

Speech of Shri Ajit Jogi, Chief Minister, Chhattisgarh

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

Hon'ble Prime Minister, Sir, Draft of the Tenth Five Year Plan Document is now with us. Your initiative in calling the NDC to discuss the Approach Paper last year, and the tone and tenor of that meeting, had raised expectations - more so among the .new States of the Union. May I begin by recording our disappointment that not only have several important suggestions that were deliberated in this forum not found place in the draft Five Year Plan document, but also several crucial issues of development are left un-addressed. Sir, the Tenth Plan ought to have been an excellent opportunity for the new States to be helped in overcoming socio-economic backwardness - and to leapfrog in terms of indices of development - and yet, disappointingly enough there simply is no such attempt.

While discussing the Approach Paper, we had complimented the realization that the key to attaining Plan-targets for the nation was the degree of attention paid to the role of the States. It would be interesting to know as to how the growth target for the Tenth Five Year Plan has been worked out, in particular, for the new States. Chhattisgarh has been estimated to have an annual average growth potential of 6.10%, the lowest in the country, barring the States of Mizoram and Nagaland. Be that as it may, if Chhattisgarh and other similarly placed States are to contribute to the national growth target of 8%, and if these States are not to lag behind the front-runners, we have to aim for a higher rate of growth.

The Tenth Plan document says that there is indeed, no harm in aiming high - but that, the State would have to find its own resources; because the Central assistance is constrained by Gadgil-Mukherjee formula. Indeed, it is so - except that, a new State like Chhattisgarh needs the same indulgence as the other regions that have been rightly taken up for special assistance due to socio-economic backwardness. Permit me to repeat very briefly: inaccessible and hilly geography for most part of the State, very low density of population (154 per sq. k.m), largest forest cover (45%), large population of Scheduled Tribes (33%) and area under the Vth Schedule, very low per capita income (Rs.7072 at constant prices), low net area under irrigation (17.5%), low surfaced road length (21.37 k.m. per 100 sq. k.m.), low per capita energy consumption (300 units), high cost of service delivery, low agriculture yields

and the low per capita institutional investment (Rs.32.05) - all these make out a very strong case for a Special Status for the State of Chhattisgarh. The special problems of extremist related violence add a national internal security dimension to our case for Special Status. Large investments are required for improving communications and other infrastructure for the efficient delivery of social sector services so that the development gaps that induce disaffection in areas of extremism can be squarely addressed. May I also add that our districts of Bastar, Dantewada, Kanker, Mahasamand etc. share not just a common border but also a common misfortune of recurring drought conditions with the special region of KBK in Orissa.

I now turn to some of the issues that I consider as critical to the achievement of the Plan-targets in both quantitative and qualitative terms. The Plan that this meeting of the Council is expected to endorse, has been called a 'Reform' Plan - but what would construe 'Reform' is pre-ordained for each sector as the documents would make them out to be. One wonders whether there is any room for alternative definitions of 'Reform' leading to the same basic objectives of economic efficiency and effective governance. Sir, I can assure this Council that all States are as keen as the Centre itself that this vast nation with hugely talented human resources and enviably endowed natural resources, fully and substantially realizes its enormous latent potential in the shortest span of time.

Sir, several of the policy imperatives and programmatic initiatives mentioned in the document are already under implementation in States. In Chhattisgarh for instance, we decided not to have a State Public Transport Corporation and have instead decided to encourage as many private operators in the road transport sector as the market forces would determine optimal - consistent with the objectives of affordability, access and safety to all our people. We encourage private investment and entrepreneurship to participate in a big way in the housing sector. Under the Public Distribution System, we have moved away from the mind-set of 'shortages', and have allowed private participation wherever the cooperatives were unwilling to open unviable distribution centres. We are one of the few States to have taken up decentralized PDS, although several issues relating to compensating the State agency for losses incurred are yet to be satisfactorily sorted out. In the social sectors we have adopted a three-pronged strategy of better programme design, improving quality of service delivery and enhancing budgetary flows. We have already switched

over to contractual appointments under the Government with no terminal liabilities; new employment is mostly under the local governments. One half of our annual plan outlay is for the weaker sections. We are equally committed to transparency, probity and accountability. We have made a voluntary commitment to our legislature to maintain a ceiling on establishment expenditure at 40% of revenues. For the second year in succession our establishment expenditure has been maintained at 38% of the revenues. Our Gross Fiscal Deficit is only 4.5% of our Gross State Domestic Product. Our interest payments are only 19% of non-plan expenditure. Our commercial tax revenues have been rising at 26% during first six months, the increase was 18% last year. We could provide greater outlays than even the previous year on infrastructure and social sectors - more than 20% on roads, more than 70% on irrigation, more than 45% on drinking water, and on education, health etc. We have not had to resort to even a single day of overdraft from the Reserve Bank of India in the last two years. Austerity measures have helped in curbing wasteful expenditure. We believe in a lean government that has led us to redesign the number of departments down from 54 to 18. We have only six public sector undertakings. We use information technology for productivity gains. We discourage government guarantees. Sir, Chhattisgarh has agreed with the recommendations of the Finance Commission in regard to the regime of Medium Term Fiscal Reform.

All of us owe it to our people and to the generations to come, that through our collective endeavour, we realize the dormant potential of this great nation without any loss of precious time. A well-intentioned impatience to get ahead with the job is both reasonable and understandable. What I cannot however fathom is the intolerance towards any alternative strategy of 'Reform' that a State may be adopting on its own. To hold a bait of additional grants only if States fall in line with a certain dictum - seems to lose sight of the sensitive federal nature of our polity. I would strongly urge that the tone of the Plan document be modulated in this regard. I am aware that the Tenth Plan document mentions a mutually agreed path to 'Reforms', but the basic tone of the document sounds didactic, and hence my anxiety.

I cite an example from the power sector. Chhattisgarh has through its innovative Power Policy attracted both huge public and private sector investments in this sector. We have embarked on cent-percent metering and recovery of user charges, have done away with extra-budgetary subsidies, made our State Electricity Board

compete with private sector power plants, encouraged sale of power by private producers outside Chhattisgarh by ending the Board's monopsony and so on. Sir, we had not done all this in anticipation of some special reward. We did all this because we genuinely felt that this was the way to go about reforms, rather than blindly follow some other prescription that is yet to be proved * to be entirely successful in States that have tried them. Does it mean that even though we have undertaken reforms of the power sector in real terms, we stand to be penalized by being deprived of additional grants only because we did not subscribe to every word of a preordained dictum? I strongly feel that innovative policy modifications by States - as long as those satisfy the broad objectives of economic efficiency and better governance on the touchstone of equity - ought to be encouraged to sustain the States' interest in meaningful 'Reforms'. Sir, we are a nation made of a rich variety of genius. Let each State innovate what is best for its own development. Of course, we would seek out your helping hand - and I am sure the Centre would be there at all times to lend that to us, as and when we need it.

Let the impetus for 'Reforms' come from each State, let 'Reforms' become our felt-need rather than a handed-down prescription. Also, even as we speak of 'Reforms', let us walk our talk. Let me cite one other instance to amplify. Centre's anxiety to do so many things is understandable, but the impatience to do so on its own is incomprehensible. As I went through the detailed document put together by the painstaking efforts of our Planning Commission, I somehow felt that there was too much of labour in rationalizing the role of the Central Plan for activities and schemes which are either already being implemented by several States; or, could easily be transferred to the States. I recall mentioning at this forum on an earlier occasion of how a layperson's impression is that Centrally Sponsored Schemes and Central Sector Schemes are devices for us to justify the presence of a large bureaucracy at the Centre. A perfect example of a variant of what Professor Cyril Northcote Parkinson called the Parkinson's Law, namely, that work expands to fill time available - in this case, schemes expand and are invented to engage personnel available.

Let me support my contention. In Chhattisgarh, we launched a programme two years ago, called Indira Hareli Saheli, for breaking out of the vicious reinforcing cycle of poverty and environment degradation. The programme has zero administrative costs

- as a matter of fact we have actually reorganized some 54 government departments to just 18 - so, I guess I am in a position to say that any new programme started by us have zero incremental costs on administering them. Under Indira Hareli Saheli, the State grants usufructuary rights to landless BPL (Below the Poverty Line) families on trees planted by them on parcels of one hectare each of wasteland allotted to them for the purpose. This was our response to the need for providing massive rural wage employment opportunities through a 'greening' or environment-rehabilitating programme. I am proud to report that we could create over 10.36 lac person-days of employment directly and indirectly. We could plant over 37 lac saplings and could benefit 51, 818 BPL families. Sir, while implementing the scheme during the last two years we have learnt several invaluable lessons too. Some of these lessons relate to timely help and assistance required in planting, in establishing forward linkages which is a slow process and requires care and caution because identifying processing or marketing avenues takes time, we learnt that protection and care of plantation is critical for which vigil is required and we have to sustain beneficiary's interest till the usufruct stage. Sir, I gather from the Tenth Plan document-that "greening of wastelands through people's participation" would now be taken up during the Tenth Plan. I welcome this. Yet I am equally concerned with what would happen to our learning and our efforts - how exactly would that be factored in to the proposed Central Scheme. Would it not be more rational to only provide financial assistance to States for their on-going schemes rather than issuing standard prescriptions that take away the spirit of need based innovation and demand.

I could easily cite other similar instances. Our crop-diversification effort through an integrated approach to the farm sector - called, Rajiv Kisan Mitan - has for the last two years yielded encouraging results. Even in the midst of a severe drought this year, farmers associated with us under Rajiv Kisan Mitan are better off and relatively unaffected compared to the average paddy grower. How do we ensure that the momentum gained in the last two years through such innovations are sustained and not dampened because of externally imposed conditionally under a Central Scheme? What disturbs me is that while the Approach Paper had called for rationalization and pruning down of Central Sector and Centrally Sponsored Schemes, the Tenth Plan document does not talk of a freeze of such Schemes, nor of transferring such Schemes to the States or to the Local Self-Governments for

greater efficiencies. I urge you to recast this Plan document in a manner that the design and implementation of all schemes of development are left to the States; while the Centre retains the role of providing financial support on agreed parameters. This would also help the Government of India in restructuring its own bureaucratic apparatus -something that is expected of the States under the regime of 'Reforms'. 'Reforms', Sir, are as much about the States doing what they can do best, leaving the rest to other more efficient economic and governance agents; as they are about what the Center ought to or ought not to be doing.

There is one other issue that seems to me to be worthy of being mentioned in this Council. In sheer planning terms we are yet to carve out a domain for the District Plans envisaged under the 74th Amendment to our Constitution. The Tenth Plan document mentions this only in a very perfunctory manner. Perhaps, it is time the Plan document carried a Volume dedicated to the strategies and concerns at the district level too. That would mean creating additional databases in collaboration with the States, but that should not be difficult for our extremely competent Planning Commission. Such a departure would also make the selection of districts under the proposed Rashtriya Sam Vikas Yojana based on the felt needs and priorities of the district level planning exercise. Selection of districts other than through the involvement of the decentralized planning apparatus would I am afraid reduce it to - if I may add in a lighter vein - a "Some" Vikas Yojana, benefiting a few. Such a focus on District Planning would also wake us up to the need for strengthening the process of decentralized planning from a mere collation of 'local demands' to a more rational approach that weighs in available resources and incentives to mobilize additional resources by governance structures at the lower tiers -the Panchayats and the Urban Local Bodies.

I must add a few words in regard to Public Finances. I was encouraged, Sir, when you had called a meeting some time ago to review State finances. We believed that issues that have a direct bearing on augmentation of financial resources of States would be addressed in keeping with specific development needs of each State. For instance, with interest rates sliding downwards, States with comfortable debt servicing capacity and smaller debt burden could be allowed higher market borrowing. Similarly, additional Central Assistance through externally aided projects (EAP) is an area where the bulk of such assistance - as much as four-fifths -flows to

a handful of States. I find that the laudable objective of removing inter-regional disparities as set out in the draft Plan document has not. been followed up with any strategy for an equitable and more rational distribution of such additional resources to all States - not at the cost of shaving off what is already flowing to others, rather by sourcing more for those States where there is simply no flow at present. Nor do we seem to be addressing the persistent demand from States for a more rational application of interest rates for such assistance.

The Tenth Plan document quite appropriately identifies, that policy imperatives regarding public finances have to be taken up both by the Centre as well as the States. One such policy imperative identified in the document is that of pursuing the "switching over to ad valorem rates of royalty on' minerals through the Centre's initiative". It could not have been put any better, and I congratulate the document makers of the boldness of their assertion. However, we are nowhere- near this correction. I think all the coal producing States have-been demanding an ad valorem formula for a long time now, because one of the main sources of our non-tax revenues is the royalty on major minerals. Not only have the coal prices not been revised every three years as provided under the relevant statute, the recent delayed revision - the first since 1994 - has left .us highly* dissatisfied because it is less than half the revision in the prices of coal during the interregnum.

Let me briefly touch upon the critical concern for generating rural employment for a State like Chhattisgarh. Sir, the Sampurna Grameen Rozgar Yojana (SGRY) was designed to provide assured wage employment to 50% of the BPL families in a Block for the entire lean period of employment in all districts. In that sense it was an improvement upon the predecessor Employment Assurance Scheme (EAS), although not entirely satisfactory as during recurrent drought or famine like situations, the pressure on employment avenues multiplies several folds and the needy include even small and marginal farmers in distress who may not belong to families that are Below the Poverty Line. I find from the Tenth Plan document that the proposed strategy is going to provide employment for 100 days against the entire lean season at present; and, also to limit it to identified districts. This may be clarified and corrected. As you are aware, the Supreme Court of India has directed the

Government of India to see that all needy persons are provided with wage employment under SGRY so that unfortunate incidents of avoidable deaths due to starvation are averted. A great responsibility has also been cast on the State Governments and hence my concern.

As I conclude, I must not fail to mention my response to the proposed National Charter for Social Justice. Sir, a Charter may at best reiterate our concern for social harmony and social justice. However, Hon'ble Prime Minister, Sir, could there be a more hallowed Charter than the very Preamble to the Constitution of India, which captures the basic features of our Constitution as well as the collective resolve of the People of India. And, isn't each one of us duty and oath bound to ensure that the Preamble does not merely remain an inscription on paper. Sir, A Charter by itself is not going to ensure solace in the form of social harmony to those who in these troubled times live in perpetual fear and perennial insecurity. A Charter by itself is not going to deliver social justice to the weakest of the weak - the Scheduled Castes, the Scheduled tribes, the Other Backward Classes and the Minorities - indeed, to all those who exist in great distrust of what good governance implies for them in the different parts of the country. Let this Tenth Plan address their concerns in a manner that satisfies them, consoles them and allays their anxieties, - and, we the States and the Centre would have done our calling. I thank the National Development Council, and you Sir, for this opportunity to articulate my thoughts on the Tenth Plan.

Jai Chhattisgarh.

Jai Hind.