

SPEECH
OF
HIS EXCELLENCY GOVERNOR OF BIHAR
IN
THE 51ST MEETING
OF
NATIONAL DEVELOPMENT COUNCIL

27TH JUNE 2005

Hon'ble Prime Minister, Hon'ble Dy. Chairman, Planning Commission, Hon'ble Central Ministers, Hon'ble Governors and Lt. Governors and Hon'ble Chief Ministers.

We thank the Prime Minister for having convened the meeting of the National Development Council. This provides an opportunity to assess our strength and weaknesses and determine our future policy with regard to the national development.

Bihar is a backward state. The decennial growth rate of Bihar at the constant price of 1993-94 is 4.20% compared to the national average of 6.19%. Our per capita income is 3948 compared to the national per capita income of 13276. The population living below poverty line is 42.6% of the total population, compared to the national average of 26.10%. Our literacy rate is 47.58 and is much below the national average of 64.84%.

This shows that in respect of almost all major indicators, Bihar stands at the bottom. Bihar has been a big loser due to the bifurcation of the state, where we have lost almost all the mineral reserves, forest wealth and major industries. This has deprived us of our main source of revenue. What has been left with the successor Bihar is huge population and devastating flood in North Bihar every year. We are deficient both in economic and social infrastructure. Bihar has 3500 Km of National High ways and 13000 Km of State High ways and other than Other District Roads (ODRs) and Major District Roads (MDRs). While we have drawn up a plan to strengthen and improve our infrastructure, it may not be adequate. Infact, the State Highways are being improved from the funds received from the Government of India, at a total cost of 896.29 crores. ODRs and MDRs are being taken up with the funds available from Rural Infrastructure Development Fund (RIDF) and rural roads are being made from the fund available from Pradhan Mantri Gram Sadak Yojna (PMGSY). If we consider the road Km per 100 sq. km, we find that Bihar has 21.77 kms of road, per 100 sq km; against the national average of 38.33. If we have to catch up with the national average, a huge investment to the tune of 4642 crores is required. The State govt. is not in a position to invest this much from its own resources. The State govt. thus seeks the assistance of Central govt. and other funding agencies in this venture.

The State has been striving to overcome backwardness by running various

programmes like backward district initiative and Border Area Development apart from other main schemes. 21 districts have been taken up in backward district initiative and during the 10th Five year plan, a total sum of 945 crores will be invested in improving the economic and social infrastructure and providing security related services.

Other than this, 10 districts have been selected under the State district social initiative Programme, wherein 130 crores will be invested in the next two years, overall expenditure on this programme under the 10th Plan would be 300 crores. If we find resources in the state plan this scheme will be extended to all 38 districts.

Most of the public sector undertakings of the State are sick and ailing. The State govt. is considering to revive some of these sick PSUs. The govt. is also examining the possibility of taking employees of the sick PSUs at the appropriate level in the vacant posts of Govt.

We would like to inform the Central Govt. that even after 5 years of bifurcation of the state, the division of assets and liabilities of 18 PSUs between Bihar and Jharkhand have not been apportioned.

Large part of the North Bihar is flooded every year and floods not only bring human miseries but also destroy physical infrastructure and standing crops worth hundreds of crores. Our poor infrastructure and economic burden cash on us by floods every year qualifies us to be treated at par with special category state.

State is highly deficient in the area of good technical institutions. Infact this large state does not have a technical institution of the level of IIT and IIM. Most of the Bihari students go to other states. While we will encourage private sector- to fill the gap of technical education setting up of an IIT and IIM can attract other reputed educational Institution to come up. State on it own is trying to create NIML on the pattern of IIM. Preliminary work is on to set up a Law School on the pattern of National Law School Bangalore .As a conscious policy whenever a reputed Institution seeks accreditation from AICTE or MCI or DCI for other places they may be asked to open centre in economically backward state. Central Government may also examine the idea of supporting such ventures by way of fixed concessions or upfront subsidy.

National E-Governance Action Plan (NeGAP) Programme has been started in the year 2004-05 which encompasses ten major components including a set of Mission Mode Project that are required to be implemented at the centre, state and local bodies. For implementation of NeGAP at the state level first of all capacity building of Government functionaries are required. Secondly the hardware and software aspects of E-governance have to be taken into account. For this purpose, the State Govt. formulated a plan in which the assistance of C-DAC Pune has been solicited. The govt. has also formulated a broadbased training programme for its employees.

Agriculture contributes 39 percent of the GSDP. 90 % of the population lives on agriculture. Wheat and rice are major cultivated crops. Rice is cultivated in 35.5 lakh hect and wheat is cultivated in 21 lakh hect. The area under cash crop is around 4 lac hectares and is 5 percent of the total cropped area. Currently horticulture accounts for 4 percent' of the total cropped area. Diversification of agriculture requires breaking away from cereal production and moving into high value cash crops and horticulture. These have strong promises in several parts of the state. State govt. is running million shallow tubewell programmes to create irrigation capacities to facilitate transition to these crops but many more things will have to be done. We will train our farmers, give them appropriate inputs, support them by way of extension services, find market, and create value addition so that these diversification programmes take off. Supporting diversification will require establishment of agro processing units, cold chains wherever needed and setting up of cold storages in private sector. Programmes of promoting Lichi in muzaffarpur, mango in Dharbhanga, spices in Samastipur, Makhana in Madluibani are underway. We will also replicate these in several districts in North Bihar where agro climatic conditions permit. An agro-processing zone for Litchi has been established at Muzaffarpur.

Once upon a time sugarcane used to be a major cash crop but over the years its cropped area is declining because of closure of sugar mills. The state govt. has sought assistance from govt of India to set up five new sugar mills for which lands have been identified.

We further propose to promote cultivation, marketing and processing of maize and maize based industry. The state govt may provide Hybrid seeds and Central

Govt. may make adequate arrangement for procurement of agricultural produce on minimum support price. Likewise pulses and oilseeds, medicinal and aromatic plant farming would be encouraged leading to diversification of agriculture.

The state of Bihar has taken the following steps to reduce losses in the Irrigation Department to enable investment more effectively -

The canal and distributaries practically for all purposes are being handed over to committees formed under the participatory management. 30000 hectares have been handed over and additional 70000 hectares would be handed over this year.

The department has rationalized and reorganized its establishment and has cut down expenses on establishment from 280.05 crores in 2002-03 to 266.43 crores in 2004-05. One way of reducing cost would be to avoid time and cost overrun by overcoming the delay in grant of clearances under forest conservation act. The exemption allowed for older projects needs to be explained unambiguously leaving no scope for arbitrary interpretation by different authorities.

In the context of Bihar, bifurcation of the State has created further problems since in two projects under execution namely North Koel Reservoir Scheme and Batane Reservoir Scheme; the head-works are located in Jharkhand while the area irrigated is mostly in the new state of Bihar, As a result, submergence areas are in Jharkhand and a question arises as to which state will give land for compensatory afforestation. Obviously Bihar cannot since submergence is in Jharkhand and even if it does it will not be accepted by Jharkhand State. All these issues need to be addressed and suitable guidelines issued at the earliest jointly by MoWR and MoEF.

As per existing norms of NABARD, most of the DCCBs of the State are not eligible for sanction of credit limit under ST(Seasonal Agricultural Operations) loan by NABARD. Hence eligibility conditions viz. Audit classification/percentage of collection/erosion in the deposit etc. for sanction of credit limit especially in case of Co-operatively least developed state like Bihar should be relaxed, so that credit flow for agriculture purposes in the State not only continues unabatedly but increased as well.

Besides this, licence application of 3 (three) DCCBs namely Chapra, Madhepura and Darbhanga affiliated to BSCB have been refused by RBI as a result

of which these Banks have been put under liquidation. However, entire loan outstanding against these DCCBs of BSCB have been treated as loss assets by the NABARD, As a result, the quantum of N.P.A. of BSCB has increased. The BSCB has made all efforts to bring down percentage of N.P.A. and has succeeded in bringing it down to 28.67% from 51.56%. This additional burden however, is proving detrimental in bringing it below 20% the eligibility criteria for refinance.

If it is, therefore, suggested that outstanding against DCCBs under liquidation should not be included in the N.P.A. while deciding eligibility of the SCB for refinance.

Regarding pricing of water fixation of water tariff should be based on the self sustainability of the scheme. For the self sustenance of a scheme, cost for operation and maintenance (O&M), replacement of important components and depreciation should be recovered from the consumer. Hence these points should be taken into account while determining the water price for consumers. After the 73rd & 74th amendment of the constitution drinking water supply in rural areas and Urban areas comes under the Panchayat and local bodies respectively. As the cost of O&M, replacement of major component and depreciation will vary scheme to schemes, therefore, Panchayat/local bodies should have freedom to fix water price to consumers considering the above facts. During the initial period the price may be subsidised to an extent of 50% which should be tapered off over a period of five year or longer depending upon the capability of the users to pay the price.

Pricing of Irrigation Water relates to two type of consumers namely, agricultural and industrial. However, pricing of water for agricultural purpose each complex issue on account of socio-economic and political consideration may have to be taken into account. The water rates presently fixed in State of Bihar are based on cost of O&M, in comparison with water rates of neighboring states support price for agricultural production and differential paying capacity of farmers etc. Government of Bihar feels that fixation or enhancement of water rates should be uniform and fixed at the central level. Therefore, the Government is for creation of National level Water Regulatory Authority for fixation and revision of water charges. Government also feels strongly that Participation Irrigation Management System should be encouraged.

For improving teaching quality and controlling teacher absenteeism in Primary

Education State should be provided special status and in order to provide infrastructural support to school some of norms and limitation should be relaxed e.g:-

- (i) limit of 33% Civil Construction
- (ii) limit of Innovation Project of 50 lacs
- (iii) for next 5 years Plan the State share should remain 25% instead of 50%.
- (iv) limit of support for IED children be enhanced. Other Steps in this regard are as follows -
 - (a) For maintaining 40:1 PTR a regular systemic arrangement of employment of qualified teacher is required.
 - (b) Besides infrastructural facility teachers access to sound library.
 - (c) Systemic arrangement for their regular capacity building.
 - (d) For raising their motivation, provision of merit promotion,
 - (e) Provision of post of Headmasters in Primary Schools and their regular capacity building.
 - (f) Strengthening of BRC as regular part of system/Dept.
 - (g) Strengthening of DIETs.
 - (h) Provision of Free Text Books to all children with work book.
 - (i) Teachers are badly and regularly engaged in non academic works. That is to be stopped by taking stringent measures.
 - (j) Development of a group of volunteers, (consisting of literacy volunteers, VSS members, animators, enumerators etc. numbering around 11 lacs), is envisaged which can be used during General Election/Census etc. leaving teachers intact in their class rooms.

With the universalisation of elementary education in years to come the burden will shift to secondary school. As of now there are only 13753 secondary schools and they would be insufficient to take care of the future needs. More number of

schools and teachers will be needed. The state govt alone would not be able to provide these facilities and would need an active involvement of private sector. To secure this the state govt will provide conducive policy environment to facilitate investments in schools both by private sector as well as private-public model. The state govt may have to provide some incentives for these schools to come up. The state govt. has taken a decision in principle to encourage private sector participation. In the management of selected govt. schools where seats should be shared on the basis of investment provided by the private sector. One can consider setting up of an accreditation body which will rate the schools in the private sectors and grade them according to their capacity and competence. We will also consider providing lands to private sector to setup schools in educationally backward blocks. Detailed guidelines however would be needed to be worked out. Central govt assistance in this would be highly solicited.

Alumni who would like to contribute to their alma mater would be encouraged to setup dedicated faculties for which they would be given the control on management of funds

The State Government welcomes National Rural Health Mission which is a broad based programme aimed at creating a inter-face between community and health system. This mission also emphasizes the need for integration among health, nutrition, water and sanitation programme. NRHM also provides for integration of National Programme for control of Blindness, T.B., Kala-a-Zar, Malaria, Falaria and Iodine deficiency. State Government for long held the view that convergence of the services and private-public partnership is strongly required if the key health indicators are to be achieved in the State. Government of Bihar welcomes the view taken by the Central Government to keep Bihar amongst 18 States on which special focus will be given.

For ensuring security of tenure to Civil servants general guidelines have been issued prescribing tenures for various posts. But, these guidelines are not always adhered to. It may not be possible to ensure security of tenure unless some statutory force is provided for such security. It may be, however, debatable whether such statutory force would be desirable.

We may allow a convention to grow that an officer may not be transferred without completing his tenure except for certain specified reasons like administrative

incapability and this will be respected by.

For encouraging public private partnerships at the state level to fund investment infrastructure the Primary need is to provide a climate conducive to participation of private entities. A change of image to instill confidence in investors is of the essence. Stringent rules need to be reviewed and made more flexible to attract private participation. Procedures should be simplified to avoid delays in necessary sanctions. State should guarantee security of investment and workforce as well as create an environment conducive to unhindered performance. The perception of lack of such security is probably the biggest de-motivating factor which prevents private participation in infrastructure development.

The State Government has initiated the process of restructuring the Electricity Board. Reductions of T & D losses, strengthening of transmission and distributions system are high on the agenda of Electricity Board. To improve collection of revenue, all consumers and feeders are being metered. This will also fulfill the purpose of energy accounting. The Board is also in the process of privatising some of the distributions at the divisional and sub- divisional level.

The State Government feels that Central Power Generating and Transmission utilities needs to rationalize their tariff which is presently based on 14% guaranteed rate of return on equity. In addition to this the present policy of reimbursement of the corporate tax on profits of CPSUs by the SEBs needs revisiting. Bihar by 2020 would require 12-15 thousands megawatts of electricity. All proposed investment till date would create 7000 megawatt leaving a gap of 5-8 thousand megawatt. To meet this requirement additional investment in power sector would be required and the State Government would need Central support for this. Alternatively the Central Government may like to explore the other possibilities to meet this requirement. This will also allow us to reach 1000 units per capita norm by 2012.

Presently APDRP has a loan component of 75% which is likely to create burden on BSEB Therefore, the Central Government should consider increasing the grant component of APDRP funding.

Any reform and restructuring of BSEB would require Central support in Bihar Package. For making the National Food for Work Programme and National Rural Employment Guarantee Act more effective the State Government would suggest that

grain cash ratio should be brought to 50:50 as there is a lack of inclination to take foodgrains. Non-availability of foodgrain and lower quality stand in the way of proper implementation of the programme. Steps are required to be taken to provide godowns of adequate capacity both at the district and block level. At the same time, improving the quality of foodgrains are also required, It is suggested that ratio of each to material should be revised to 50% each so that permanent quality assets are created in the programme. Presently this ratio is 60:40.

The State needs 5.40 lakh metric tonnes of food grains per month for Public Distribution system and other anti poverty programmes. However on account of lack of infrastructure for storage of food grains only 1.50 to 1.75 lakh metric tonnes of food grains are available for above mentioned purpose. There is a need for special consideration for North Bihar because North Bihar is subjected to recurrent floods and consequent damage to the transport system. Therefore North Bihar needs infrastructure for handling of food grains on priority basis. The implementation of Centrally Sponsored schemes get effected because of non availability of food grains. The State needs a large number of storage depots to be constructed for handling of food grains. For this purpose Food Corporation of India should come forward. Indian Railway should also give priority by making available full rake for transportation of food grains.

We hope that Hon'ble- Prime Minister will take into account the special problems of State of Bihar and will provide necessary assistance for solution of above mentioned problems. We hope kind cooperation of Central Government in this regard.

Thank you.