 3890 MW in the year 2002-03 which is an increase of 108%. Transmission losses have reduced from 7.93% to 4.19% in the same period. This is better than the national average. AT&C losses have also gone down from 45.58% in the year 2002-03 to 35.80% in the year 2009-10. The average yearly revenue has grown by 9.97% since 2002-03.

36. Madhya Pradesh is implementing a scheme of feeder separation in rural areas for households and agriculture consumers. Aim of the scheme is to ensure 24 hour power supply to every household and farmers should get at least 8 hours of supply for agricultural purposes. The overall expenditure will be about Rs.5000 crore. Government of India should share this expenditure as it will help in removing disparity in availability of power to rural and urban areas.

37. Ministry of Power, Government of India is promoting distribution franchisee system. However, substantial capital

expenditure is involved which is must for the success of the distribution franchisee scheme. I would suggest that distribution franchisee scheme should be made eligible for assistance under VGF scheme of Department of Economic Affairs.

38. It is being proposed that all distribution licensees fulfill their renewable energy projects obligations. These obligations are likely to increase the tariff which may resisted by the consumers. Hence, I would suggest that a fund should be created to subsidize the renewable energy projects obligations.

39. I would also request that 16 districts of Madhya Pradesh which are still awaiting sanctions of their projects under Rajiv Gandhi Grameen Vidyutikaran Yojna, may kindly be sanctioned at earliest possible.

40. Madhya Pradesh has been allocated 150 LMT under Annual Contracted Quantity which is insufficient to achieve the PLF target set by the Central Electricity Authority. As a result we have to import the coal. State's coal requirement is being met from other states while coal from our state is supplied to other states. This practice is not only illogical from utilization of resources point of view but it is also injustice to our state. The coal to Sarni Thermal Plant is being supplied from WCL coal mines, which do not have graders installed at their site and supply oversize coal to our Thermal Power Stations. In my opinion, coal is National Resource but the requirements of coal producing states should be met both in terms of quality and quantity. Only non-producing and coastal states should be asked to import the coal which will be better for economy. I have raised this issue with Hon'ble Prime Minister, Minister for Coal and Minister for Power and Energy but no satisfactory action has been taken so far.

41. Govt. of India is awarding “Captive Coal Block” to private company in certain programmes. As per the existing guidelines these companies can use coal only for the purpose intended in the project. These companies have more availability of coal than their requirement. Because of existing policies, production of coal could not be enhanced which leads to shortage of coal for industrial use. I would suggest that companies may be permitted to produce more coal than allocated amount and be allowed to sell the same to other units.

42. State has performed well in elementary school education, which is evident from drop in dropout rate from 24.03% in 2003-04 to 13.94 % in 2008-09 in case of primary classes while in upper primary classes dropout rate dropped from 24.68% to 13.24% during same period. These changes have been contributed by result oriented interventions such as providing bicycle to girl’s students, free uniform and books etc., undertaken by the state. I hope, the impact of these interventions will result in better literacy rate, reduction in gender gap in literacy, gap in literacy by location and improvement in other important indicators related to education.

43. I welcome the enactment of The Right of Children to Free and Compulsory Education Act, 2009 and my government is committed to fulfilling our statutory obligation in all earnestness. The State Government, on its part, has taken all the required steps mandated under the Act. The Rules under the Act have been finalized and all the necessary notifications under the various provisions of the Act have been issued.

44. The Act clearly stipulates that ‘the Central Government shall provide to State Governments, as grants in aid of revenues, such

percentage of expenditure as it may determine, from time to time, in consultation with the state governments. The Act has come into force but the Central Government did not have formal consultation with the state governments on this issue. If the present funding pattern of Sarva Shiksha Abhiyan continues for fulfilling the mandate of the Act also, the state will have to provide additional funding of Rs 5,520/- cores for the next three years, even after accounting for the 13th Finance Commission award. I wish to categorically state that my government is in no position to meet out this additional expenditure on its own. Therefore, I stress for 90% revenue grant on continuous basis by central government.

45. The norms of the SSA have not been revised so far in the light of RTE Act. Without that, the precious time to fulfill the RTE mandate by March 2013 is being lost. The academic authority notified by the Central Government is yet to lay down qualifications of teachers. As a result, we have not been able to initiate the teachers' recruitment process.

46. RMSA is welcome, but higher secondary education should also be covered under it. I also request you to ensure that the cost of buildings for Model Schools, Girls Hostels and KGBVs must be sanctioned as per the Schedule of Rates applicable in the states. Obviously, we cannot have the same cost of construction from Kashmir to Kanyakumari.

47. For creating more facilities for higher education in the state, state has set up Private University Regulatory Commission. I thank the central government for declaring Sagar University as Central University. In the process State has transferred assets worth of more

than Rs. 400 crore. Now there is a need to open a new university in Bundelkhand region for affiliated colleges for which financial support is solicited.

48. According to BPL survey 2002-03, the numbers of families eligible for Indra Awas Yojana were 35.6 lakh. But due to technically wrong classification of definition in Census 2001, only 2.08 lakh families were eligible for benefit under the scheme resulting in much lower allocations as compared to other states under Indra Awas Yojana. Even after my raising this problem repeatedly, no satisfactory progress has been made. I would stress the council to rectify the technical mistake so that injustice which is being done to the poor comes to end.

49. Rural Connectivity in Madhya Pradesh is very poor. Government of India has appreciated the work done under PMGSY in the state. During last year, enough number of sanctions has not been received. Even at present norms, 23000 kilometer of rural roads are yet to be sanctioned. It is, therefore, requested to grant the sanctions of rural roads as per our requirements at earliest possible.

50. The accident in the Union Carbide factory on the night of 2-3 December 1984 was the greatest industrial disaster in the world. To ensure initial relief and rehabilitation, Government of India provided approx. Rs. 200 crore during the period 1990 to 1999. Thereafter, Gol provided no funds to the state government in the last 10 years. The state government has spent more than Rs. 400 crore for relief and rehabilitation. In 2008, the state government forwarded an action plan for an amount of Rs. 982.75 crore to Government of India to help us continue our relief and rehabilitation efforts.

51. The newly constituted Group of Ministers in its meeting in June 2010 recommended Rs. 272.75 crore as additional resources for relief and rehabilitation. I would like to convey our gratitude for the same. However, the GOM did not take-up our demand for a corpus fund of Rs. 500 crores, which was essential for enhancing our capability for medical and other activities relating to relief and rehabilitation. This was part of our action plan and the proposal had been cleared by the Planning Commission. I would request that this corpus fund of Rs. 500 crores, which is essential for relief and rehabilitation for the gas victims should be sanctioned and released at the earliest.

52. The GOM recommended some amount of additional compensation to 42,166 gas victims but did not recommend any additional compensation to 5,21,332 gas victims who were declared as gas affected by the Welfare Commissioner. Therefore more than 90% of the gas victims will not be given any additional compensation. I must also point out that the GOM completely ignored 10,047 gas victims who died as a result of the Gas Tragedy. This group has not been given any additional compensation by the GOM. I would urge that the entire question of additional compensation is revisited and a special session of the GOM should be convened for this subject.

53. The subject matter of environmental remediation and the disposal of toxic waste is an extremely sensitive matter that has to be done after careful study and detailed discussion with technical experts and all the stake holders. This should be done under the guidance of the Oversight Committee set up by the GOI. The state government will

provide all necessary support to ensure this process. But there is great resentment among people regarding disposal of toxic waste at Pithampur. Local people have lot of misgivings about the after affects of burnung chemical waste and there is opposition to this act. Thus there is need to revisit the issue of disposal of toxic waste and find all possible options including the option of burning the waste.

I hope that this esteemed Council will take due note of my suggestions and necessary action will be taken by Planning Commission, Government of India and related ministries to resolve the issues.

JAI HIND