

Hon'ble Prime Minister, Hon'ble Deputy Chairman Planning Commission, Hon'ble Members of the Union Cabinet and Planning Commission, Hon'ble Chief Ministers, Distinguished Participants, Ladies and Gentlemen....

As we meet today to deliberate on the Twelfth Five Year Plan, we cannot help recalling that when we had last met a little over one year ago our mood was upbeat, our confidence high and our attitude filled with optimism about the future. It was felt that it would be reasonable to aim at 9.0 per cent growth for the Twelfth Plan, in spite of uncertainties in global economic conditions. It was also felt that even though this target may appear to be ambitious, it was not impossible to achieve if we had the political will to do what is necessary.

In this context it is painful to note the unmistakable sense of pessimism in the Twelfth Plan document. This is all the more unfortunate because the document itself admits that it is not only global economic conditions that are responsible for this dismal scenario. Several factors within the control of the Central Government like internal constraints in the form of macroeconomic imbalances, rising fiscal deficits, persistent inflationary pressures, slowing down of major investment projects due to implementation problems, recent changes in tax treatment causing uncertainties among investors, poor targeting and inefficiencies in public programmes, losing momentum in maintaining the focus on capacity building and reforms and the inability to achieve broad consensus among different stakeholders on key issues are also responsible.

Significantly lowering the growth targets of the Twelfth Plan will further add to the mood of despondency and pessimism in the country and cast increasing doubts on the sustainability of the India Growth Story.

The objective of the Twelfth Plan is faster, sustainable and more inclusive growth. However, in the first year a growth of less than 6% appears to be likely in a scenario of low investor confidence, falling Rupee against the Dollar, reducing inflow of FDI and inflation in double digits especially in food prices. These challenges pose a great threat to the development of the country and have all arisen due to policy paralysis in the Central Government.

The Twelfth Plan document emphasizes that even achieving the projected growth of 8.2 per cent should not be viewed as a 'business as usual' outcome that can be realized with relatively little effort. The Planning Commission's exercise of 'Scenario Planning' itself recognises that there can be disastrous consequences of inaction on key growth promoting policies. In fact a growth rate which is as low as 5.0 per cent to 5.5 per cent is even presented in a scenario of 'Policy Logjam' which describes the consequences of Policy Inaction persisting for a long period.

It seems that there is no urgency or seriousness in tackling economic crises facing the country. There has been a virtual lack of direction in the macroeconomic management of the country.

In the 55th and 56th meetings of the National Development Council, I had mentioned that if inflation is not effectively tackled, it could derail the growth process. In spite of repeated raising of interest rates by the Reserve Bank of India, prices could not be controlled. The Central Government has made little effort to tackle supply side constraints which have been responsible for double-digit inflation in the price of basic commodities of food articles like cereals, pulses, vegetables and milk.

Little concern has been shown for the constant agony that millions of Indians are forced to undergo on a daily basis because of rising prices. The Central Government has failed to exercise due diligence and financial discipline in controlling its fiscal deficit and ensuring rationalization and effective targeting of subsidies.

The recent decision of the Central Government to restrict the number of LPG cylinders to six per year will further add to the misery of India's middle classes and the poor. The Twelfth Plan document notes with satisfaction that the percentage of all households using LPG as cooking fuel increased from 57 per cent in 2004-05 to 66 per cent in 2009-10. The document recognizes that women, being the main energy users and primary energy suppliers, are worst affected by restricted LPG supplies, which is one of the difficult barriers to empowerment of women. It would be desirable to review an anti-women decision which will adversely impact millions of household budgets.

The sustainable, long term solution is to establish a Gas-grid supplying Piped Gas (PNG) to households for domestic use. This would result in proper targeting of subsidies and eliminate wastage. The Centre should come out with a time bound detailed policy and incentivize States who take up this project on a priority basis.

Strong States, strong Nation

The States have been repeatedly urging the Centre to treat them as partners. In the 56th meeting of the National Development Council, I had urged this august body to learn from the success stories of the States as our common objective is to strengthen our economy and to have a unified concept of nationhood. The country would benefit tremendously by learning from the States by building on strengths which can contribute to growth and by understanding factors that contribute to stagnancy.

The initiative taken by the Planning Commission to consult the States in the restructuring of Centrally Sponsored Schemes by the B.K Chaturvedi Committee needs to be commended. It is sincerely hoped that the Central Government would appreciate how rigidly structured Centrally Sponsored Schemes have led to inefficiency, wastage and sub optimal outcomes over the past several years and to also appreciate the benefits of having transparent guidelines with inbuilt mechanism for flexibility in the norms as well as flexi funds to address State specific problems. However, it is hoped that the recommendations are urgently acted upon and not diluted. It is also equally important that the Central Government ensures that Ministries do not function within the confines of departmental silos and convergence becomes a new mantra of transformational governance at the Centre.

It is important to trust the States. All decisions regarding implementation of Central Schemes must be taken in the States by State Level Committees and by State officials.

Need for Structured Mechanism for Resolving Pending issues

The Twelfth Plan document envisions an Inclusive Growth strategy which is critical in achieving even the modest growth target of 8.2 per cent. "No flotilla can move together, nor can a consensus be built unless there is some common goal... this inclusive strategy inherently involves a much greater role of the States and closer coordination between the Centre and State". This belated but much needed realization that most of the policy measures and institutional support required for growth lies in the domain of State Governments and local bodies is indeed welcome. It is sincerely hoped that the Centre's contribution would lie mainly in creating the macroeconomic

framework, financial sector policies and national level infrastructure as mentioned in the Twelfth Plan document.

However, it is unfortunate that it has not still been understood that many critical issues of States remain pending for resolution by the Central Government for years. Repeatedly raising these issues in various forums seems to have little or no impact in finding solutions. In Gujarat several issues have been pending with various ministries in the Central Government which adversely affects Gujarat's development and its financial resources. Non payment of royalty as per statutory provisions, pending CST compensation, not deciding the National status for the Na'imada project, frequently changing policy on cotton exports are among the several issues which hurt the interest of farmers and sentiments of the people and negatively impacts growth as well as the State's financial position.

I would once again reiterate that there is an urgent need to set up a Structured Mechanism which addresses such issues and resolves them in a time bound manner. Many of these issues are vital for the country's development and it is precisely such issues pending across the country which need early resolution if India has to realize its true potential of becoming an economic superpower in the world.

Maintaining the Sanctity of the Federal Structure

It is with a sense of great anguish and regret that I wish to draw the attention of this august body that in recent years the Central Government has shown an increasing inability to create consensus while dealing with the States. There has also been a tendency to take unilateral decisions by legislating on subjects which are dealt by States where huge financial liabilities are created for the States without commensurate transfer of resources from the Centre. The Right to Education Act is a recent example of this.

Transferring resources to State agencies and other organizations, by-passing the Consolidated Fund of the States in spite of objections from all the States not only violates the Federal Structure but also creates administrative problems and financial indiscipline apart from leading to delays in implementation.

The Central Government should resist the temptation to tinker with the federal structure mandated by the Constitution. There is a need to exercise extreme vigilance and caution to ensure that all Constitutional authorities are allowed to carry out their mandated functions and observe the federal dharma at all times.

Stagnation in Manufacturing: Crisis in Employment Generation

India's growth story has been marked by the dynamism of the service sector with the manufacturing sector's contribution to GDP stagnating at around 16 per cent. The outlook for employment for the youth in industry remains bleak which casts a doubt on India's capacity to take advantage of the Demographic Dividend. This is at variance with the experience in other rapidly developing economies. This is perhaps the most major failing of the previous two Five Year Plans, particularly the Eleventh Plan.

It is unfortunate that the Central Government has been bereft of any vision or strategy in this regard. This feeling of "helplessness" in making effective policy interventions has resulted in job creation suffering and the youth of the country becoming disillusioned. The Twelfth Plan document offers several solutions which are largely within the control of the Central Government. Continuing paralysis in decision making does not bode well for a promising future scenario. A holistic approach is urgently

required to improve investor confidence, develop infrastructure to encourage manufacturing and train youth to empower them with employable skills under a well-structured HR policy. It is also necessary to improve the competitiveness of Indian industry and pay special attention to fuel management.

The Gujarat experience shows that special attention paid to manufacturing has yielded rich dividends in terms of job creation. The share of manufacturing sector to GSDP is around 26% with the share of services around 43%. This has helped create jobs in the manufacturing sector. Employment Exchange statistics published by DGE&T, Ministry of Labour and Employment reveal that Gujarat has been consistently the no. 1 State in the country in providing employment since 2002.

Success in the manufacturing sector is the result of investment in infrastructure especially in energy, ports and along the Delhi Mumbai Industrial Corridor.

Agriculture & Inclusive Growth

Agriculture is a major source of livelihood for the rural population. Reduction in variability of annual growth rates is a crucial determinant of distress during years of poor monsoons where agriculture remains dependent on the weather. During the last ten years the Agriculture Sector in Gujarat has shown an average annual growth of 10.8 per cent for the period 2001-02 to 2010-11. A vital component of the story of Gujarat agriculture has been in containing the volatility of variability.

The previous two decades were marked by negative growth rates on as many as eleven occasions with negative growth ranging from a high of -46.2 per cent to a low of -6.8 per cent with double digit negative variations on as many as eight occasions. This also impacted GSDP adversely which showed negative growth for as many as seven years during that period.

There have been impressive increases in the productivity in groundnut, castor and food crops especially wheat with significant contribution from horticulture, spices, condiments and the dairy sector. This became possible due to development and diffusion of technology, a holistic approach to electricity and water use with better management including drip irrigation, Jyotigram Yojana with separate rural feeders and mass awareness drive under the Krushi Mahotsav programme. This was duly acknowledged and applauded by The World Bank in June 2011.

(South Asia Economic Focus - A review of Economic Developments in South Asian countries Food Inflation, June 2011)

Challenge of Urbanization

Issues of the urban sector have become critical in several States. In particular, rapid urbanization is one of the biggest challenges being faced by Gujarat which has recorded the highest decadal increase of 5.2 per cent making it the most rapidly urbanizing state in the country. This can be seen from the fact that in the last thirty years the number of Municipal Corporations have doubled from 4 to 8 and the number of Municipalities have more than doubled from 72 to 159. The number of municipalities is likely to increase once 2011 census results become available.

Government of Gujarat formulated a comprehensive and holistic urban governance vision by declaring 2005 as the Urban Year. Two years later the Garib Samrudhhi Yojana was launched with an allocation of Rs. 13000 crore. This is being increased to Rs. 25000 crore for the Twelfth Plan. Later in 2010-11, Swarnim Jayanti Mukhyamantri

Shaheri Vikas Yojana was announced in the Golden Jubilee Year with an allocation of Rs. 7000 crore over three years.

The urban sector faces challenges both from natural increases as well as from rural-urban migration. Further the problems are different in the smaller towns as compared to the larger cities. In the newly formed Municipalities there are critical issues of creating basic civic infrastructure as well as an administrative set-up. Major investments are required to be made in water supply, sanitation, urban transport, housing and health.

There is another major constraint of a shortage of urban specialist planners and engineers and ensuring that they are willing to work in small towns which do not have the facilities which highly qualified professional are accustomed to.

Serious thought has to be given to what should be the components in the Second Generation of JnNURM. This scheme should not be confined to mostly physical works but also include components that improve the quality of life of citizens, especially the urban poor. Urban areas across the country are in need of public toilets, renbaseras, basic infrastructure for education and health and affordable housing. In fact these so called "softer" components is what the felt needs are at ground level.

Since highly urbanized States would avail of proportionately lower benefits from the large number of centrally sponsored schemes meant primarily for rural areas, there is an urgent need to make special allocation for urban areas. A limited central scheme like JnNURM is not sufficient. The bulk of Centre-State transfers should be in the form of Additional Central Assistance with full freedom and flexibility given to States to formulate State specific schemes.

Rurbanization

This concept seeks to reduce and remove the rural-urban divide through infusion of urban patterns and services in rural systems to ensure provision of quality lifestyles and livelihood options while keeping the basic rural soul intact. Essentially the concept looks at the creation of "Big Villages" with a rural soul but an urban feel with all urban amenities. This process of rural transformation is not exploitative but regenerative and revitalising, positively influencing people and the environment and encouraging a judicious and economic consumption of resources. Rurbanization combines traditional knowledge and practices with modern technology and it is a participatory process which checks migration and may even invoke reverse migration.

The Twelfth Plan would focus on the development of Rurban Centres and Rurban Clusters. Development of an efficient mass transportation system to improve connectivity would be an integral part of the strategy. E-gram Vishwagram Yojana, Jyotigram Yojana, State Wide Gas Grid, State Wide Water Pipeline Network, decentralized diamond processing units and development of milk cooperatives along with skill development would all be integrated into the Rurbanization strategy.

Decentralized planning & Decision Making

Gujarat is celebrating the Golden Jubilee of Panchayati Raj this year. After the introduction of three tier Panchayat System in 1963, the State introduced Decentralized District Planning in 1980. Decentralization has been taken forward through the innovative scheme of Apno Taluko Vibrant Taluko - a sub-district citizen centric approach where governance and development is activated at the grass root

level. This model of growth is based on the concept of consent from people rather than control by government which is the essence of demographic inclusiveness.

A vital component of decentralization is also ensuring balanced regional development in trying to achieve regional equality across the State. Following an outcome based taluka centric approach specific interventions are made in 41 identified Developing Talukas which are largely concentrated in tribal areas as well as in remote semi-arid and arid areas. These interventions are the personal responsibility of senior officers of the level of Secretary and above who are also given annual discretionary allocation of Rs. 2 crore per taluka.

Two flagship programmes, Vanbandhu Kalyan Yojana and Sagarkhedu Sarvangi Vikas Yojana were also introduced during the Eleventh Plan to cater to specific requirements of tribal talukas and coastal talukas. The allocation for Vanbandhu Kalyan Yojana was Rs. 15000 crore in the Eleventh Plan and this has been raised to Rs. 40000 crore in the Twelfth Plan. Similarly for Sagarkhedu Sarvangi Vikas Yojana, the allocation has been raised from Rs. 11000 crore to Rs. 21000 crore.

Inclusive Growth and Human Development

In the Ninth Plan Rs. 10782 crore were provided for Social Services. This was increased to Rs. 17582 crore in the Tenth Plan. In the Eleventh Plan the outlay was raised to Rs. 53830 crore, amounting to 42% of the total plan size. This includes outlays of Rs. 13068 crore for Urban Development, Rs. 8535 crore for Education, Rs. 8035 crore for Water Supply, Rs. 6707 crore for Health, Rs. 3507 crore for Women & Child Development, Rs. 35C1 crore for Social Justice and Rs. 1840 crore for Tribal Welfare.

It is proposed to continue the emphasis on Human Development by providing an outlay of Rs. 1,17,703 crore for Social Services in the Twelfth Plan which is more than double the outlay of the Eleventh Plan. Major initiatives are proposed especially in urban health, improving quality of education, skill development to prepare Generation Next as well as empowerment of women and children.

Gujarat State Nutrition Mission has been launched in the current year as Mission Balam Sukham for adopting an integrated inter-sectoral and holistic approach covering various proven interventions cutting across various sectors and departments to mitigate the problem of malnutrition. The strategy would focus on both preventive and curative aspects and keep in view the various stages of desirable interventions viz 9 months of pregnancy to first 2 years of age, children up to 6 years of age and adolescent girls. The concept of Nand Ghar has also been introduced for holistic development of children in anganwadi centres.

We are grateful to the Hon'ble Prime Minister who has expressed concern for the problem of malnutrition across the country by calling it a "national shame". However it is unfortunate that the country is direction less after the Hon'ble Prime Minister's announcement. It was expected that some well considered measures or strategy would be announced to tackle the problem of malnutrition which is found in several States. Even statistics are not available at periodic, regular intervals. The Twelfth Plan document also notes that the NFHS - III data indicates the position prior to the Eleventh Plan and acknowledges is likely that the position has improved since then because of the initiatives taken in the Eleventh Plan.

The problem of malnutrition is that it is multi dimensional in its causes which could range from poor water quality to complex issues like social habits and attitudes. The

Central Government should at least ensure that through regular surveillance periodic statistical data becomes available, schemes for capacity building and training at the grass root level are launched along with a targeted public awareness campaign. A serious national problem like malnutrition requires a cogent, well reasoned, systematic and time bound strategy with targeted interventions.

Transparency & Efficiency in Service Delivery

Leakages in the public delivery system negatively impact outcomes for the poor and lead to wastage of public resources. Corruption and mismanagement undercut growth and widen the inequality across the population.

There is a credibility crisis in the country today and the confidence of people in governance has been shaken by several scams and scandals in recent times. The Comptroller & Auditor General of India, civil society organizations and the country's judicial system have all been drawn in some manner or the other in grappling with the issue of lack of probity in public life. Production of voluminous reports to reform governance is not sufficient. Transparency and fairness have to be clearly demonstrated to change the public perception.

In 2010 we in Gujarat pioneered a direct system of distribution through Garib Kalyan Melas held in all districts, talukas, cities and towns. So far 7403376 beneficiaries have been covered by 971 Garib Kalyan Melas providing a total benefit of Rs. 11013.58 crore.

Garib Kalyan Melas have illustrated that commitment to transparent systems can ensure delivery of entitlements to the poor without diversion and profiteering by middlemen.

Innovation

Innovation in governance and meeting challenges of the future is the need of the hour. Efficient States need to be incentivized in order to ensure that the nation's resources are utilized in the most optimal manner. We in Gujarat have constantly taken new initiatives and carried out innovation in governance to ensure that the benefits of development reach the poorest of the poor.

Our Flagship Programmes of Developing Talukas, Vanbandhu Kalyan Yojana, Sagarkhedu Sarvangi Vikas Yojana and Garib Samruddhi Yojana take a holistic view of balanced regional development, integrated development of tribal areas, coastal areas and cities. Our Mission Mode schemes of Kanya Kelvani and Gunotsav aim at increasing enrolment, reducing drop outs and promoting quality in primary education. Beti Bachao Abhiyan, Chiranjeevi Yojana, Matravadana Yojana and Bal Sakha Yojana are innovative strategies to improve the sex ratio and reduce both maternal and infant mortality. Nand Ghar adopts a holistic approach to providing services in anganwadi centres. Mamta Abhiyan and E-Mamta aim at developing an efficient mother and child tracking system. Mukhyamantri Amrutam Yojana(MA) provides quality medical and surgical care for serious illnesses involving hospitalization, surgeries and therapies through an empanelled network of hospitals to BPL families, E-gram Vishva Gram Yojana and the Rurbanization initiative endeavour to bridge the rural-urban divide. Kaushalya Vardhan Kendras extend vocational education and training schemes to rural clusters to give both rural and urban youth employable skills.

The State has received several awards from reputed and esteemed institutions for its various innovations, initiatives and good practices. These include both national

awards like Prime Minister Awards for Excellence in Public Administration as well as international awards.

Convergence and synergy lie at the heart of innovation.

Gujarat & the Eleventh Plan

For Gujarat, the Eleventh Five Year Plan aimed at the growth target of 11.2% against the National target of 9%. Ours is the highest target among all leading States of the country. Against this the Gujarat economy grew at the average rate of 9.75%. The State experienced a slowdown during the global economic meltdown during the year 2008-09 but recovered speedily from the impact of global meltdown to achieve a double digit growth rate of 10.10 % in 2009-10, 10.47% in 2010-11 and 10.40 % in 2011-12. In spite of shortage of rainfall mostly once in every triennium ending, the State Agricultural Economy performed better and achieved an average annual growth rate of 10.8 % during the first decade of 21st century. In fact, the production of cotton, wheat, fruit crops and milk have played a vital role in sustaining the agricultural growth in the State economy.

The total size of the Eleventh Plan was fixed at Rs. 128500 crore. As against this expenditure of Rs. 128702 crore was incurred.

Gujarat's Approach to the Twelfth Plan

Gujarat's development strategy will be continued emphasis on human development and inclusive growth while aiming at sustainable, double digit growth that is environmentally sustainable with harmonious balanced development of agriculture, manufacturing and services. The major focus in our approach will be on improving Human Development Index, ensuring inclusive growth by empowering the poor through improved quality of life, affordable housing and increasing livelihood opportunities, promoting better governance by emphasizing citizen centric governance, empowering youth and women and preparing citizens for the challenges of the future.

Impressive strides made in the field of manufacturing and energy development, including non conventional energy will be accelerated during the Twelfth Plan to yield benefits in terms of production, employment and income. Special efforts would be made for improving quality of education and skill development in order to empower the youth, especially women.

The Twelfth Plan would also call for concerted efforts to manage the rapid pace of urbanization. Initiatives for improved governance and systematic planning of urban infrastructure would be required along with capacity building. The urban sector would need heavy investments in vital areas like water supply, drainage, affordable housing and transportation including roads.

In Conclusion....

This august body needs to understand and appreciate the aspirations of millions of Indians, especially the youth, who would like to see our country take its rightful place in the comity of developed nations as an economic superpower. It is our duty to ensure that the benefits of development translate into positive outcomes for the common man, reaching to the poorest of the poor.

The Centre and the States must supplement and strengthen each other. In all our endeavours, the national interest must precede all else.

Vande Mataram Jai Jai Garvi Gujarat