



ADDRESS OF

SHRI NARAYAN DATT TIWARI

CHIEF MINISTER, UTTARANCHAL

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Hon'ble Prime Minister, Deputy Chairman Planning Commission, Ministers of the Union Cabinet, fellow Chief Ministers and distinguished participants,

It is a matter of great pleasure for me to be part of this august forum and to participate in its 51st Meeting. I am sure you are aware that a few months earlier the southern coastal States suffered a great loss of life & material and on behalf of the State of Uttaranchal, I would like to express my heartfelt grief to all that were adversely effected.

Three years of the Tenth Five Year Plan have been completed and the State of Uttaranchal has also completed four and a half years of its existence. We are grateful to the Planning Commission for allotting to the State a sizeable amount of plan outlay in the past three years. Our special thanks to the Planning Commission for the significant increase in our outlay for Annual Plan 2005-06 which we believe are based on our performance and potential.

As mentioned in the last meeting of the NDC our State came into existence with a critical financial situation, of inherited debt burden from the parent State and deprived of revenue and other assistance of 11th Finance Commission. The 12th Finance Commission has made its recommendation and we hope that the recommendations will help the State ease itself out of its critical financial situation. Debt stress of Uttaranchal is a matter of concern even though we have achieved 88% of the additional resources as against the target of 78%.

The expenditure against the outlay of the 10th Five Year Plan during the last 3 years have been satisfactory. To ensure that the outlay received was utilized for the full benefit of the people various innovative measures in the form of the policy, procedure and structural changes were undertaken by the State.

Accordingly the State has moved away from the conventional concept of setting up departments and instead constituted professionally managed and run, autonomous institutions such as the Uttaranchal Tourism Development Board, Special Committee for Pilgrimage, Adventure Tourism Committee, State Industrial Development Corporation Uttaranchal Ltd., Border Area Development Authority, Bhagirathi River Valley Development Authority, Information Technology Development Authority, Uttaranchal Transport Corporation, Uttaranchal Tea Board,

Herbal and Aromatic Plants Development Board to name a few, which are not only helping in timely expenditure but are also taking care of quality and attracting projects and investment in the form of Private Public Partnerships (PPP), BOT and on Turnkey basis.

The monitorable targets set for the 10th Five Year Plan are not beyond our reach. The target of growth rate fixed for GSDP is 6.8%, our estimated annual growth is so far 6.19%.

The targets for literacy rate i.e 75%, Infant Mortality rate 45%, Maternal Mortality Rate 2% and increase in forest cover by 25% of the total area by 2007 have already been achieved. Our decadal population Growth rate which is 19.20% is lower than the national average of the 21.34%.

We are also very proud to state in this august forum that for last two years the State of Uttaranchal is fully aware of the importance of proper implementation, monitoring and quality check of all its developmental projects. In this context the State has employed the expertise of top class professional institutions for quality check and proper implementation of all works. The State has also taken up a massive programme of putting all works on the Internet for total transparency and awareness of the people. This information will be easily accessible to all through the proposed IT kiosks andCICs.

Uttaranchal has been ranked first in the 20 Point programme in the country. We intend to continue working hard for maintaining this.

The State Government has identified its main GDP drivers and has not let the pace of development slow down. We have, with professional help, distilled the vision for our State for the infrastructure sector which lays down the road map for future. The State is richly endowed with Hydro power potential. Presently we have identified 20,000 MW Hydro power schemes against the current generation of 1130 MW schemes. Now schemes of 5307 MW capacity are under construction, schemes of 4499.95 MW capacity have been allocated and schemes totalling 3532.60 MW capacity are under the process of allocation through a transparent bidding to our own Hydro Power Development Corporation, Central Public Sector Undertakings and the Private sector. Along with the generation, we are also taking steps for putting in

place power evacuation system.

For expedient implementation of projects the power sector has been divided into three entities, one looking after production and the other into distribution and transmission respectively. Unbundling is complete in our State our efforts are to make Uttaranchal a power surplus State and be our main GDP driver.

In the road sector, despite the delays due to necessity of forest clearances, we are progressing towards achieving the norms of The Indian Road Congress. Being largely a mountainous region, roads are the lifeline of the State's economy and the major mode of connectivity. Accordingly the preparation of a road master plan for all districts of the State is near completion.

Tourism is another major GDP driver of the economy. As a part of our multipronged efforts new tourist circuits have been identified and developed with the help of professional consultants. Our efforts are to make Uttaranchal an all year round tourism State. The State has framed its own tourism policy which takes care of strengthening of institutional arrangements, infrastructure development, encouraging private sector partnership, attracting investment from different sources and development of all forms of tourism like nature and environment tourism, adventure tourism, leisure tourism, corporate tourism and cultural tourism besides traditional tourism. Recently the State was awarded the coveted prize as the best performing State in tourism by the Central Govt.

In agriculture, attempts have been made to make hill agriculture viable by introducing Bio-farming and diversification of agriculture which will be continued as per the requirement of the State. All districts in the State will soon be having a Krishi Vigyan Kendra and they will function as per the local requirements of that area.

In horticulture, efforts have been made to broadband the whole sector bringing into its ambit, sericulture, medicinal and aromatic plants, tea, apiculture and floriculture. Export zone have been setup for *litchi*, floriculture, medicinal and aromatic plants and Basmati rice and export of these products have already started.

In the IT sector major initiatives have been taken. Mo As/ Molls have been signed with many reputed international companies like IBM, Microsoft, Intel, Cisco

etc. For facilitating IT connectivity, two Earth Stations have been established in Dehradun and Udhamsingh Nagar. Almost 100% of Govt. Intermediate Colleges / Higher Secondary Schools have been provided with Computer Labs under project 'AAROH' and all teachers and students are undergoing compulsory training to make them computer literate. In higher education, professional computer education is being provided under project 'SHIKHAR' with public private partnership. The world's first Microsoft IT Academy has been established in the State. Major public utility services are gradually being computerized. An IT park is currently under process of construction.

As mentioned in the MTA of the Planning Commission, the state has been quite successful in attracting investments in the general manufacturing sector. It also points out that investment decisions in Industry are based more on policy initiatives, provision for infrastructure and response time. In this regard the initiatives taken by the Industries Department in opening up the development of Industrial estates in the assisted/joint sector has also been acknowledged by the Planning Commission, which otherwise has noted that 'Virtually little progress has been made on policy issues'. However, what is causing me deep concern is that the MTA tends to penalize the state for its success in attracting investment by eliminating transaction cost and time. A single window system and complete transparency in the Industries Department has made us the numero uno investment destination. I would like to make a general point that industry is driven to a state, not just by tax concessions, but also by the quality of its education and social infra, the law and order situation and the overall environment. The MTA notes that India has a competitive edge in the pharma and auto sectors, and has also made the point that manufacturing clusters should be encouraged. Therefore at least in these and Thrust sector industries, the CIP should be extended to its original period, viz 2013.

I would like to mention that I find myself in complete agreement with reference to the point made in the MTA on the Inverted Duty structure. The excise and customs on PCs and the components that go into them have to be at par; otherwise it creates a definite disadvantage to the Indian manufacturer.

I would also like to mention that in the context of the emphasis on employment and livelihood generation in the context of the NCMP, the restrictions which the MoEF have placed on establishing industry in the vicinity of Reserve

Forests has to be re-examined. The controls and regulation have to be on the externalities, and while these should be specified and adhered to, blanket closure clauses hurt genuine entrepreneurs. The delays at MoEF and CPCB also hurt investments, and direction issued that clear speaking orders be given as to why environmental clearances are being refused and what technologies and costs are required to rectify them. This will ensure that unrealistic targets/measures are not suggested.

Although Uttaranchal has made rapid strides in many sectors there are some problems which are affecting our pace of development and posing as a potential threat to our overall development.

Uttaranchal has about 65% of forest cover and therefore for almost all developmental works forest clearance has to be taken. This invariably leads to delays in the implementation of all major and minor projects. Forest clearance also requires that the State bear the expenses in the form of Net Present Value and afforestation. This has been a burden on our exchequer.

The topographical condition and weather of the State substantially reduce the working period in a year. Releases from the Centre are some times made during periods of inclement weather conditions during which work execution on ground is not possible.

Our next concern is that the tax holiday period as an incentive for attracting of new industries has been reduced considerably i.e from 2013 to 2007, this has adversely effected investment level and setting up new industries which is so vital for the development of a new State.

Another major concern which has the potential of adversely effecting overall peace and development is the fact of Maoist incursions/intrusions from across the borders. It is clear that without peace there can be no development and the repercussions of this scourge can have long lasting negative impact and influence on our future generation.

In the cross sectoral issue of Externally Assisted Project, we are disturbed that the Twelfth Finance Commission (TFC), has recommended a back to back funding for all states from multilateral agencies. The entire liability is to be passed

onto the States.

Sir, while, this was and has been the stated demand of a few bigger and more progressive States, I suggest that the Special Category States can ill afford it. First, we don't have the capacities for negotiating loans nor putting in place the exchange risk hedge mechanisms as also ensuring that the small print of the compliances of such loans are complied with.

Secondly, the 90:10 rule of repayments is now being changed, which any of the Special Category States cannot afford. It has encouraged us to access such loans, with the consent and permission of the Finance Ministry and the Planning Commission of Government of India. It is a well established practice. I think, I speak for all the Special Category States, when I request you to please continue with the well established system regarding the externally begotten loans where we take, Ministry of Finance into confidence and then approach the Multilateral Agencies for a loan with a 90:10 sharing of the loan burden.

While we welcome the setting up of IRB (India Reserve Battalion) the **recurring** expenditure is to be borne by the State. This may become a heavily added burden on our resources. We therefore request Central help in this matter. Also, the additionality of Eco-Battalion which is critical for an environmentally sensitive State like ours, need to be put in place quickly.

While we are conscious of our problems and limitations, we are committed to achieve the targeted growth rate khiring the 10th Five year Plan period. During the first three years we have achieved significant progress in increasing our tax and non-tax revenue. Reforms are being undertaken for efficient delivery mechanism. The State needs extensive investment in establishing basic infrastructure and requests sustained cooperation from the Central Government

Hon'ble Prime Minister, now I would like to address the specific issues for discussion as raised in your letter Dated June 18, 2005.

1 For our Agriculture, Horticulture arid all other allied activities, the traditional inputs have been Land, Labour and Capital. In today's changed time, there is a paradigm shift. Land, Labour and Capital has to be supplemented with knowledge to enable our farmers to compete.

1.1 Being prominently a rain-fed and mountainous region, organic agriculture is to be promoted in view of (i) inapplicability of mainstream concessional farming inputs like chemical fertilizers etc., (ii) increasing humidity and moisture in soil and (iii) accessing premier markets for organic products developing within the country and j outside.

1.2 Laying specific emphasis on agriculture products which have comparative advantage like apples, litchi, medicinal and aromatic plants, kivi and popular agriculture products like Madua etc.

1.3 Broad banding horticulture by promoting .sericulture, vanya silk floriculture.

1.4 Reorienting State agriculture university and other ICAR institutions located in the State. The Krishi Vigyan Kendra to encourage research and development in increasing productivity, and leveraging local agriculture climate conditions for diversification for agriculture including horticulture.

1.5 Involving the SAUs through incentive provided by State and farmers, to take up appropriate agriculture practices and transfer of technological advancements developed by them.

2 Participative irrigation management is being mainstreamed in all existing irrigation schemes and the same has been made mandatory in new irrigation schemes, specially hydram and minor canals-centered.

3 Mountain agriculture, in view of its specific problem, needs to be organized as a separate discipline requiring a mandate for Ministry of Agriculture. Agriculture extension has to be effectively linked with the respective R&D and educational institutes/ colleges/ university and regular interaction must take place between the extension machinery and the corresponding colleges / universities / State agriculture university.

3.1 Krishi Vigyan Kendra are being established in all Districts (8) not directly served by the present KVKs. These 8 KVKs are being reoriented to lay stress on appropriate agriculture product regime e.g. organic agriculture and seed production horticulture diversification, fisheries etc.

3.2 Agriculture credit works well where it is linked with procurement and marketing through the Primary Agriculture Credit Societies. However, the CCR principles do not apply in the rainfed mountainous regions. In such regions, alternate methods of strengthening credit delivery and input delivery mechanism have to be involved.

3.3 Mountainous agriculture would require to be accepted as a specialized discipline requiring special extension system of agriculture from ICAR institutions in so far as increasing productivity, credit and delivery and extension mechanism for such regions are involved. Mountainous agriculture needs special attention at the village level as an independent requirement.

4 By implementing the Electricity Act 2003 and establishing 3 independent corporations the essentials of mechanism to price power have been established in the State. In Power sector the mechanism of Regulatory Authority has been already set up. As this system stabilizes, it can be improved further.

4.1 As far as pricing of drinking water is concerned the tariffs at the moment are not decided on the basis of volumes supplied. The water tariffs should be decided on volumetric basis. In deciding water charges, the principle of meeting O&M cost should be adopted (even if the recovery of capital cost may be excluded from purview of pricing water for some time). An autonomous water pricing body should be set up to arrive at rationalized water tariffs. Also, in sparsely populated mountainous region, the hamlets of a village need and demand water supply. Most often, such hamlets, "TOKs" as we call them, may not present a complete cost recovery model.

4.2 Through operationalisation of Swajal project in the State initial steps have been taken to provide and price water. These experiences are proposed to be mainstreamed in all remaining single village drinking water schemes, ensuring appropriate pricing of water on the one hand and addressing' equity issues on the other. Moreover, through Swajaldhara, participation of stake- holder is also being ensured through upfront and mandatory participation in overall cost of drinking water.

4.3 In the mountainous area specially, multi village pumping schemes pose a problem as the cost of lifting water, storage, delivery requires expenses beyond the paying capacity of an ordinary villager. In the mountainous area specially, the

pumping multi village scheme deliver water will have to be subsidized for the State.

5 For controlling teacher absenteeism, we need to vigorously enforce implementation of giving control to the Panchayati Raj Institutions. We can nominate the women committees as the control mechanism, where women teachers are involved. But without implementing in letter and in spirit, the 73rd and 74th constitutional amendment, it is not possible to curtail absenteeism. For improvement of quality of teaching, continuous in-service training and use of Information and Communication Technologies for such training would ensure improvement in quality.

6 The question of involvement of private sector in Secondary level of education is arising, probably due to a perception that the private sector schools provide better education. After the Fifth Pay Commission, the Government school teachers are better paid than most private sector schools. We feel what is required is to have a rigorous system of examination and link the performance of the students with the evaluation and tenures of the teachers. Involvement of Private sector without carefully working out the costs payable by students may lead to further differentiation of the quality of education to those who can afford and those who can not in rural and urban India.

7 The Government of Uttaranchal has welcomed the launching of the National Rural Health Mission (NRHM) and has initiated the following actions to implement it

7.1 A State level Advisory Board has been constituted under the chairmanship of the Chief Minister, Uttaranchal with the Health Minister as its vice chairman. This body would be meeting periodically to review and monitor the progress of the NRHM.

7.2 District level health advisory committees have been constituted under the Chairmanship of the Adhyaksh, Zila Panchayat. All stakeholders are adequately represented in these committees.

7.3 State level umbrella Society (SCOVA) has been registered and has been made functional with an Executive Director and requisite staff. District level societies have also been established and have become fully functional. The State level Society channelises all funds received for NRHM and national programmes to the

district societies as well as formulates strategies and plans for their execution at the field level.

7.4 In order to give maximum autonomy to district level and community level institutions, large numbers of Chikitsa Prabandhan Samities (Hospital Management Committees) have been established and are now fully functional. This has resulted in higher patient attendance, more hygienic conditions and greater level of satisfaction among public.

7.5 Action has been initiated to identify village level link workers or ASHA (Accredited Social Health Activists) with the help of NGOs. While the State Government is firmly resolved to pursue the above interventions to fully achieve the goals of the NRHM, the Central Government may strengthen the implementation of the programme by the following interventions:-

7.6 The Union Government may take appropriate measures to horizontally integrate not only various health programmes but also to converge inter-sectoral (departmental) delivery mechanisms.

7.7 The inter-relationships and linkages between health programmes and drinking water and sanitation programmes as well as education, need to be dealt with at the programme design level at the Central Government.

7.8 In keeping with the targets widely accepted by the WHO and Planning Commission, the budget provision for health needs to be substantially enhanced from the current 2.99% (2003-04) to 7% as targeted by 2007.

8 That Panchayats need to be empowered, is already a constitutional obligation. What further needs to be done are to ensure automaticity of fund transfer, and transparency in fund transfer. On one hand we hear complaints regarding fund transfer from the State Mechanism to the Panchayat Institutions. On the other hand the villagers need to know the utilization of the fund at the Panchayat level itself. There is also a major need for capacity building at the Panchayat level.

9 We welcome the initiative of the Hon'ble Prime Minister to institutionalize the security of tenure to Civil Servants, whilst at the same time holding them accountable for delivery and transparency.

10 There have been some good examples in India of Public Private Partnership infrastructure projects such as in roads and energy sector. At the State level, such examples are less. The major felt gap is the capacity for undertaking the process rigour of project conceptualization, appropriate management, Legal and Financial modelling, defining transparent Service Level Agreements and such other requirements. The Central Govt may create mechanisms whereby the State can access these services.

10.1 The second major impediment is of appropriate bridge funding for infrastructure projects, which on their own may not permit private sector participation due to low returns.

11 Unbundling of State Electricity Board is necessary. Energy accounting must be conducted right up to the J.E. level, so that it is clearly known how much energy was supplied and how much revenue has been realized. This will clearly identify the quantum of losses and help improved the distribution efficiency and eventually lead to rationalized tariffs.

12 Regarding the Road connectivity under Bharat Nirman Yojana to connect all villages above One Thousand Population, the norm needs to be reconsidered with reference to mountainous State of North East, J & K, Himachal and Uttarakhand. Our population pockets are small and dispersed. For these Special Category States, the population norms should be fixed at 250.

12.1 For undertaking this mammoth task, we need to mainstream our existing Management Institutions and Technical Institutions into this effort. There is a disconnect that our best of talent coming out from IIMs and IITs are not involved as much as they should be, into high expenditure areas such as this.

13 Annual allocation for all the schemes falling under the proposed Act should be made in the beginning of the year for a State like Uttarakhand which is mountainous and has logistic problems due to difficult terrain. The shortness of the working season in the State justifies the release of the funds and food grains in single instalment.

13.1 Schemes falling under the proposed guarantee should include human/social capital development as the State needs to develop human/social capital.

13.2 Greater involvement of NGOs and PRIs need to be ensured. The guarantee must extend to the disabled and destitute men and women, old and physically incapacitated persons. These sections are always in need of social safety net.

13.3 Collectors of the districts should be the Nodal Officers in the district for better coordination and implementation.

13.4 Additional storage capacity for the food grains needs to be created so that advance stocking of food grains in the interior godowns is ensured. For this Government of India must consider a one time grant to the needy States.

13.5 The guarantee should extend to only poor households. Incoherence and ambiguity in this regard in the bill should be rectified. Extension of the guarantee to every household in need of wage employment would make the liability of the Government limitless and unworkable.

On behalf of the people of Uttaranchal and on my personal behalf I thank the Hon'ble Chairman and the distinguished participants and hope that they will positively consider our proposals and requests.