



# **Government of Jharkhand**

Speech of  
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## **National Development Council Meeting**

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**Hon'ble Prime Minister, Dy. Chairman, Planning Commission, Union Ministers and my colleagues from other states.**

I am happy to participate in this meeting of the National Development Council to consider the Mid Term Appraisal of the Tenth Five Year Plan. For kind information of the House let me share with you that the Leader of Opposition of the newly elected Jharkhand Assembly has also joined me in placing the important issues of interest of the state, which we submit unanimously in one voice.

2. The Tenth Plan size of the State of Jharkhand was fixed at Rs. 14632.75 cr. In spite of initial constraints of being a new state and lack of adequate administrative infrastructure, we could utilize about 70% of the allocated plan funds in the first three years of the plan. The shortfall in expenditure is basically due to inadequate capacity arising out of host of problems associated with bifurcation of erstwhile Bihar. We expect that the utilisation of plan funds will improve in the remaining two years of the plan period as we have taken various steps to streamline the procedures to remove bottlenecks. The Plan allocations have been significantly stepped up for the year 2005-06, to achieve higher growth rate in the remaining years of the plan period.

3. The objectives of the Tenth Five Year Plan were aimed at increasing the irrigational facilities; improving socio-economic indicators of the State with private participation; to make quality education accessible to every segment of the population; provide better medical and healthcare facilities at the village level; improve the quality of life of the tribal & backward section of the population at par with the rest of the population; increased use of IT. in governance and bring in transparency in the administration, to ensure people's participation in implementation of social sector programmes.

4. In order to achieve these objectives, various policy initiatives have been taken. In keeping with the new Health & Population Policy, the state is planning to reach health care to every village; a policy for rehabilitation for the displaced persons caused due to various development projects has been announced; Jharkhand Industrial Policy 2001; Jharkhand Industries Rehabilitation package for revival of sick & closed units; Capital Investment Incentive Scheme for giving special package to Mega projects as well as to increase greater coverage under Agriculture Insurance Policy have been taken.

5. A number of Institutional Reforms have been initiated, which include, setting up of a Single Window system to facilitate expeditious clearances and approvals for investment proposals; Effective measures for enhancing collection of tax for raising internal resource generation; State Electricity Regulatory Commission; Jharkhand Judicial Academy; Jharkhand Public Service Commission; State Election Commission ; Jharkhand Academic Council; Jharkhand Space Application Center; State Finance Commission; Rural Roads Authority; Jharkhand Reproductive Child Health Bureau; State Institute for Food and Drugs Laboratory; and Jharkhand remote sensing Application Center for Promotion of IT. System of Concurrent Evaluation by Independent Technical Consultants has been introduced in road sector .

6. Steps have also been taken to bring about Fiscal Reforms and simplification of tendering process for implementation of the schemes; Fiscal Analysis and Management Cell and Debt and Investment Management Cell have been constituted; Treasury Operations have been computerised; Commercial Taxes rates have been rationalised on UFR basis; Single Point Taxation System has been introduced; Anti Tax evasion measures tightened and Registration and Stamp duties slashed from a maximum 17.5% to uniform rate of 5%.

7. State of Jharkhand is a young state. 74.65% of its population resides in rural areas. 54% of its population in rural areas lives below poverty line. The percentage of ST and SC population is 28.81 % and 11.35 % respectively. 80% of the total labour force is dependent on agriculture. Agriculture is characterized by low productivity and mono cropping pattern. The net sown area is 29.74 lakhs ha which 37.5 % of the arable area is.

8. Low agricultural productivity of the state is due to its meagre assured irrigation coverage and mainly rainfed and monocropped agriculture and its undulating topographical features. About 83 % operational holdings are below 2.0ha, covering only 37% of the gross area and only 0.69% of operational holdings is above 10 ha covering over 9% areas. A large number of land holdings are uneconomic. Another reason for under developed character of agriculture is predominance of food crops. About 92% cropped area is covered under food grains and hardly 3-5% area is under cash crops.

9. In order to encourage agricultural diversification, extension activities are being strengthened in order to provide advanced technologies to the farmers; agricultural

diversification interventions are being made in cluster of farmers; land having low productivity is being brought under systems like Horti-agri/Horti-Silvi/Horti-Silvi-pastoral systems; National Horticulture Mission will be introduced in the state; the age old cultivars are being replaced with new high yielding cultivars; a farming system approach is being promoted, taking into account agriculture, horticulture, animal husbandry and fisheries.

10. In order to rejuvenate support systems in agricultural extension, credit and delivery systems of inputs, it is felt that the Holistic rural extension service backed by government, financial institutions and marketing agencies support need to be promoted; extension functionaries at district/ block/ panchayat level should be geared up to support extension services; farmers friendly IT tools need to be used for technology dissemination; single window extension services, Kisan Call Centres should be promoted; banking sector should be encourage to extend Kisan Credit Cards and link them to insurance facilities; small farmers' agri-business consortium can link agriculture with industry & marketing sector; training be arranged for creation of awareness among farmers on trade related issues such as an Intellectual property rights'(IPR), WTO agreements in agriculture priority attention; and civil societies and organization should be involved in technology transfer.

11. On an average, the state gets about 1300 mm of rainfall every year but because of its undulating terrain run off rate is very high. The dams that have been built or proposed have provided flood moderation and irrigation to our neighbouring states of West Bengal, Orissa and Bihar. While in Jharkhand as much as one lakh hectares have been permanently submerged.

12. The irrigation sector in Jharkhand is grossly underdeveloped with only 11% of the net sown area enjoying irrigation facilities as against the national average of 40% Accordingly, the state govt. has accorded high priority to increasing irrigation in the state through a mix of major, medium, minor and lift irrigation schemes based on the conjunctive use of surface and ground water. In this context we welcome the suggestions in the Mid Term Appraisal regarding (i) further relaxation in AIBP guidelines (ii) taking up mega irrigation projects as national projects (iii) introducing schemes for system rehabilitation, ground water development & artificial recharge and (iv) including command area development works as part of the project.

13. We would like to add here that the illustrative list of large irrigation projects to

be classified as National Projects be revised to include the Subernarekha Multipurpose Project of Jharkhand which aims at providing irrigation to 2.65 lakh ha. to the most backward, poverty - stricken tribal areas of Jharkhand, Orissa and West Bengal.

14. Certain areas which have not perhaps been adequately addressed in the Mid Term Appraisal and that have a direct bearing on the huge investments in irrigation about which the Hon'ble Prime Minister has rightly expressed his concern, are -

- greater role for minor irrigation schemes which have low gestation period and are relatively free from problems of land acquisition and rehabilitation;
- restoration / renovation of traditional water bodies used for agricultural purposes;
- encouragement to participatory irrigation management in the minor irrigation sector as well;
- reduce the cost overruns in the irrigation sector by reducing time overruns which result due to inordinate delays in environmental clearance & forest land transfer. This issue has been acknowledged in the Mid Term Appraisal & suggestions have been made for
  - relaxing the present limits for environmental clearance to major irrigation projects and ii) exempting irrigation projects from the need to pay net present value of submerged forest area. However, these alone may not be sufficient. I would specifically like to suggest that -
  - one time relaxation in forest and environment clearance be given to all irrigation projects wherein substantial investments have already been made; and
  - in view of the fact that state govt. has limited financial & technical resources the existing policy of having more stringent conditions for forest land transfer for state projects defies logic. It is imperative that the conditions for forest land transfer for state projects be relaxed and state govt. be exempted from providing equivalent land for afforestation. Jharkhand, which already has 29.74% of its land under forest cover as against the National average of 21.2%, has been

experiencing great difficulty in locating land for compensatory afforestation and as a result projects are getting delayed.

15. I would suggest, that a special task force be constituted in the Planning Commission for State like Jharkhand which have special problems and are way behind in the development of irrigation facilities so that a focussed approach could be taken towards meeting their needs and requirements.

16. We have examined the suggestions in the Mid Term Appraisal regarding water tariff rationalisation and setting up of a water regulator for advising on water tariff for various uses. We are conscious of the need to improve revenues . from this sector and have accordingly, submitted the requisite undertaking with the Ministry of Water Resources and have been included amongst the Reforming States. Simultaneously, however, it must be emphasized that there are severe limitations to what can be realised as irrigation water charges in states where irrigation is underdeveloped, farming by & large, of subsistence variety and farmers mostly, of small and marginal category. Any move therefore, to equate state like Jharkhand with those that have highly developed agriculture & irrigation in the matter of water tariff realization may not be fair and accordingly this should be suitably factored in Govt. of India policies.

17. The power scenario in my state is extremely depressing. Hardly 9240 out of 29336 villages have been electrified and as many as 4500 have been electrified in the last four years. While the policy is to encourage thermal generating stations at the coal pit head, yet as no new coal linkage is being given for setting up of pit head power stations. Thus we have the paradox of coal from Jharkhand lighting up the homes of people in other parts of the country, while the homes of the people of Jharkhand remain in darkness. How long can we live with such a situation.

18. We have taken steps for restructuring the State Electricity Board. The Jharkhand State Electricity Regulatory Commission has already been functioning since April 2003. Govt. has engaged SBI CAPS as Consultants for restructuring the JSEB. We expect to complete restructuring by December 2005.

19. As regards pricing of power, the Electricity Act 2003 provides for fixing of electricity tariff by the State Regulators for generation and distribution, for this, at present they are guided by the guidelines issued by CERC. After the tariff policy of

Govt. of India is announced, the regulators will be guided by it in fixing the tariff. Cost based pricing should be sensitive to social and economic inequalities and disparities in the society. The tariff policy should address the issues of equity and distributive justice and social responsibility as well.

20. The new Electricity Act aims at a reduction in cross subsidy in order to completely eliminate it. Pricing of power should take care of the interest of small consumers, particularly, the rural poor and the need to develop backward areas. This becomes essential in view of the goal to achieve 100% house-hold electricity in rural areas by 2012, There is serious limitation to the level of tariff that can be charged from these categories of consumers. Various cost elements should be identified and shared equitably by all electricity consumers in proportion to their consumption. For this equitable sharing a mechanism has to be worked out.

21. Forest conservation and environmental issues are very important for the state of Jharkhand. Almost 29% of the area is under forest cover. The economy of good number of population particularly the tribal population depend on forest and forest related activity. Government of Jharkhand has suggested amendment in Forest Conservation Act 1980 for the development of forest areas. Settlement of land to tribals living on forest land since time immemorial is pending before Central Govt. Developmental activities are hampered due to forest laws. There should be clear Tribal Forest Policy for future protection and conservation of forest. Right of minor forest produce should be spelt out in clear terms.

22. The Ministry of Environment & Forest had decided to set up its 7th Regional office at Ranchi in the year 1999. I request Govt. of India to establish this office at the earliest to attend to forest clearance of developmental projects. The state govt. will provide necessary support for this purpose.

23. The Coal India and its subsidiaries mine over 100 million tons of coal each year. Industries being set up in Jharkhand are denied coal linkage from the mines of the state. The policy on coal linkage is discriminatory and is against the interests of Jharkhand. At present, the coal mines in Jharkhand are being tagged to the so called core sectors else where while our industrial units are being denied coal linkage from within the state and without reservation for industries proposing to invest in the state. The industries within the state may be provided coal linkage through Jharkhand State Mineral Development Corporation.

24. We have demanded on several occasions that the royalty on minerals is not commensurate with the irreparable environmental degradation that accompanies the mining activity in the state. The royalty rates at present are fixed on the basis of quantity which is not rational and as such the state is losing huge revenue. We welcome the recommendation of Planning Commission in Mid Term Appraisal regarding the valuation of royalty rates for coal on Ad Valorem basis. It should be accepted and implemented immediately.

25. The strip mining ( Open Cast Mining ) of coal in the Damodar River Basin has made the Damodar River the worst polluted river in the world. The environment has further been poisoned by the coal dust being released in the atmosphere. Today 74% of the people are estimated to be passive carriers of TB. Every twenty two minutes one Jharkhandi dies of TB. This problem deserves immediate attention and the state should be compensated for this.

26. BCCL is operating 78 working mines in the state, out of which 41 are underground, 16 are opencast & 21 are mixed; CCL has 63 working mines, out of which 26 are underground, 21 are opencast and ECL has 16 mines out of which 9 are underground, 7 are opencast. The depth of these mines varies from 125 mtrs to 600 mtrs. In these mines, groundwater from the adjacent aquifers trickles, resulting in the underground aquifers in the adjoining areas going dry, thus causing hardship to the people in the area. At present, the water from these mines is locked up without serving any purpose and a part of it is pumped out and drained by the coal companies leading to wastage of the precious natural resource. Abandoned mines also accumulate water in huge quantity. An Integrated water distribution system can be established to utilise the large quantities of accumulated water in the mines on regional basis. Wherever the pumped out water is found portable and utilisable for irrigation purposes, it should be utilised for providing irrigation facilities etc. in the villages in the vicinity. We request Govt. of India to direct the concerned coal companies to initiate appropriate measures in this regard.

27. The state has many unmet needs in the primary healthcare system. While we welcome the initiative of the Centre for launching the National Rural Health Mission, there is no physical infrastructure to deliver primary healthcare to our people. The health and nutritional indicators are poor. At the time of formation of the state, there was shortage of 37% Health Centres, 64% Primary Health Centres and 82%



Community Health Centres, as per the norms of Govt. of India. To meet the shortage, a massive programme to build these would require an investment of Rs. 4800 cr. A further Rs. 1485 cr. would be required to provide equipment etc. Another Rs. 621 cr. would be needed for the salary of doctors, para medical staff and medicines and other grant of Rs. 6285 cr. for building the primary health infrastructure. The recurring cost of Rs. 621 cr. could be shared between the Centre and the state on a mutually agreed basis.

28. While we welcome the National Food For Work Programme (NFFWP) launched recently, there are some operational issues which need to be addressed. These are given below :

- i.) Currently 14 districts of Jharkhand have been covered under NFFWP. The state is not aware about the criteria for selecting these 14 districts. However, we feel that the remaining 8 districts, which have been left out, are equally backward and deserve to be included. We being one of the poorest states of the country are facing acute problems of unemployment and migration of labour. Unless the wage employment issue for the people below poverty line is tackled effectively and in a wholesome manner, things will not improve. Therefore, our recommendation is to increase the coverage of NFFWP to all the 22 districts of Jharkhand.
- ii.) The availability of grains of NFFWP has also remained a long standing and intractable issue. I have also written to the Hon'ble Prime Minister on the issue. As an example, during the current year, we have been able to lift only 10% of the grains allocated to us. We have also been pursuing the issues with Food Corporation of India and Railways, we continue to balance each other about the availability of grains. Unless this issue is sorted out, we will not be able to run NFFWP in a smooth manner.
- iii.) Related with the availability of foodgrains is the problem of bad quality of grains. We have been receiving complaints from various districts regarding bad quality of grains supplied through FCI. The issue has also been raised in the current session of the State Assembly. Some mechanism to ensure that Jharkhand receives fair average quality (FAQ) of grains for NFFWP has to be ensured.

29. The road network in the state is very poor. We have 21.40 Km per 100 sq, km road as against national average of 74.25 Km. Our Vision 2010 envisages connecting all district headquarters with state capital, interconnecting district and block headquarters, strengthening and double laning of all state highways, connecting all tourist and religious places and providing all villages through all weather roads. This needs massive investments.

30. The State has also taken up an ambitious project of opening up of a new corridor from Govindpur to Sahebganj together with a bridge over the river Ganges at Sahebganj. The DPR for the project has been made at an estimated cost of Rs. 422 cr. for the road and about Rs. 800 cr. for the 5.5 Km long bridge linking Manihari Ghat and opening up access to the North East via Siliguri. With the opening of this corridor it is expected that the whole backward region of Jamtara, Dumka and Sahebganj will get abiding opportunities for economic activity and resurgence. It is our earnest request that keeping in view the importance of the project for the State, this State Highway be upgraded as a National Highway and the new corridor linking Govindpur from NH 2 to Katihar at NH 31 be taken up on a priority basis.

31. The rail network that falls within the State are all of pre - independence vintage laid by the British Govt. with the colonial design of carrying the mineral resource particularly coal, iron ore and bauxites etc of Jharkhand out of Jharkhand, to other parts of the country. The situation remain the same even now. In the post independence era, when reorganisation of railway zones was taken up there was an opportunity to correct the situation. Dhanbad division is part of newly created East Central Railway at Hazipur in Bihar, Ranchi and Chakradharpur divisions are part of South Eastern Railway at Kolkata and even one time Sahebganj Division in Jharkhand was shifted to Malda in West Bengal causing immense economic setback to the entire Santhal Paraganas region of Jharkhand. As this area was being neglected we were compelled to take up rail projects worth Rs. 2000 cr., with a contribution of 67% from the state resources. I would request that fresh reorganisation of railway zone be taken up and new zone for Jharkhand at Ranchi comprising of Dhanbad, Ranchi and Chakradharpur division be created. Malda division be shifted back to Sahebganj. It is also requested that investments for Rail infrastructure should be made by the Railways out of own resources. It may be noted that Railway earn 50% of the freight revenue from Jharkhand region.

32. Jharkhand has very poor air connectivity. There is only one flight every day connecting Ranchi with Patna, Delhi and Mumbai. No other city is connected by air to the State Capital or any other city in the country. There is need not only to increase the air connectivity, but Ranchi Airport also needs modernisation and extension of runway. There is need to immediately renovate the old airstrip at Chakulaia so as to function as the airport for Jamshedpur. While air connectivity with Kolkata, Bagdogra and Bhuneshwar will promote tourism and industrial activity within the eastern - zone states, the connectivity with Hyderabad, Bangalore and Chennai will remove the isolation Jharkhand faces within the country. Thus better air connectivity has become imperative for our development plans.

33. The city of Ranchi lacks infrastructure to meet the rigors of a State Capital and an ambitious project has been formulated for setting up a New Capital Area. The focus is primarily on setting up a planned township together with a modern secretariat, a ring road for rapid transit and infrastructure improvements in the area of power, housing, drinking water and sanitation. An assistance of Rs. 1000 cr. will help to kick start this critical urban renewal project. Since, availability of land is a huge constraint because of the stringent tenancy laws governing the transfer of tribal lands, we would request for transfer of 2800 acres of surplus land in the HEC premises for this project and this could eventually form the nucleus of the New Capital Area.

34. While special economic packages have been given to North Eastern States, Sikkim, Jammu & Kashmir, Uttranchal and Himachal Pradesh. This facility has not been extended to Jharkhand. The topography of Jharkhand are also hilly and undulating and the terrain difficult for cultivation and in term of development indices, Jharkhand should also be declared in the same category of hilly and backward. Hence Jharkhand should also be allowed benefits under the special package extended to such category of states.

35. As a result of the progressive Industrial Policy of the State, a large number of MOUs have been signed for setting up integrated Steel plants, sponge iron plants and captive power plants in the mineral rich and industrially developed Singhbhum area of South Jharkhand. It would be advantageous for such units to be located near the pit head, but providing access to Paradeep Port would be necessary for transportation of minerals and processed materials. At present, the only link is via a

single lane road which is resulting in congestion and inordinate delays in transportation. It is felt that there is an urgent need for development of a rail link to Paradeep as well as upgradation of the single lane road from Chaibasa to Paradeep as National Highway. Assistance from Govt. of India is solicited for taking up these crucial projects for the rapid development of the State.

36. The state of Jharkhand is one of the most backward states in terms of tele-density and penetration of telecom services in the rural areas. Rural Exchanges in the states are also not functioning effectively as probably the equipments are old and obsolete. There is, therefore, a need to modernize the Rural Exchanges. It is also essential to provide telecom services in the rural areas by drawing funds from USO. We also lack in terms of international bandwidth, which is one of the biggest constraints in the development of Information Technology Enabled Services. Provision of sufficient International bandwidth is the need of the state.

37. The state welcomes the National e-Governance Plan recently launched by the Govt. of India. However, there are few concerns on the implementation thereof. As the State have serious capacity constraints for implementing e-governance projects in various sectors, the Govt. of India needs to play a more pro-active role enabling us, to harness the information technology for better governance. For this we need more technical support from the Govt. of India so that we could access the funds made available through NeGP.

38. With these words I thank the Hon'ble Prime Minister of India for giving me an opportunity to put before this august body the problems of the state of Jharkhand. I hope that urgent steps will be initiated by government of India to address our concerns for tackling the problems of poverty, backwardness and regional imbalances.

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