

**Hon'ble Prime Minister, Hon'ble Deputy Chairman Planning Commission,
Hon'ble Union Ministers, Hon'ble Chief Ministers and Ministers from
States, other esteemed Members of Council, and Friends.**

On behalf of the people of Chhattisgarh, I extend best wishes for the New Year to all the dignitaries present in this 57th meeting of the National Development Council. At the outset, I wish to thank the Planning Commission for accepting most of our suggestions given during the regional consultation on the approach to the Twelfth Plan.

We have assembled here today to approve the Twelfth Plan, one full year of which has largely gone. The Twelfth Plan growth targets have to be seen in the backdrop of current economic slowdown. Index of industrial production during the first six months of the plan has remained virtually stagnant with manufacturing sector registering negative growth. Similarly, growth in infrastructure sector, which is vital for stimulating demand in other sectors, has been far from satisfactory. Investments in power sector are falling as coal linkage and pricing issues are yet to be satisfactorily resolved. Mining activities have come to a standstill in the absence of a streamlined regulatory and environmental framework. Road projects are confronting multiple issues that include land acquisition problems as well as financing constraints which require creative solutions. Although, the plan document talks about reversing the trend through strong corrective action, the macro-economic indicators have not shown any sign of recovery and this is likely to affect the GDP growth rate.

Sir, I would like to bring to your attention some critical factors impeding growth of the economy and adversely affecting investors' sentiment. To me, the key bottlenecks are uncertainty in sectoral policies, inordinate delay in decision making, and complicated and time-consuming procedure for statutory clearances. In this background, there is an urgent need to take immediate measures to address macro-economic weaknesses and also create an

enabling environment to boost investors' confidence by fast-tracking infrastructure projects and pending regulatory clearances. The recent decision to constitute a high level National Investment Approval Board chaired by the Prime Minister for accelerating the processing of large infrastructure projects, if it works, is a welcome initiative in this direction.

2. Sir, as inclusive growth is the overriding objective of the Twelfth Plan, I feel that the overall target of the plan should be expressed in terms of poverty reduction and human development outcomes. Incidentally, the Plan period coincides with the target year for achievement of Millennium Development Goals. The road ahead to achieve the MDGs by 2015 is steep and would require massive investment and collective endeavour by the Centre and the States.

3. We achieved a growth rate of 8.4 per cent during the eleventh plan which is higher than the all-India growth rate of 7.4%. It is a matter of pride for us that 9.1 per cent growth target set for Chhattisgarh for the Twelfth Plan is the highest in the country. This includes growth target of 5 per cent for agriculture and allied sector, 10 per cent for industry and 10 per cent for services sector. I would like to complement the Planning Commission for recognizing our growth potential. In fact, we have set a higher target of 10 per cent for ourselves. The plan document indicates that Chhattisgarh has done better than other States in the human development indicators. As per the India Human Development Report, 2011, absolute improvements in education and health indicators were better than the all India average. We are committed to do still better.

Support for State Plan

4. Let me at the outset flag the major issue of financial support for State Plan. The Plan document presupposes a 'partnership model' between the Centre and the States for

achieving the growth targets. As it clearly spells out, this inclusive strategy involves a much greater role of the States, and closer coordination between the Centre and the State'. However, to that end, the Twelfth Plan, like the previous ones, is built on a 'patronage' model and therefore, is business as usual. This august body, in 1968, had decided that allocation under Centrally Sponsored Schemes should not exceed one-sixth of the Central Plan Assistance to the States. Sadly however, Central Assistance to State Plan has steadily declined over successive plan periods, and is now largely flowing in the form of rigidly structured CSS with little flexibility allowed to the States. In fact, Centre's Gross Budgetary Support to State Plan (Central Assistance) has come down sharply from 44 per cent in the Ninth Plan to 23 per cent in the Twelfth Plan projections, a complete reversal of NDC's earlier decision. Worse still, nearly eighty per cent of Central Assistance is being passed on in the shape of ACA which is mostly CSS in disguise with the result that the actual untied Central Assistance to State Plan (as per cent of GBS) has come down from 6.74 per cent during the Eleventh Plan to 5 per cent in the Twelfth Plan which works out to a meager 6 per cent of States' own resources. The proliferation of CSS at the beginning of every plan encroaches upon the plan resources of the States leaving very little fiscal space for new initiatives to address State specific needs and priorities to the effect that States have been reduced to the status of mere implementing agencies of Centrally Sponsored Schemes.

5. Sir, I firmly believe that the States have enough knowledge and capacity to formulate and implement innovative schemes. In fact, most of the Centrally Sponsored Schemes are modeled on successful initiatives taken in some particular State. For example, Mitandin, the voluntary health worker scheme started in Chhattisgarh, was rolled out as ASHA under NRHM. Our PDS scheme is yet another such example. There is no dearth of such best practices. In that light, Planning Commission's much-awaited decision to implement the

recommendations of Mr. B. K. Chaturvedi committee on rationalization of CSS is welcome. However, the document does not talk of a freeze of such schemes, nor of transferring them to the States or to the Local Self - Governments for greater efficiencies and accountability. I somehow feel that there has been too much of labour in rationalizing the role of the Central Plan for activities and schemes which are either already being implemented by several States; or, could easily be transferred to the States. May I, therefore, urge that the plan document be recast in a manner that the design and implementation of all development schemes are left to the States; while the Centre retains the role of providing normative financial support on agreed parameters.

6. I wish to cite yet another example of the 'patronage' approach. The string of conditionalities attached to many Centrally Sponsored Schemes impinge on the autonomy of States. Many of these so called reform agenda, given the diverse socio economic conditions and varying levels of development, may not be in the best interest of the people of the States. For example, the reforms proposed under APMC Act regarding contract farming and private marketing yards, in the absence of appropriate regulatory safeguards, may not be the preferred solution in protecting the interests of our small and marginal farmers.

7. Let me turn to another reform proposed in the Plan document, namely, extension of direct cash transfer scheme to PDS. Chhattisgarh has been a pioneer in PDS reform and our PDS service delivery model has been rated as the best at various national fora including the Supreme Court and is being replicated. I am firmly of the view that DCT mode may not prove to be an effective guarantee for food security for the needy. May I, therefore, suggest that such reforms may at best be recommendatory rather than mandatory in nature, with the option of its implementation left to the States. I wish to inform this august forum that Chhattisgarh has taken the lead in passing the Food Security Bill in the State Assembly which

would ensure food entitlement of 35 kg of rice per family per month for three-fourth of its population. We have taken care to ensure that in case of food entitlement under the proposed National Food Security Act being better, the same shall be applicable in the State.

8. Sir, we are a nation made of rich variety of genius. So, let the impetus for reforms come from each State; let 'reforms' become our felt needs, rather than a handed-down prescription.

Inclusive Growth: Agriculture

9. Let me quickly recite the major constraints affecting agricultural productivity in Chhattisgarh. Nearly 74 per cent of our farmers belong to the category of small and marginal farmers, 67 per cent of arable land is under rain-fed agriculture marked by predominance of low-value agriculture. During the last two years, there has been unprecedented rise in the price of agricultural inputs, particularly phosphatic fertilizer because of introduction of nutrient-based subsidy scheme and increase in wages of agricultural labour. The goal for achieving 4 per cent growth rate in agriculture must, therefore, focus on the following strategies:-

9.1 Rain-fed Area Development Programme (RADP) has yielded encouraging results in the Eleventh Plan period. I would suggest that, area coverage as well as funding of agricultural research to achieve technology breakthrough in rain-fed crops like pulse and oil seeds should be optimized. Presently, RADP and Integrated Watershed Management Programme (IWMP) are being administered by two different ministries. The objective of both the schemes being similar i.e. to promote sustainable livelihood opportunities in rain-fed areas, they should ideally be merged and brought under the proposed National Mission on Sustainable Agriculture.

9.2 Farmers should be incentivized to go in for *in situ* production of organic manure so as to reduce over-dependence on chemical fertilizer and promote sustainable agriculture.

9.3 In view of the increasing cost of labour, farm labour engaged in agricultural operations on small and marginal holdings should be allowed as permissible activity under MGNREGA, albeit with appropriate safeguards against leakages.

9.4 Minimum Support Price Policy should be extended to non-traditional crops including minor millets so as to benefit tribal farmers.

9.5 The State government is undertaking decentralized paddy procurement operations on behalf of Central Government which is supposed to reimburse the actual expenditure incurred by the State . However, the norms of reimbursement do not match with the actual costs and as a result, the State government has to bear the additional expenditure. The norms of reimbursement should be suitably revised to cover full costs of the State.

9.6 Less than 30 per cent of farmers in the State have access to credit. Therefore, rural banking network should urgently be expanded and Scheduled banks be proactively involved in lending to farmers with minimum 10 per cent of lending reserved for small and marginal farmers.

9.7 Government of India may set up a Credit Guarantee Fund in NABARD to reduce perceived risk of default by small and marginal farmers who do not have collaterals to offer.

9.8 Agri-Producer companies should be incentivised through appropriate interest and capital subsidy package.

Irrigation

10. AIBP is the most effective window for augmenting irrigation potential in the states. However, the twelfth plan prescribes 20 percent ceiling for sanction of new projects under the scheme. Considering the fact that delay in completion of the projects is mainly due to the complex land acquisition and forest clearance procedures, the decision needs to be reconsidered. Annual allocation under AIBP for States like Chhattisgarh with irrigation potential of 2/3rd of national average needs substantial increase from the present level of Rs. 400 crore. Besides, the cost norm of AIBP needs to be price indexed so as to factor in periodic revision as suggested in B.K. Chaturvedi committee report. The cost towards compensatory afforestation should be included in the project cost. The time schedule for completion of minor and medium projects should be increased so as to factor in the time required for appropriate clearances; conversely such clearances ought to be fast tracked by the Central Government.

Social Inclusion

11. Strategy for social inclusion must focus on faster development of the marginalized social groups, particularly the Scheduled Castes and Scheduled Tribes. Scheduled Tribes constitute 32 per cent of our population, most of whom depend on collection of Minor Forest Produce for their livelihood. While the state government has undertaken the responsibility to procure major forest produce, it has not been possible to extend the same facility to minor forest produce because of inadequate resources. In order to achieve the goal of inclusive growth, the Central Government must come up with a comprehensive policy on procurement of MFP on Minimum Support Price as in case of agriculture produce.

12. Sir, I must draw your attention to the bottlenecks in implementation of the provisions of Forest Rights Act which aims at correcting the historical injustice to the Scheduled Tribes and other forest dwellers. Although, we have made remarkable progress in recognition of individual rights, the implementation of provisions relating to conversion of forest villages into revenue villages, recognition of community forest rights and rights in Sanctuaries and National Parks have been virtually insignificant because of conflicting provisions under the Forest Rights Act, Indian Forest Act, Forest Conservation Act as well as guidelines issued by MoEF. This would require greater coordination between MoTA and MoEF at the Centre

13. As per available data, the share of Scheduled Tribes in employment under NREGA is much more than their share in population. In other words, NREGA is even more important for the STs than it is for others. Therefore, I would suggest that the minimum number of days of employment guarantee prescribed under NREGA should be increased from 100 to 150 days per household in the Tribal Sub-Plan (TSP) areas. In our State, the Tribal Advisory Committee has recommended such an increase in employment days in TSP areas.

Inclusive Growth: Regional Imbalance

14. The plan emphasizes on reducing regional disparity in development. The 'one-size fits all' principle adopted in most of the centrally sponsored schemes fails to take into consideration regional variations. Nearly 60 per cent of geographical area of the State is notified under Vth Schedule. Fourteen out of twenty seven districts of the State are affected by Left-Wing Extremism . These districts rank fairly low on all human development indicators and have huge development deficits. We have been repeatedly suggesting for revising the funding pattern of all Centrally Sponsored Schemes in the IAP districts to 90:10 basis in line

with the prevailing pattern in special category states, particularly the NE states, in view of the prevailing conditions. I would, once again, request that this may be accepted, in principle.

15. Most of the IAP districts are in Scheduled areas. The IAP guidelines provide for flexibility and relaxations in operation of development schemes. The same may be extended to all the scheduled areas to ensure faster development and meet the infrastructure gaps.

16. Bastar Zone comprising of 7 districts is adjacent to KBK districts of Odisha, and have similar socio-economic profile. I would, therefore, urge that Bastar area should be notified as 'special area' in the pattern of KBK districts of Odisha and Bundelkhand region of MP-UP.

17. In the Twelfth Plan, BRGF has been restructured with sub-division as the unit for funding. I would suggest that development block, instead of sub-division should be considered as the unit, as data relating to different development parameters is compiled block wise.

18. The existing population norm for connectivity under RGGVY excludes a large number of tribal habitations with low population density. It would, therefore, be in the interest of inclusive growth to relax the norm to cover hamlets with even less than 100 population.

Education

19. The fund sharing pattern under SSA is proposed to be revised from 13th plan onwards with state share to be increased from 35 to 50 per cent. More than 50 per cent of the districts in Chhattisgarh are affected by LWE and have low education index. I would, therefore, suggest that the fund sharing pattern should be made 75:25 as recommended by Mr. B. K. Chaturvedi committee.

20. State Govt. is mandated to provide basic facilities in schools to implement the provisions of RTE Act for which the requirement of fund is estimated at Rs. 3000 crore. GoI should provide additional grant-in-aid towards funding the deficit.

21. In view of the relatively higher drop out rate and low quality of education in the tribal areas, the districts should be saturated with Eklavya School at block level and Navodaya School at district level.

Health

22. The proposal to launch National Health Mission is welcome. However, universal access to basic health services seems to be distant dream, keeping in view the huge deficit in health professionals particularly in remote areas. We have successfully tried out and have been suggesting recognition of three Year Medical Diploma course as the only viable option to address the manpower gap in providing basic preventive and curative health care facilities at the PHC / CHC level. Besides, mobile medical units should be sanctioned for all Tribal Sub-Plan blocks.

23. We have implemented universal health insurance scheme in Chhattisgarh with encouraging signs of success. RSBY could be redesigned to cover the entire population.

24. In view of the high prevalence of sickle-cell anemia in most parts of Chhattisgarh, Sickle-Cell Anemia Control Programme needs to be included in disease control programme under NRHM.

Nutrition

25. The progress in achieving the MDGs relating to reduction in mal nutrition has been relatively much less significant compared to improvement in education and health indicators. In view of the huge gap to achieve the target, the proposed ICDS IV should be launched without any loss of time.

26. 'SABLA' Programme for adolescent girls, presently being implemented in five districts on pilot basis, needs to be rolled out in the entire State.

Infrastructure

27. The 12th plan documents talks about an aggressive pursuit of PPP to upgrade existing NH to double-lane and four-lane roads. Sir, I am of the view that PPP mode favours the developed States which are in a better position to recover the viability gap in project cost. For states like Chhattisgarh, the model has been found to be unviable because of low traffic density. The State, with its road density at one-third of national average and with only 7 percent of National Highway length, ranks fairly low (18th) in infrastructure index. Thus, the policy package could further widen the regional disparity among states. I would, therefore, strongly recommend that Planning Commission should reconsider the policy and the standard "twenty-percent VGF" norm should be kept flexible, and if possible, a differentiated package should be prescribed for under-served States.

28. The existing state highways require major upgradation. The 12th plan envisages launching of a programme similar to NHDP for the State Highways with 20 per cent VGF available from the central government. I would request that this may also be relaxed as proposed in case of NHDP.

29. I am happy to inform the Members about an innovative initiative taken by the State Government and the Ministry of Railways for developing 452 km of rail corridors in the industrial belt of North Chhattisgarh. Two of these would be developed by joint venture companies with Government of Chhattisgarh, IRCON and SECL as equity partners. This could serve as model for other States.

30. Rural infrastructure which serves more than 70 per cent of the population does not get the attention it deserves. The investment under PMGSY, therefore, needs to be stepped up. Let me draw your attention to the urgent need to relax the population norm prescribed for rural connectivity under the scheme. Our population density (189 per sq Km) is lowest among the non-special category states. Most of these dispersed hamlets are located in the tribal dominated LWE districts. Therefore, there is an urgent need to revise the existing population norm under PMGSY from 250 to 100 per habitation for the tribal sub plan area.

Energy Challenges

31. Out of the 1.18 lakh MW capacity addition projected for the twelfth plan period, 30,000 MW (25.4 per cent) is estimated to come from Chhattisgarh alone. However, fuel supply continues to be a major problem for the power generating projects currently under implementation. Some of the plants which are close to commissioning are yet to get full coal linkage. This is likely to derail the plan of energy security.

31.1 The model coal supply agreement circulated by Coal India Ltd. provides for pooling of domestic and imported coal which is 30 to 50 per cent costlier. Such an arrangement would result in increase in fuel price by about Rs.100 per tonne with consequent increase in average cost of supply of electricity by 8 paise per unit in the current year itself. This would further aggravate the fiscal distress of the DISCOMS, given the sensitive issue of adjusting electricity tariff.

31.2 Till now, assured supply of coal at competitive rates was the biggest advantage for setting up power plant in Chhattisgarh and pooling mechanism would further distort the inequitable sharing of cost and benefits from coal mining and power generation. In view of this, I would strongly urge Govt. of India to not only exempt the coal bearing states from

pooling price mechanism of imported coal, but also to direct Ministry of Coal to give priority and 100 per cent linkage to State-owned power plants.

32. Sir, it is an accepted principle that transmission of electricity is cheaper than transportation of coal. Hence, it would be in the national interest to promote pit-head thermal power generation. However, the generating states do not get any major benefit; on the contrary they have to bear the social and environmental costs. Therefore, a favourable decision needs to be taken on our long-pending demand of making available; at least, 10 per cent free power to the power exporting states in line with the National Policy Framework for free power for hydro projects.

33. Sir, the financial restructuring package announced for the power utilities is a huge disappointment and betrays 'hands-off attitude' of Govt. of India. In its present form, the DISCOM and the state government have to share 87.5 per cent of the outstanding liabilities and Centre is supposed to contribute only 12.5 per cent and, that too, with a string of conditionalities. I would, therefore, recommend urgent revision in the package.

Urban Development

34. Per-capita allocation of funds under urban development schemes in the Twelfth Plan is almost half compared to allocation under rural development schemes. This is highly inadequate to fund basic urban infrastructure and amenities. Thus, there is an urgent need to up-scale allocation under JnNURM.

35. All the sub-components under JnNURM except Rajiv Awas Yojana is funded on cost sharing pattern of 80:10:10. This needs to be accordingly revised.

36. The proposed National Urban Livelihood Mission is a welcome initiative. I would suggest that urban areas with low human indicators should be given priority for coverage under the scheme.

37. New Capital city of Chhattisgarh is being developed in Naya Raipur and substantial investment is needed for developing urban infrastructure and amenities. I would request the Planning Commission to include Naya Raipur for funding under JnNURM.

Industries and Mining

38. To achieve the objective of more inclusive development, greater focused attention needs to be given to the establishment of food processing and forest produce based value addition industries. Cluster-based approach for development of micro industrial sector needs to be adopted as it provides maximum employment. Existing industrial clusters need to be further developed so as enable them for competitive market.

39. Sir, Chhattisgarh is a mineral rich State and most of the mining activities are undertaken by central PSUs like SECL, NMDC and SAIL. This is evident from the fact that 86 per cent of coal and about 98 per cent of iron ore is utilized by these companies. All these companies operate in LWE area where majority of the people live below poverty line. At present, large part of the revenues from these PSUs flows to central exchequer. On the other hand, these organizations engaged in the mining of coal and iron ore for several decades, spend only a small amount of their profit towards local development. Therefore, it is requested that mines and minerals law should be appropriately amended to ensure that major part of mining revenue flows to the States/Local Bodies of mineral bearing areas instead of Central Government.

Land Acquisition Bill

40. Sir, another issue connected with investors' sentiment is the proposed Land Acquisition Bill. While it subserves the interest of farmers, I hope, all issues relevant to the provision of retrospective application of the Act, have been duly considered in respect of ongoing projects.

MSME

41. Access to finance is a major concern for MSME. The availability of sufficient funds with banks is not going to ease the MSME sector unless it is provided with lower-cost credit. As such, the banks should ensure availability of adequate finance for MSMEs and on the other hand move towards reducing interest rates for the MSME sector.

FDI in Retail

42. I wish to record my concern over the recent GoI decision to allow FDI in retail sector. My reservation is on two counts. First, FDI should be allowed in sectors which are starved of capital. There is no dearth of private capital and entrepreneurship in India in the organized retail sector. Therefore, FDI in this sector is unnecessary. Second, the existing retail market caters to a large number of small and medium entrepreneurs and intermediaries who are likely to be rendered jobless under the new arrangement giving rise to promotion of monopolies and marketing of single brand products. This will be contrary to the spirit of inclusive growth as spelt out in the twelfth plan document. May I, therefore, request you Sir, to reconsider the decision.

Financing the Plan

43. The growth target set for Chhattisgarh (9.1 per cent) would require mobilization of additional resources to address the development needs of the state. In order to achieve the growth targets, the statutory ceiling for market borrowing prescribed by Government of India will have to be relaxed. Since Chhattisgarh is comfortable in debt-servicing and has relatively smaller debt-burden, there should be no difficulty in allowing higher market-borrowing.

44. Sir, with the introduction of VAT in 2005-06, it was agreed that the CST would be phased out, and the States would be compensated for the loss of revenue. However, the compensation package has been withdrawn w.e.f. 2011. This is putting severe strain on State's finances as the loss of revenue is estimated at around Rs.1,000 crore. In spite of our repeated requests, Government of India have only deferred the issue and constituted a committee to examine the demand which will further delay the release of compensation. This may urgently be resolved to improve financial health of the States.

45. It was agreed to empower states to levy tax on certain services so as to mop up additional revenue but this decision is yet to be implemented. I would, therefore, request that the Services Tax Act may be suitably amended.

46. Sir, I would like to conclude by reiterating the overriding objective of achieving inclusive growth in planning process. In the past, uniform policy and programmes for different regions have resulted in regional disparity. We should, therefore, switch over from the 'broad-brush' approach to need-based interventions. I am sure, the Planning Commission and the Central Government will give due weightage to my suggestions.

Jai Hind

Jai Chhattisgarh