

## Speech of Shri Om Prakash Chautala, Chief Minister, Haryana

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

Hon'ble Prime Minister Shri Atal Behari Vajpayee Ji, respected Deputy Chairman, Planning Commission Shri K.C. Pant Ji, Esteemed Central Ministers, Governors/Lt. Governors, fellow Chief Ministers and other distinguished participants !

It is a privilege for me to address this august gathering at the meeting of the National Development Council. Hon'ble Prime Minister, Sir, the main agenda of this meeting is to consider and approve the Tenth Five Year Plan (2002-2007) document. First of all, I congratulate the Deputy Chairman, Members and officers of the Planning Commission for preparing an excellent draft of the Tenth Five Year Plan. The major objectives of the Tenth Plan include reduction in poverty levels, population growth, gender gaps in literacy and wage rates by 50 per cent, providing high quality employment to the youth and potable drinking water in all villages. There can be no two opinions that all these objectives are laudable. I assure you Sir, that we in Haryana will put in our best efforts to achieve these objectives.

2. The Planning Commission has fixed a target of 8 per cent growth rate in Gross Domestic Product for the nation as a whole during the Tenth Plan period. Growth rate targets for different sectors of the economy and for different States have also been stipulated by the Planning Commission. For Haryana, the overall growth rate has been fixed at 7.9 and the sectoral growth rates are: 4.07 for agriculture, 9.56 for industry and 10.33 for services sector. We in Haryana would strive to achieve these targets by making optimal utilisation of our scarce resources but the resource constraint on this account is our limitation. In spite of large investments during the successive Five Year Plans in the industrial and the tertiary sectors in the country as a whole, the primary sector that is agriculture still dominates our economy and is the mainstay of our rural population. Without significant growth in this sector, the overall growth rate may not be achieved. Hence, large investments have to be made in this sector. Some of the States like Haryana have reached almost a saturation point in terms of utilisation of land resources and productivity levels. Haryana can achieve the stipulated growth rate of 4.07 in agriculture only through diversification. The Government of India should provide some incentives to the farmers for diversification. The resources available with the State do not allow us to make further investment in this sector. It is only the Central Government which can help the State through large investments in irrigation and power projects as well as in agro-based industries. This will result in reduction in poverty and increased employment to the unemployed. As per the draft document of the Tenth Plan,

poverty ratio in Haryana which was 35.36 in 1973-1974 has come down to 8.74 in 1999-2000. I assure you Sir that we shall try to reduce this ratio further by the end of the Tenth Plan.

3. Increase in literacy and reduction of gender gap in this respect is another major objective of the Tenth Plan. I congratulate the Human Resource Development Minister and his Ministry for launching Sarva Shiksha Abhiyan from April 1, 2002. This programme will help the States to a great extent in increasing literacy rate especially among the female children. The draft document indicates that Human Development Index in Haryana has increased from 0.360 in 1981 to 0.509 in 2001. With our own efforts and support from the Government of India, we shall further improve this index. Reduction in population growth has always been the first priority of the nation throughout the last five decades of planned development. This programme has to be further strengthened. There is also a need for making this programme more flexible.

4. The existing formula for distribution of fuel cess among the States is faulty as it goes against the interests of the major fuel consuming States like Haryana. About Rs 300 crore are collected by the Government of India from Haryana annually as fuel cess. Last year a provision of Rs.50 crore for rural roads under PMGSY and Rs.31.40 crore for roads and bridges were kept for Haryana out of this fuel cess. It is mentioned here that Haryana received only Rs.25 crore under PMGSY and no amount was released by the Government of India against Rs.31.40 crore for roads and bridges. For the current financial year, only a sum of Rs.35.75 crore has been kept for roads and bridges. The State has not received any amount so far against this provision. Regarding provision under PMGSY, this has been converted into 100 per cent Centrally Sponsored Scheme. Road density in Haryana is much less than the All India average. Hence, I request you Sir, that this devolution to the State should be made more equitable on the basis of actual realisation of cess from each State. I would further request that the present formula should be modified in such a way that each State gets at least 50 per cent of the cess realisation from its territory.

5. Prime Minister, Sir, debt liability of the States has increased manifold and has become unsustainable. State finances, to a great extent, are affected by the Central policies. The States borrow from the Centre, the market and the financial institutions like NABARD, LIC, HUDCO etc. mainly for creating and improving their economic and social infrastructure such as Power, Roads, Irrigation and Water Supply works. These projects have long gestation period and some of these have no significant returns. The interest rates being charged by these financial institutions are very high. The interest rates being

presently charged by HUDCO and NABARD are 11.75 per cent, and 8.5 per cent respectively while Government of India charges 11.5 per cent on its loans. These interest rates have today become unjustified in view of reducing interest rate regime and needs to be rationalised and brought down to 6-7 per cent.

6. Another allied issue is the Debt Swap Scheme suggested by the Government of India which envisages repayment of old small saving loans carrying interest rate of 13 per cent and above through 20 per cent additional small saving loans accruing to the States from April 1, 2002. This Debt Swap Scheme will not reduce the debt stock of the States although it provides some relief to the States by way of lower interest rates. I would suggest that the entire Central loans be consolidated into one loan and the interest rate may be reduced to around 7 per cent. It would be more beneficial to the States.

7. One of the major reasons of the rapid increase of the indebtedness of the States towards the Centre is the composition of the Central assistance between the grant and the loan which at present is 30 per cent grant and 70 percent loan for non special category States like Haryana. We have always been pleading with Government of India at various fora that this composition of the Central assistance be changed to 50 per cent as grant and 50 per cent as loan.

8. Another issue is that Central devolution of resources to better managed States like Haryana is declining gradually. The recommendations of the Eleventh Finance Commission have reduced Haryana's share in Central taxes to 0.944 per cent as against 1.238 per cent recommended by the Tenth Finance Commission. This has caused a loss of over Rs.1100 crore to the State during the five year period, 2000-2005. Besides, there had been substantial reduction in the State's share of Central taxes during 2001 -2002. Against the original estimates of Rs.590.12 crore indicated by the Ministry of Finance, the State Government received just Rs.503 crore resulting in a shortfall of over Rs.87 crore. I would suggest that there should be a guaranteed level of tax devolution to the States. Further, normal Central assistance for the Annual Plans to Haryana remained static at about Rs.208 crore during the five year period, 1997-2002 whereas the plan requirements of the State have been increasing day by day. There should have been atleast 10 per cent annual hike in this assistance. For the year 2002-2003, this assistance is Rs.221.52 crore. I would request that this assistance should be increased by 10 per cent for every subsequent year.

9. Levy of Value Added Tax (VAT) in place of the present system of Sales Tax by all the States would start from April 1,2003. Haryana Government is fully geared up to levy

VAT by the stipulated date. An allied issue to this is that the Government of India has decided to phase out the Central Sales Tax starting from April 1, 2004. The rate of Central Sales Tax will be reduced from four per cent to two per cent in 2004-2005, one percent in 2005-2006 and nil in 2006-2007. Haryana will be suffering annual revenue loss of about Rs.1000 crore on account of the phasing out of Central Sales Tax. The State needs to have an alternative source of revenue on regular basis. The Government of India levies and collects tax on some services. The estimated annual collection is Rs.5000 crore. It is possible to broaden its base to collect more revenue from Service Tax. It is suggested that the proceeds of this tax may be assigned to the States. It may require amendment of Article 269 of the Constitution. Hon'ble Prime Minister, Sir, I would request that the Government of India may take immediate appropriate action in this regard.

10. The Supreme Court in its recent judgement has directed all the States to grant the revised pay scales including other benefits to the subordinate judiciary by the 1st April, 2003. The judgement also directed the States to increase the strength of judiciary. For a small State like Haryana, the additional liability on this account would be around Rs.625 crore. The States are not in a position to bear this liability from their own resources. Besides, this will lead to further demands by other categories of State's employees. We are not opposed to the implementation of the Supreme Court judgement but I would suggest that keeping in view the gravity of the problem it would be more effective if Central Government takes administrative, legislative and legal action in order to overcome the implications of the Supreme Court order.

11. Last year the Supreme Court directed the States to implement the Mid-Day Meal scheme in Primary schools by providing cooked food to the children. Implementation of this scheme involves huge expenditure which the States are unable to bear. Annual expenditure for implementing this scheme in Haryana has been worked out to be Rs.70 crore. The Government of India should finance this programme as a 100 per cent Centrally Sponsored Scheme.

12. There has been gradual increase in the number of Centrally Sponsored Schemes. The large number of these schemes has become un-manageable and susceptible to ill usage. Efforts should be made to club schemes with similar objectives and weed out those no longer useful. But this should not lead to reduction in the total quantum of financial assistance to the States by way of C.S.S. The State should be given greater flexibility in the implementation of these schemes. Further, there is tendency with the Central Ministries to release funds directly to the respective State departments/District level agencies instead of releasing these funds through the Consolidated Fund of the

State. As a result, the State Government cannot effectively monitor utilisation of these funds. I would suggest that the concerned Central Ministries be directed to route their funds through the State Consolidated Fund. An allied issue is that of transfer of these schemes to the States with funds. The past experience in this respect has shown that the transfer of funds to the States in this regard has not been to the extent it was being done during the earlier operation of these schemes as Centrally Sponsored Schemes. This has increased the State's liability to run these schemes as State schemes. It is very difficult for the State to monitor the transfer of funds from the Centre to the State in respect of each such scheme every year. Hence, I would request the Government of India that there should be no further transfer of C.S.S. to the States.

13. Water is a basic human need which is vital to all developmental activities. The rivers should also be nationalised like mines for better utilisation of available water resources. Till such time the water resources are nationalised, inter-state river water disputes should be resolved on priority. In this context, I would like to invite your kind attention to the directions given by the Supreme Court in the suit filed by Haryana regarding construction and completion of Sutlej Yamuna Link (SYL) Canal in Punjab territory. This canal would carry the share of Haryana in Ravi-Beas waters to Haryana. The Hon'ble Court passed an order on January 15, 2002 directing the State of Punjab to continue the digging of SYL Canal, the portion of which has not been completed as yet and make the canal functional within one year. The court also directed the Government of India that if within one year the SYL Canal is not completed by the State of Punjab, then it should get it done through its own agencies as expeditiously as possible. Although more than eleven months have passed yet no tangible steps have been taken either by Government of Punjab or Government of India to implement the directions of the Apex Court. I hope the orders of the Apex Court will be obeyed in the right earnest.

14. There have been talks in the recent time about interlinking of different rivers of the country. This is an ambitious project and requires huge amount of funds for its implementation. Haryana has always been advocating that inter basin transfer of water should be encouraged to divert water from water surplus basins to water deficit basins. Till such time the river are interlinked, construction of proposed projects like Kishau Dam, Renuka Dam and Lakhwar Vyasi Project on river Yamuna should be given priority so that natural calamities like floods and droughts can be better managed. These projects were identified decades ago but are yet to be constructed. I would request for the intervention of Hon'ble Prime Minister by issuing directions to the concerned State Governments for early completion of these projects. I would further request that the proposed Sharda Yamuna Link Project for linking river Sharda, a

tributary of river Ganga with river Yamuna be taken up on top priority so that water requirements of Yamuna sub basins can be met with.

15. As you are aware, judgement of the Supreme Court has prohibited plying of heavy inter-State traffic through Delhi. Consequently, the intensity of traffic on the State Highways of Haryana has increased manifold. These roads do not have sufficient strength to bear the increased heavy traffic. I would therefore request that in order to reduce the pressure of traffic on these roads, the Government of India should construct an Express Highway on the Western Periphery of Delhi from Kundli to Palwal through Jhajjar, Farukhnagar, Gurgaon and Sohna at the earliest. Similarly, Eastern Peripheral Express Highway connecting Faridabad-Noida-Ghaziabad-Kundli should also be constructed early. Besides during the last decade or so, the traffic intensity on the national highways running through the State has increased tremendously resulting in serious traffic bottlenecks. I would request the Government of India to take up the following projects urgently for easing traffic situation on these highways.

- i) Fly-over at Badarpur on Dehi-Faridabad Road (National Highway No. 2)
- ii) Elevated Highway at Panipat (National Highway-1)
- iii) 8-laning of Delhi-Gurgaon stretch and Mehrauli-Gurgaon Road (National Highway-8)
- iv) 4-laning of Delhi-Bahadurgarh Road (National Highway-10)

All the traffic on these highways goes to the national capital, the Central Government therefore, should take steps to reduce congestion on these highways while they pass through Haryana.

16. Haryana Government has submitted a proposal amounting to Rs 1641 crore to the Government of India for augmentation and extension of water supply, sewerage, solid waste management and storm water disposal in 19 towns of the State falling in the NCR. The State Government has agreed to bear 25 per cent of the cost of these works. The balance 75 per cent should be given to the State as grant and not as loan as indicated by the NCR Planning Board. In fact, all these works are needed to decongest Delhi and the entire cost should have been borne by the Government of India. As per the fiscal plan prepared by the NCR Planning Board for the development of National Capital Region, the concerned Central Ministries, that is, Ministries of Railways, Surface Transport, Communication etc. have been called upon to prepare their sub-component plans for the National Capital Region for the development of core infrastructure. Except

the Ministry of Telecommunication, no other Ministry has prepared/implemented any sub-component plan for this region. Preparation of NCR sub-component plan by the concerned Central Ministries should be the foremost priority. I would request the Hon'ble Prime Minister to direct the concerned Ministries to make suitable provisions for their projects in the NCR in the form of sub-component plan.

17. The Government of India is contemplating to do away with the system of procurement of agricultural produce by the F.C.I, at the Minimum Support Prices fixed by the Government of India for various crops from time to time. This step will ruin the farmers especially of the major agricultural producing States. The cost of agricultural inputs is so high that the farmers have to take loans in a big way from different lending institutions and hence it is difficult for the farmers to hold back their produce even for a short period. Consequently, they will have to resort to distress sale of their produce to the private agencies. The States have been asked to make their own arrangements for the procurement of foodgrains etc. It is mentioned here that the States are already under financial stress and cannot afford to take over the procurement process. I would, therefore, urge the Government of India to continue with the present system of procurement because eventually, I am afraid, the national food security may even be jeopardised.

18. This brings me to the allied issue of storage of foodgrains. Large quantities of foodgrains procured by the Government agencies are stored in the open. This results in large scale damage to the foodgrains and in many cases render it unfit for human consumption. I would request the Government of India to launch a special programme for constructing warehouses in a big way especially in major foodgrains producing States.

Hon'ble Prime Minister, Sir, the objectives and the strategy of the Tenth Five Year Plan as explained in the Plan document prepared by the Planning Commission are indeed laudable and I fully support them in principle. Haryana has always been in the forefront in ensuring welfare of all sections of the society especially the vulnerable sections. We would keep up our efforts in the years to come. With these words, I broadly endorse the Draft Tenth Five Year Plan. I thank you, Sir, for giving me this opportunity to share my views with this august gathering.

Jai Hind!