

Speech of Shri Tarun Gogoi, Chief Minister, Assam

50th National Development Council Meeting on 21st December 2002 at New Delhi

Respected Prime Minister,

Respected Deputy Prime Minister,

Hon'ble Deputy Chairman of the Planning Commission, Hon'ble Chief Ministers, Union Ministers, Ministers from the States, Other Members of NDC, Senior Officials from Government of India and the State Governments, Ladies and Gentlemen present.

I am very happy to be present in this 50th meeting of the National Development Council, convened for consideration and approval of the draft 10th Five-Year Plan. We have completed 50 years of planning in this country. There is no doubt that the Five-Year Plans have taken the country ahead on the path of development and progress. Different strategies were adopted in the Five-Year plans in the past to meet the national priorities, aspirations of the people and the exigencies of the situation prevailing at that time. The strategies and objectives adopted for the 10th Five-Year Plan would have to meet the challenges of the rapid globalization.

2. The achievements in the last 50 years have been satisfactory but not to our expectations. It was expected that in addition to the country making rapid stride in overall development, the regional disparity would be reduced to the minimum. Many special plans and policies were taken up, keeping this factor in mind. In spite of our best efforts, wide differences in the level of economic development attained by the states continue to exist. This calls for a very careful analysis and introspection to identify as to what went wrong. The draft Plan has rightly expressed concern at the growing disparity in development among the different states in the country. But it has not spelled out the remedy or steps proposed to be taken to reduce the regional disparity. Mere achievement of national targets, however high they may be, at the cost of large increase in the inter state inequality is fraught with the serious consequences for regional balance and national integration

3. I am glad that as per vision of our Hon'ble Prime Minister for doubling the growth rate in next 10 years, the national target for growth in the 10th Five-Year Plan has been kept at 8 percent per annum. The draft Plan document also gives the state wise

disaggregation of targets for growth rates necessary for achieving the national growth rate target. It is seen that we have been, by and large able to achieve the targeted growth rate in our Five-Year Plans. The growth rate in the last three Five-Year Plans has been around a satisfactory 6 percent per annum. But in case of many states including Assam, the growth rate has been much below the national figure. Special support will have to be given to these states, if they are to achieve the targets set by the Planning Commission. This will help in reducing the regional or the inter state disparity.

4. The growth rate for Assam in last two Five-Year Plans have been 2.8 percent and 2.1 percent. Against these, the target fixed for Assam for the 10th plan is 6.2 percent. As per internal assessment done, the total resources required to achieve the growth rate target of 6.2% per annum during the 10th Plan period is estimated at around Rs.25000 crores. The resources estimated for the state for the 10th plan as per discussion with Planning Commission is Rs.8315 Crores only. So there is a resource gap of around Rs.17000 crores. Therefore, it will not be possible by the state of Assam to achieve the projected growth rate of 6.2 per cent per annum unless there is additional infusion of fund to the tune of amount mentioned above.

5. The draft document has also outlined the huge investment that would be necessary to achieve the targeted growth rate. The resources will have to be generated mainly from within the country and for this purpose, it may be necessary to have a fresh look at our financial sector, so that it can generate adequate domestic savings. The centre would have also to give special support in the form of investment in the states with near stagnant economy like Assam, if they are to achieve the growth rate projected for them. At present in spite of the fact that banks are flushed with funds, the Credit Deposit Ratio in most of the States is very low. In case of Assam it is around 32% only. We will have to reorient the financial policies to ensure flow of credit especially in the rural areas.

6. Hon'ble Prime Minister is aware that Planning Commission recently published the " Assam Development Report ". This report makes it quite evident that the state is lagging behind the national average in all socio economic parameters including per capita income. During 1951-79, the Assam's economy grew at more or less the same rate as the rest of India. Yet, Assam's per capita income fell due to higher rate of population growth in Assam. The widening disparity since 1980-81 is, however, due to slower growth of its economy. The per capita income which was higher than the all India average in the initial years after independence has become lower. What is even more alarming is that the gap

between per capita income of Assam and the national average is widening steadily.

7. The major factors responsible for the deceleration of the state's economy include lack of adequate investment, low rate of capital formation, high growth rate of population, inadequate basic infrastructural facilities, weak communication linkages, perpetual flood problem, over dependence on agriculture, gross wastage of natural resources such as natural gas etc. Some of these deficiencies will be common to all the backward states in the country. If Assam and other backward states are to catch up with rest of the country, the above problems need to be addressed in the 10th Five-Year Plan.

8. Sir, we must congratulate the Planning Commission that for the first time a separate volume on the State Plans has been included as a part of the Tenth Plan document. This only indicates the relevance of the state planning in the national planning. Owing to financial constraints faced by most of the states in the last few years, it is observed that the states are finding it difficult to raise adequate resources to finance their Annual Plans. Most of the states have negative Balance from Current Revenue (BCR). Now, the state plans are being financed mostly out of borrowings as determined by the Planning Commission. This has resulted in heavy debt burden for the states. The Debt/GSDP for the state of Assam for 2001-02 is 36.9 % which is very high. The gross fiscal deficit of Assam for 2001-02 was 7.9% of GSDP against the sustainable fiscal deficit estimated for 10th Plan at 4.3% of GSDP.

9. The state plans have also been burdened with huge administrative and establishment costs. This has also adversely affected the investments for creation of productive assets out of plan funds. Funds are also hardly available for maintenance of the existing assets. The low growth of the economy of Assam in last two decades is also explained by the above characteristics of the state plan. This situation makes it imperative that adequate resources need to be transferred to the states through Finance Commission Awards. Most of the state Governments expressed their disappointment at the award of the Eleventh Finance Commission. Assam has repeatedly represented against the injustice done to it by the Eleventh Finance Commission. Since it is not possible to reopen the award, the state needs to be compensated in other ways so that the Government of Assam can come out of the financial stress, faced by it at present. The states need to be given sufficient resources to meet their non plan expenditures, so that the plan expenditures can be made to achieve the desired objectives. The 10th Plan is bound to get derailed, if the Centre does not come forward to solve the acute financial

difficulties faced by most of the states.

10. I would take this opportunity to bring it to the kind notice of the Hon'ble Prime Minister that quantum of royalty on minerals for the states should be determined timely. Our prayer for enhancing the oil royalty is still pending with the Central Government and we are being paid at the rate fixed on adhoc basis. Resources from royalty is one of the main resources for many state Governments.

11. We broadly agree with the priority given to different sectors in the draft 10th plan document. Agriculture development has been appropriately recognized as the core of the 10th plan. The attempt to redefine the role of the Central Government as well as the State Government in promoting the development is welcome. But we must remember that Government, both at the Centre and the State, will have to continue to take the responsibility for development of the basic infrastructure especially in the backward areas.

12. We can not expect the private sector to invest in these areas. Similarly, the Government will have to continue to invest in social sectors like Health, Education, Rural Water Supply etc. The road connectivity is a prerequisite for development in all other sectors in the rural areas. Economic potential in rural areas can be realized, only, if we ensure rural connectivity by providing all weather roads. The power sector is important for development of both Industrial and the Agricultural sectors. The present condition of the State Electricity Boards is well known to all of us. Steps have been taken to take up power sectors reforms in many states. But given the financial position of the State Governments, it will not be possible to carry forward the power sectors reforms, unless substantial financial support is received from the Central Government.

13. The growing unemployment among the educated youths has been a major area of concern for us. Therefore, the importance given to the creation of employment opportunities by giving topmost priority to the development of sectors, which have large potential for generation of employment opportunities by the Planning Commission, is very encouraging. In this Vast globalizing era , the States like Assam or for that matter the entire North Eastern Region can not remain an isolated backwater. The large scale unemployment has resulted in serious law and order problems in the State, which needs to be addressed without any further delay. This is also one of the causes for the insurgency and terrorism in the N.E. region. For this purpose steps should be taken in the 10th Plan for development of sectors like Information Technology, Tourism, Construction, Small Scale Industries, Transport apart from Agricultural sector which provides livelihood

for majority of our people. I would also like to suggest that all the projects and schemes to be taken up under the 10th Plan should be appraised from the point of view of capacity to create employment opportunities and incremental output from such capital investment.

14. We are happy that for the first time a chapter has been included in the 10th Plan document on the Disaster Management. The State of Assam has been suffering from the chronic flood problem for the last 50 years, after the devastating earthquake of 1950. The infrastructure as well as the agricultural production base are constantly washed away with the annual floods and erosion. The vagaries of flood and erosion has been increasing every year, resulting in loss of thousands of crores of rupees, as the deforestation continues unabated in the catchment areas. It is high time that a permanent solution to the problem of floods in Assam is found out. This will involve treatment of catchment areas lying beyond the boundaries of Assam and management of river system which requires investment and technologies beyond the capabilities of the state Government. I would urge that the problem of floods in Assam should be taken up as National Disaster in the 10th Plan period. The Brahmaputra Board which was created two decades back, be fully activated and given financial support by the Central Government, so that some headway can be made towards solving this chronic problem of the State and prevent the National loss caused by floods every year.

15. We have been using the funds under Calamity Relief Fund for restoration and repair of the public infrastructure damaged by the floods. But the 11th Finance Commission has put a restriction on the use of Calamity Relief Fund for such purposes. The state Government also does not have resources under the non plan to carry out such repair and restoration work. If restoration and repair is to be done with fund under the annual plan, the State will have to be given additional support under the plan, since as pointed out above, there is hardly any fund available under the state annual plan for creation or restoration of any assets. The NDC may like to take a decision in this regard.

16. The Central Government has been implementing a number of Centrally Sponsored and Central Sector Schemes under the Central Plan through the State Governments. I mentioned in the last meeting of the NDC that transfer of a large number of Centrally Sponsored Schemes over the years, has overburdened the State Governments with salary liabilities both under plan and non plan. Now there is a proposal to transfer some of the Centrally Sponsored Schemes to the State Government. I have no objection provided the schemes are transferred with full funding including the salary

component. Otherwise, it will be difficult for the State Government to continue with these Centrally Sponsored/ Central Sector Schemes. It is also felt that during the 10th Plan period, we should reduce the multiplicity of Centrally Sponsored Schemes and concentrate on few schemes especially those related to creation of basic infrastructure and generation of employment opportunities.

17. In this connection, I would like to mention that most of the Centrally Sponsored Schemes are funded jointly by the State Government and the Central Government. In case of rural development, the present policy of the Government of India requires 25% State Government contribution against 75% of the Central Government share in the schemes. The States have to bear the establishment expenditure from their own resources resulting in effective increase of State Share to over 25%. On the other hand, owing to chronic financial constraints, many state Governments have not been able to release the State Share timely. As a result, states like Assam, are often made to forgo a large part of the Central Share in the scheme. In such a situation, apart from the states losing a major share of the Central fund for its rural development, this also affects the overall achievement for the Nation as a whole, since the earmarked fund remains unspent. Similar is the experience with many other Centrally Sponsored Schemes.

18. In many cases, this unspent fund is given to some other states as additional share, if they can provide the matching State Share. We have no objection in rewarding the good performing states, but it should not be at the cost of the poor states. As mentioned earlier, this only contributes to the increasing 4toe regional disparity, which in the long run may lead to alienation of the people of the poor and backward regions. I would like to suggest that during the 10th Plan period, the Central Government should release the Central Share to the states irrespective of whether the State's Share has been released by the State Government or not. If the State Government releases its share, this will be treated as an additive fund for the scheme. Otherwise, the fund available for the scheme should be limited to the Central Share. Of course, the Central Government will have the right to monitor the proper utilization of Central Share. If this system is adopted, this will expedite the implementation of the Centrally Sponsored Schemes. Further, I am sure, this August House will agree to the fact that people for whom these Centrally Sponsored Schemes are meant, should not suffer merely because their State Governments are failing to release the State Share due to serious financial constraints.

19. In order to ensure accelerated development of the backward states, the Centre

had introduced the concept of Special Category States in the year 1969. As on today, there are 11 Special Category States including Uttaranchal. Till 1980s, the Planning Commission used to neutralize the negative BCR with Special Central Assistance. We urge that the Planning Commission should revert to this system for the Special Category States so that the resources under the Annual Plan is available for investment in productive assets, instead of diverting them for meeting the non plan deficits. The Planning Commission currently allocates 30% of the Central assistance for the States' plan after setting apart fund for the Externally Aided Project and for Special Area Programmes. It is observed that allocation for the Externally Aided Project and Special Area Programmes are becoming larger and larger and as a result actual allocation for Special Category States in real terms is becoming lesser. This is a matter of concern which needs to be examined and attended to.

20. All the states in the N.E. region are categorized as Special Category States. For development of the region, North Eastern Council (NEC) was created in the year 1971 and now a Department for Development of North Eastern Region (DONER) have been created at the Centre. The lack of basic infrastructure like roads, non availability of power, inadequate social infrastructure and absence of avenues for creating employment opportunities are common to the states of this region. It has been our experience that the quantum of fund flow through these institutions has been very meagre and as a result they have not been able to make the desired impact in the region. Because of paucity of fund, some of the road schemes under NEC started in the 5th and 6th Five-Year Plan period are yet to be completed in Assam. Recently, we had a meeting of the NEC and there was a consensus that there should be a regional plan with special thrust on the programme for development of manpower and strengthening of physical and financial infrastructure in the 10th Five-Year Plan. This can be done by enlarging the NEC plan with adequate additional Central Assistance or through the Department of DONER.

21. The North Eastern Region and the Sikkim has been getting the benefit of Non Lapsable Central Pool of Resources (NLCPR) for infrastructure development in the region. The fund under this pool is released as 90% grants and 10% loan, as is the pattern for providing Central Assistance for the State plan of Special Category States. The NLCPR fund consist of unspent balance of various Ministries, which were require*¹ to be utilized in the North East. Had the Central Ministries spent the earmarked amount for the North East, then there would have been no loan liabilities on the N.E. states. The flow of fund from this pool should, therefore, be given as a 100% grants to the states. I would request the NDC

to take a decision on this matter

22. In the previous Five-Year Plans, we have also taken up Special Area Programmes for the backward regions of the country. The two Hill districts in the State of Assam under the 6th Schedule of the Constitution is also covered under Special Area Programme like Hill Areas Development Programme. But these areas continue to be very underdeveloped with lack of basic infrastructure of Roads, Health Institutions, Water Supply etc. A careful analysis is necessary to find out why this is happening inspite of earmarked fund for these areas. This is necessary to give renewed thrust for the development of the 6th Schedule areas, which are governed by the Autonomous Councils created under the Constitution.

23. The Government of Assam has also created another four Autonomous Councils under the Acts of the Legislature, specially for the Tribal people in the state, who are not living in the 6th Schedule areas, We have not been Councils. We would request that a special provision be made under the 10th Plan for providing funds to these Autonomous Councils created under the Acts of the Legislature in the State of Assam.

24. Special Area Programme, namely, Border Area Development Programme have also been taken up by the Planning Commission for the development of the International Border. But the fund made available under the programme has been very nominal, as a result of which it has not been able to make the desired impact in the Border areas. I would suggest that this programme be given special thrust during the 10th plan.

25. We are happy that a new scheme under the name "Rashtriya Sam Vikash Yojana" has been included in the 10th plan. The backward region of the Northe East India should also be given benefit under this new scheme.

26. Keeping in view, the mandates under the 73rd and 74th amendments of the Constitution, the Panchayati Raj Institutions have been put in place with elected bodies in the Sate of Assam. The necessary delegation of powers have already been made. We have transferred around 30 subjects to them. But, unless we can give them necessary financial support, I am afraid the Panchayati Raj Bodies would remain ineffective, since the scope to raise resources by them, is very limited, i would suggest that the 10th Plan provides for special allocation of fund to the Panchayati Raj institutions.

27. Hon'ble Prime Minister Sir, we must congratulate the Planning Commission for

placing before us a commendable draft 10th Five-Year Plan document. But we all know the Plan is as good or as bad as its implementation. I am sure all the members of this August House will agree that we do not have a very good reputation of implementing schemes and projects in this country. Therefore, this meeting of the NDC should emphasise upon proper and timely implementation coupled with simplified administrative procedure to achieve the objectives of the 10th Plan.

Thank you. JAIHIND