

**SPEECH OF SH. OOMMEN CHANDY, HON'BLE CHIEF MINISTER, KERALA AT THE 57th MEETING OF NATIONAL DEVELOPMENT COUNCIL ON 27th December, 2012**

Respected Prime Minister and Chairman of the Planning Commission Dr. Manmohan Singhji, Respected Deputy Chairman Shri. Ahluwaliaji, Hon'ble Chief Ministers of various States, Union Cabinet Ministers, Members of the Planning Commission, other dignitaries and officers of the Central and State Governments, dear friends.

Let me first of all congratulate and thank Hon'ble Prime Minister, Council of Ministers, Deputy Chairman Planning Commission, Members of Planning Commission and other officials for finalizing this important strategy document which I am sure will help the nation weather the continuing global economic crisis and put the national economy back on its long term growth trajectory of 8-9%. Even though the strategy document has been completed a year after its scheduled timeframe, given the comprehensive nature of the final document it was worth the extra time taken.

**1. General Remarks:**

To realize the first scenario of 8.2% inclusive growth, all policy and supply side constraints have to be removed. Even during the global economic crisis, Kerala's average annual growth rate was above the national growth rate. Even though the 12th plan document projects an 8.2% growth rate for Kerala on par with national growth, I expect Kerala's growth rate to be around 9%.

We have been ranked first among Indian states in human development index over the last four decades. We are proud of this achievement. But even this achievement of the past is under threat now. We have not been able to achieve sufficiently high rates of growth in industries, agriculture or infrastructure.

This limitation is now beginning to tell upon the highly celebrated social development indicators of the State. Since we were in the forefront with respect to Human Development Index, Kerala was largely excluded from assistance in various sectors just because we were faster in achieving stipulated parameters. For sustaining our past achievements as well as addressing our own specific 2nd generation problem, the State has been seeking more assistance and necessary flexibility in Centrally Sponsored Schemes. I am glad that the final document now includes such flexibility. The concept of flexi funds could make several Centrally Sponsored Schemes far easier to implement in Kerala and, I dare say, in several other States. I am glad also to learn that the recommendations contained in the Report of the Committee on Restructuring of Centrally Sponsored Schemes will be implemented with effect from the next financial year. Much preliminary work will have to be done to implement the recommendation of the Expert Committee. I hope the Planning Commission will immediately initiate discussions with Central Ministries and State Governments so that frameworks, as recommended in the Report, and implementation mechanisms, are put in place by the end of this financial year.

The draft 12<sup>th</sup> Plan document is a comprehensive one and contains various interesting proposals and suggestions. I may sound a word of caution however on the need to hold further intensive discussions with Central Ministries, State Governments and stakeholders concerned on sensitive areas such as labour laws, pricing of natural resources, new concepts relating to private public partnership and its extension to existing Centrally Sponsored Schemes, measures that may impact State revenues such as giving Declared Good status to certain commodities in the petroleum sector,

implementation of cash transfer schemes without running pilots and analyzing problems that may arise and measures that could lead to higher input costs for farmers or more inflation.

## **2. Development with Care:**

My Government is committed to "*Development with Care and Compassion*". Our approach and strategy during the 12<sup>th</sup> Plan Period is to translate that commitment into outcome.

While fast rate of economic development can be achieved by unleashing the private enterprise, it cannot, by itself, take care of the needs of all. It is the responsibility of the Government to take positive action to help the sick, disabled, women, children and the aged in the society. There are challenges of providing universal health coverage, ending gender inequalities, discrimination, violence and exploitation of women, children and other weaker sections of the society, fulfilling the needs of senior citizens and persons with disabilities.

### **a. Women and Children**

The protection of the weak is the first duty of the state. Kerala has taken a composite initiative, in the name of "Nirbhaya", for preventing sexual crimes against women and children. "Nirbhaya" responsibilities include action for preventing such crimes, protecting, sheltering and rehabilitating the victims, and for punishing the criminals in the most expeditious manner. This requires nationwide co-operation since the perpetrators of these crimes are not limited by state boundaries. I would suggest, that taking into account the need of the hour, a substantial sum should be earmarked for such efforts to all states through an appropriately designed scheme in the plan.

### **b. Senior Citizens**

We welcome the proposal for a National Policy on senior citizens and the need to promote "aging in place". With the increasing life expectancy, the proportion of the aged is growing in the society. Though Indian families are known to take care of the aged, I get increasing number of reports about abuse of the elderly people by members of their family even when economically not so poor. The policies of the Government should, therefore, be a mix of providing measures of support both at home and at institutions for the old.

## **Care of the Differently Abled**

With regard to Persons with Disabilities and the strategy proposed in the 12th Plan I would like to add a few points, which I hope will be included in the final document. Our focus in the past has been on rehabilitation and welfare alone. Even as we continue to focus on rehabilitation, three more areas, namely prevention, early intervention and research should be added to make it a complete strategy. In the first year of this plan the State has already taken an initiative on this matter that includes all these 4 elements. The programme which we have initiated could be considered as a pilot project under the National Mission for Empowerment of Persons with Disabilities which has been proposed on the lines of SSA, NRHM etc.

### ***Agriculture:***

We welcome the approach and strategies proposed under Agriculture and allied sectors with focus on additional outlay for agriculture for taking up State specific issues, converting a number of ongoing schemes under separate missions, expanding National Food Security mission with the addition of fodder, augmenting investment in agriculture and other measures proposed. However adequate programmatic interventions are not included for addressing risk management especially price instability, safety net/farm income support, leveraging social capital and social engineering through organizational development of unorganized small and marginal farmers and to absorb the post NBS policy induced price increase of fertilizers passed on to the farmers. I would like to mention some specific points:

### ***Need of State Specific Guidelines for RKVY infrastructure Component:***

An amount of Rs. 63246 crore is proposed for the 12<sup>th</sup> Plan under RKVY against the expenditure of Rs.22426 crore in 11<sup>th</sup> Five Year Plan. RKVY has supported State Governments in a significant way because of the flexibility allowed to States. However, during 12<sup>th</sup> Five Year Plan even though significant increase in outlay has been provided, I see that there is earmarking of 40% for RKVY infrastructure and further proposition that 50% project cost for the infrastructure part will be funded to private sector by the State Governments. We are not clear about what is intended, how private sector involvement will play out and the role of State Governments. RKVY is a well-crafted scheme and we must be very careful while suggesting changes in the present pattern. I am sure further discussions will be held with State Governments before making fundamental changes to the schemes which may reduce resource availability to States.

### **Inclusion of coconut under the mission of oil seeds and oil palm**

A National Mission on Oilseeds and Oil Palm is proposed under the 12<sup>th</sup> Five Year Plan. It is imperative that coconut, which is an important oilseed and constitutes a significant part of Kerala's agricultural production, is brought within the ambit of the scheme.

### **c. Addition of new Districts under National Food Security Mission (NFSM)**

Under NFSM only one District (Palakkad) is included from Kerala. I note that the current proposal for the 12<sup>th</sup> Plan is to include additional districts from Himachal Pradesh, Uttaranchal and North East States (hill areas). As Kerala is a food deficit State, there is need to include more Districts in Kerala.

#### **d. Fertilizers Price Increase**

Government of India implemented Nutrient Based Subsidy (NBS) Policy from April 2010 onwards. For the last one year fertilizer price for potash and phosphate fertilizers and complexes has increased by 190% to 280%. Moreover the working capital requirement for the purchase of fertilizer has gone up as a result of increase in prices. An average holding size of marginal farmers in Kerala is only 0.13 ha in accordance with the 2011 Agricultural Census and 96% of holdings are marginal holdings. Therefore a cautious approach is required in including fertilizer subsidy under direct cash transfer considering the low margin from cultivation of crops and the possible delays in transfer of cash.

#### **e. MSP and Tariff Policy**

At present there is poor co-ordination between minimum support price and tariff policy. A mechanism has to be thought of to adjust tariff policy according to international prices of commodities as well as with the policies of other countries. Tariffs of imports and exports of farm products may be varied quickly in response to world price movements.

#### **f. Risk Management and Price Support:**

The frequency and severity of risk in agriculture have increased recently. The insurance scheme needs to be restructured and price stabilization fund needs to be established to address the issue of price instability. While foodgrains are covered under an effective Minimum Support Price scheme, there is no such protection for farmers growing other crops. The 12<sup>th</sup> Plan must necessarily build in measures to stabilize prices of other crops also and ensure adequate returns to farmers.

#### **g. Credit**

The total credit flow in agriculture has been proposed at the rate of Rs. 8 Lakh crore per year in 12<sup>th</sup> Plan against the actual achievement of Rs 5.11 Lakh Crore in 2011-12. However, the present agriculture credit construction continues to neglect investment credit. The target for investment credit along with target for total agricultural credit needs to be worked out. A suitable interest subvention scheme for investment credit also may be considered.

#### **h. Agriculture Research**

The ICAR system needs to focus more on location specific research. A Five Year research plan for all institutions, Central and State, needs to be prepared for each State according to its needs. This framework research plan should cover the research plan of all the research institutions located in the State to avoid duplication of research as well as to establish linkages with development departments.

#### **i. Water Sources: increased support for AIBP projects**

Government of India's support for AIBP projects needs to be increased from 25% to 50% for both new and continuing projects and the conditionality of reforms proposed for assistance consequent to increase from 25 to 50% needs to be discussed further with State Governments.

### **4. Health:**

#### **a. Right To Health**

I believe that Universal Health Care must receive the top most priority. The best quality medical care is now available in India. However, the vast majority of people cannot afford it. Therefore, the entitlement to health should be raised to the level of an enforceable legal right, the "Right to Health", at par with the Right to Information and Right to Education. No person, who needs medical attention, should be deprived of it for want of financial resources. To ensure this, there should be a multi-pronged strategy of health care which includes both insurance based health care, direct providing of free health services, free distribution of drugs to the needy, and tertiary health care for cardiac diseases, kidney failures and cancers. The central Government should also monitor and regulate the prices of life saving drugs.

#### **b. Comprehensive Health Care**

I am glad to note that the 12th Plan gives pride of place to overall improvement of health and nutrition, drinking water and sanitation. The outlay for the Departments of Health and Family Welfare and of AYUSH are being more than doubled, while there is an increase of more than 400% in the allocation to the Department of Health Research. It is heartening to note that monitorable parameters have been laid down for achievement in various sectors and that these parameters have been calibrated in accordance with the level of performance achieved in each State. We, on our part, will endeavor to achieve the targets set for us.

The programmes envisaged in the health sector, along with complementary programmes in related areas like drinking water and sanitation definitely do require emphasis in today's context. I would like to specially mention our support for proposals for early universalization of RSBY, conversion of the National Rural Health Mission into National Health Mission and encouragement of PPP models wherever feasible.

Kerala encounters growing problems relating to lifestyle diseases, mental health issues, dementia, anemia, malnutrition and the re-emergence of eradicated diseases and new communicable diseases. With our changing demographic profile, the need for much greater emphasis being given to geriatric and palliative care has arisen. The State requests that more attention be paid to Anganwadi centres and sub-centres. We appreciate the renewed emphasis given to AYUSH and its integration with modern systems of medicine.

Needless to say, the achievement of higher targets and improvement of standards all around will depend on the flexibility of Central schemes, the speed with which we are able to make changes where necessary and the manner in which Central and State institutions are able to work together with a common purpose.

### **5. Industry:**

#### **a. Entrepreneurship among University/College students**

We welcome the initiative to support Small and Medium Enterprises in a big way as we believe they will be the backbone of the manufacturing sector and will create large scale employment. It will be necessary for the Government to work out new financing/funding models. My Govt, has taken a major initiative to encourage entrepreneurship among University/ College students in this regard. We have started incubators/innovation centres both for business and technology including one specifically in the telecom sector. This we believe will give a big boost to creation of intellectual property based entities.

#### **Fiscal Incentives for R & D**

We support the proposal for providing fiscal incentives for R & D industries including tax credit on imports and extension of tax benefits. This should be made available to all businesses, especially those which generate intellectual property.

### **HRD in the Industrial Sector**

Human resources and human resource development in the industrial sector and generating additional employment are definitely initiatives that we support. Policies that have an impact on the existing labour law regime need to be carefully discussed before finalization.

### **Social Security Net for Workers in the Unorganized Sector**

Providing social protection to the low income work force as mentioned in the Plan document and providing unemployment benefits to such workers needs to be done in a manner that is fair. What would be ideal is to create a social security net, which would ensure their protection. This should also include workers from the unorganised sector.

#### **e. E-biz Mission Mode Project for Kerala**

I would request that the E-biz mission project proposed in the Plan document should also include Kerala. We on our part have implemented a single window clearance mechanism for projects that have come in as part of the Emerging Kerala initiative. We will extend this to all projects coming up in Kerala.

#### **f. Environmental Sustainability with Industrial Growth**

As a state that has Arabian Sea on one side and the Western Ghats on the other, we are environmentally very conscious. We believe that environmental sustainability with industrial growth will be ideal. However as mentioned elsewhere in my speech Kerala needs to be compensated in some form, since we protect the environment and look after our forests not only for ourselves but for the rest of the country and the world. We support ecologically sustainable industrial growth and that is why our focus is on industries which are environment friendly and those that create maximum employment per unit of land and unit of power.

#### **g. Land for Industry and Infrastructure**

Land as mentioned in the Plan document has a special significance and needs to be handled very carefully. I would therefore propose that any policies in this regard needs to be discussed with stakeholders including the State Governments. It is also necessary to understand that States do not have uniform requirements. Regional variations have to be factored in. Kerala, for instance, is land starved and need to devise ways in which more land can be made available for industry and for infrastructure. A substantial Plan supported scheme is required to create a land bank. I may also point out that Central Public Sector undertakings in our State have large areas of unutilized surplus land. These areas should be used either for expansion of industry or returned to the State Government for creating additional industrial infrastructure.

#### **h. NIMZ at Kochi-Palakkad**

The proposal for NIMZ (National Investment Manufacturing Zone) is very welcome. We hope that the project that we have submitted for setting up a NIMZ in the Kochi - Palakkad corridor will be approved soon.

## **i. High Speed Rail Corridors**

The draft Plan document refers to development of six High Speed Rail Corridors. Of these, the intention to commence study of the Chennai-Coimbatore-Ernakulam corridor is mentioned. I may point out that the Ministry of Railways has already indicated in May 2012 that they have commissioned a study for establishing a High Speed Rail corridor between Chennai and Thiruvananthapuram via Coimbatore and Ernakulam. The draft Plan document may, therefore, be corrected accordingly. We also request that the pre-feasibility study may be expedited and the project taken up in the Kerala portion during the 12th Plan. In the next phase, the High Speed Rail corridor in Kerala may be extended northwards up to Mangalore.

## **Coastal Shipping and Inland Water Development**

With the large coast line that India has, I believe that the emphasis given on coastal shipping is not adequate. We need to work out funding models and support mechanisms to incentivise the setting up of modern ports on our coast line and open them up for coastal shipping both for cargo and passenger traffic. In the section on Energy, the draft Plan document has rightly emphasized the need for increased use of rail and waterways for freight transport. There will be huge savings in energy use and energy costs if we give enough emphasis to coastal shipping and development of inland waterways.

## **Tourism**

I am happy to note that the "Responsible tourism initiative" taken up by Govt, of Kerala in Kumarakam, has been specifically mentioned in the plan document and taken as an example for "Pro-Poor Tourism Approach". We will continue to promote similar programmes and focus on creating quality destinations which are environment friendly and inclusive in nature. We request early clearance of our seaplanes projects by the Ministry of Civil Aviation and other Central Ministries as we feel that the introduction of seaplanes in the State will take tourism in Kerala to a higher trajectory. I would also urge that the Planning Commission, the Ministry of Tourism and State Governments work in tandem to ensure focused development of tourism clusters and tourism infrastructure in selected areas which have tourism potential.

## **Coir and Traditional Industries**

We welcome the proposal for using, Coir-geo-Textiles in all states as part of Prime Ministers Grama Sadak Yojana(PMGSY) Programme. This we believe will give a stimulus to the Coir sector which is a traditional industry employing over 3.7 lakh workers. We look forward to the programmes as part of the 12<sup>th</sup> Plan which we hope will encourage and support modernisation and infusion of Technology to the traditional industry sector.

## **Skill Development**

We appreciate the thrust that has been given to skill development in the 12<sup>th</sup> Plan. The Additional Skill Acquisition Programme that we have launched on a pilot basis in Kerala has started yielding results as it is based on industry linked skill development. We proposed shortly to launch an Additional Skills Enhancement Programme to cover low skilled persons outside schools and colleges. If we are provided with adequate funding through the programmes of Government of India, I am confident that we will be able to skill at least Five Lakh post matriculate and graduate boys and girls who can be easily absorbed in the job market. I feel that there is need to integrate and co-ordinate

more effectively skill development programmes initiated by various Central Ministries independently and to ensure that they reinforce schemes under implementation in States. I am looking for big support from the Central Government in this area.

## **6. Education:**

The 12th Plan envisages a 50% rise in the outlay of the Department of School Education and Literacy and 80% increase in the outlay of the Department of Higher Education. The increased emphasis on human resource development is very critical in the new "knowledge society" paradigm. The new initiatives proposed in the 12th Plan document like establishment of Centres of Excellence, enhancing the status of universities, ensuring quality improvement programmes (like interlinking expansion, equity and excellence) strengthened implementation of the Right to Education Act and RMSA, establishment of world class schools for the underprivileged children and efforts to attract private capital into education are all laudable. Kerala has achieved much in the education sector in terms of geographical spread as well as enrollment ratios at the school stage. However, we still we have development gaps and deprivation islands amongst the marginalized sections of society like Scheduled Castes, Schedule Tribes and fishermen. The most important general problem, however, is that of under-achievement in the areas of quality, skills and excellence. Kerala expects more assistance from schemes like implementation of a single portal for delivery of scholarships, developing institutional governance and promoting collaborative research. We agree that there is urgent need to set up accreditation mechanisms to ensure high quality, particularly in respect of higher education. We need specific expertise and financial support in the 12th Plan to upgrade some of our existing institutions in the higher education sector to Centres of Excellence.

## **7. Rural Development:**

### **a. Inclusion of new works and revision of wage under MGNREGA**

Development in rural areas can be achieved through income and employment generation and by improving the quality of life. I note that the basic objectives of the Twelfth Five Year Plan are employment generation, provision of better housing facilities, Rural Sanitation, Road Connectivity and Social Security. 12<sup>th</sup> plan has rightly made some innovative suggestions in respect of flagship programmes. For instance, under MNREGA provisions have been made to take up more works in different sectors. Similarly setting up of Cluster Facilitation Teams in the blocks where SC/ST population is more than 30% will facilitate implementation of schemes for this disadvantaged section of our people.

We welcome the proposal to allow more works (Watershed related, Agriculture related, Livestock, Fisheries, Coastal Areas, Rural Drinking Water, Sanitation, Flood, Irrigation) under MGNREGA. This will be helpful in taking up new activities and encourage the labour force to a greater extent. However, we feel that there is need for still more flexibility under MGNREGA. While asset creation is becoming an integral part of MGNREGA, it is necessary also that its ambit be extended to cover schemes to enhance production. There can be a seachange in the rural sector if MGNREGA can be creatively used to enhance production.

I have pointed out repeatedly in the past that more items like Dairy, Coir and traditional industries should be included in MGNREGA which will give boost to productive and growth sectors of the State. I strongly urge that state may be given freedom to select items of work in MGNREGS.

RKVY has already proved that a State-centric approach, taking into account regional variations, can bring about massive changes in rural areas. A similar approach in MGNREGA could transform our countryside and enrich our farmers.

#### **b. IAY: Revision of Unit Cost, Flexibility to schemes**

In respect of IAY, the Unit Cost fixed by Government of India is not sufficient to construct a house in the state due to high wage rate and material cost. Taking into account of this the Government of Kerala has raised the unit cost of Rs. two lakh against the national pattern of Rs. 75,000/-. A matching grant equivalent to that of state contributions may be provided by Government of India for the construction of house under IAY.

Kerala State has been constantly requesting for flexibility in the guidelines of different Rural Development programmes. Proposed flexi fund is a welcome sign in this regard. It provides inter scheme flexibility to schemes of MoRD & Ministry of Drinking Water and Sanitation.

### **8. Urban Development:**

#### **a. Reform Incentives under JNNURM**

The proposed strategy for the twelfth Five Year Plan place focuses on strengthening of five enablers for urbanization.

The pattern of urbanization in Kerala is different from other States. Kerala is a rural-urban continuum. The characteristics of urbanization are entirely different. It is worth mentioning that all the proposed schemes are useful ones to the State as a whole. But as in the case of rural development programmes, the State faces some difficulties. One major issue is that of the land availability in urban areas. Under the JNNURM the State had put maximum effort to implement the proposed reforms.

Kerala has already completed most of the reforms suggested under JNNURM. We therefore ask for incentive reform fund. A major environmental concern in urbanising India relates to high levels of water pollution due to poor waste disposal, inadequate sewerage and drainage, and improper disposal of industrial effluents. The dumping of solid waste in low-lying areas contributes to both land and groundwater pollution. The

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) needs a more focused approach over the Twelfth Plan period so that we resolve these issues at the earliest.

#### **b. Solid Waste Management**

Kerala is facing serious issues in Solid Waste Management. Local Bodies do not have sufficient fund as well as technology expertise. In order to help the state in this issue both financial as well as technology support is required.

Kerala strongly recommends the early commissioning of the proposed National Waste Management and Recycling Program. A joint action plan between the Centre, States and Panchayathi Raj institutions should be worked out on a crash basis.

### **9. Power:**

#### **a. Acute Energy Problem**

With regard to the energy sector the draft 12<sup>th</sup> Plan has rightly placed emphasis on increasing generation capacity by more than 88000 MW. Kerala has an acute energy problem with above 60% of our present power needs being procured from the open market at very high prices. This results in increasing inability to invest in transmission

and distribution. The State Government would like to correct this imbalance during the 12<sup>th</sup> Plan period.

**b. Coal Linkages Required due to Restriction on Hydel Generation due to Environmental Considerations**

We face some serious practical problems. We are unable to increase hydel generation capacity because of environmental restrictions. We have an LNG terminal at Kochi but the cost of power increases phenomenally if we are compelled to rely on imported LNG. We have no access to domestic gas. Therefore, we need coal linkage. Coal linkage was not provided to us in the 11<sup>th</sup> Plan. We understand the Ministry of Power has recommended coal linkage for Kerala in the 12<sup>th</sup> Plan, but the Ministry of Coal is yet to grant sanction. We were allotted a coal mine in Odisha a few years ago, but we were unable to make use of this allotment because of delays in environment impact assessment and delays in land acquisition on the part of Odisha Government. We brought these issues to the notice of the Inter Ministerial Group in the Ministry of Coal but, to our surprise, the mining license was cancelled.

Under the present circumstances, we seek coal linkage as recommended by the Ministry of Power. In addition, we understand that coal blocks are likely to be allotted to States for setting up electricity generation projects, where the tariff will be discovered through competitive bidding. I understand that the Ministry of Coal proposes to levy a high reserve price over and above the auction determined price. We cannot understand the rationale behind charging a reserve price for the coal block. This will only significantly increase the discovered power tariff, burden consumers and reduce competitiveness of our exports products. We therefore strongly urge that for coal blocks meant for power generation, the Government of India may not charge a reserve price.

It is also important that the coal for setting up power generation plants is made available at reasonable prices by coal companies. CIL should not be allowed to hike prices unreasonably. We are of the view that coal for power generation should be made available at prices at a discount to the price discovered through auction.

**c. Domestic Gas at Cost Plus**

I have mentioned also that power generation through imported LNG would prove very costly. We are, therefore, of the view that a pooled price should be fixed for natural gas on the basis of imported as well as domestic gas. Production of domestic gas must increase substantially to enable this mechanism to work. We are also of the view that domestic gas should be priced on a cost plus basis rather than determined by reference to international market prices.

If coal linkage is given without further delay and if the price of natural gas can be diluted through a pooling mechanism, I can assure you that we will play our part by doubling generation capacity during the 12<sup>th</sup> Plan. This will also include substantial enhancement of renewable energy as a total proportion of power generated and we have initiated several measures already to speed up solar and wind power generation.

**d. Special Sectoral Exposure limits for Banks & Special Financial Instruments to Encourage Renewable Energy**

Special sectoral exposure limit for banks & special financial Instruments to encourage renewable energy is required. We support the Government of India's proposal to increase the share of renewable energy in the total energy basket from 6% to 9%. This

would require considerable effort both on the part of the Central Ministry concerned and the State Government as well as adequate funding and transfer of technical know how to the States.

#### **10. Scheduled Caste/Scheduled Tribe:**

I note that the Strategy for the 12<sup>th</sup> Plan is the overall improvement in Socio-Economic conditions of weaker sections by extending a well balanced prioritization of efforts made for social development and Economic Empowerment based on actual needs and problems of these communities.

Kerala has been making serious efforts to improve the quality of life of these socially and economically backward communities in full spirit. The proposals for enhancing scholarships, improving quality of hostels and filling of vacancies in the reserved seats will surely lead to the development of these sectors. Thrust must be on improving the quality of education and economic empowerment.

#### **11 Other Issues:**

##### **a. Strengthening Public Distribution System**

A strengthened public distribution system can be a bulwark against inflation, which has been a matter of such great concern to our lower income groups and even the middle class. We note the proposal to strengthen the public distribution system and to minimize leakages by providing end-to-end computerization. This is an important initiative which we support. The war against inflation can also be waged through the non-formal public distribution system, consisting of civil supplies corporations, consumer co-operatives and the like. At first sight, it looks to me that the allocation for this important area is much less than what is required. The 12<sup>th</sup> Plan must provide for the establishment of a strong and effective distribution mechanism which can complete with private sector trade channels and rein in prices.

##### **b. Problems of Returning Non Resident Keralites**

In recent years, Kerala has witnessed large inward migration and the problems of in-migrant workers in Kerala need to be addressed.

It is estimated that more than 30 lakhs Keralites are working in the GCC countries alone and their annual remittance is estimated to be more that 50,000 crore annually.

Due to the decision of GCC country to implement scheme to provide employment to local people, the NRI's are going to face the problem of losing their existing jobs. They may be forced to return to India sooner or later and we have to think about a comprehensive scheme for rehabilitation.

The recent amnesty declared by UAE also will lead to return of many Indians back to home States. We have to address this problem very seriously and a plan of action has to be evolved urgently.

The problems of returning Non Resident Keralites, especially from the Middle East have been increasing in recent years. We have a scheme for the rehabilitation of returning migrants. There is urgent need to have centrally supported programmes to supplement the efforts of the States for rehabilitation of returning non-residents.

#### **GST, 14<sup>th</sup> Finance Commission**

We are very keen to introduce GST at the earliest. We look forward also the early setting up of the 14<sup>th</sup> Finance Commission.

### **PPP Secretariat in States**

PPP Secretariat in States is a good idea. We have already set up a Project Financing Cell at the State Planning Board and we look forward to close collaboration with the Planning Commission and Ministry of Finance to develop necessary capacities.

### **Flexibility in structuring PPP models to avail of VGF**

States should be allowed flexibility in structuring PPP models to avail of VGF and proposed VSF.

### **Joint exercise by the Planning Commission and the State Planning Boards**

The Annual Plan should become a more meaningful exercise. Instead of the State Departments preparing a set of schemes which is approved after discussion by the Planning Commission, we would appreciate a joint exercise involving setting of medium term and annual targets and designing schemes providing convergence.

### **Major Role of LSGIs**

As I mentioned earlier, my government is committed to Development with Care and Compassion through a bottom up approach in which the Local Self Government Institutions (LSGIs) play a major role in conceiving, designing and execution of projects and programmes that address the local needs and existing gaps in service delivery to people. My Government is committed to giving 25% of the State Plan resources to the LSGIs during the 12<sup>th</sup> plan period. We have already liberalized guidelines giving a much higher degree of flexibility to our local bodies.

### **Conclusion**

I have no doubt that our deliberations today would pave the way for adoption of a resolution that would give the required traction for policy reforms and removal of supply side constraints. Let us ensure that this NDC meeting is long remembered for having given guidance for actions and measures at the national level to put the nation back on its long term growth trajectory of 8-9%, starting with the 12<sup>th</sup> five year plan.

**Jai hind**