

**SPEECH OF SH. VIJAY BAHUGUNA, HON'BLE CHIEF MINISTER, UTTARAKHAND AT THE 57th MEETING OF NATIONAL DEVELOPMENT COUNCIL ON 27th December, 2012**

**Hon'ble Prime Minister, Hon'ble Ministers of Union Cabinet, Hon'ble Deputy Chairman, Planning Commission, Fellow Chief Ministers and other dignitaries present in the NDC.**

- 1- At the outset, I would like to compliment the Hon'ble Prime Minister for convening this meeting of the National Development Council for finalizing the 12<sup>th</sup> Five Year Plan. I would also like to congratulate the Deputy Chairman, Planning Commission, for preparing a balanced Plan document after elaborate consultations over the past two years with the different Ministries of the Government of India, State Governments, experts from different fields and over 900 Civil Society Organizations (CSOs).  
We are also thankful to the Planning Commission for approving our Annual Plan 2012-13 with little amendments and hope for its continued support and guidance in the times to come.
- 2- Despite various constraints and problems we have been able to achieve more than the given target growth rate of 9.9 percent during the 11<sup>th</sup> Five Year Plan. According to Planning Commission's report the average annual growth rate of Uttarakhand during the period 2004-05 to 2011-12 has been 12.37 percent which is best next to Sikkim (12.67). However, our performance in industry sector has slowed down with the Concessional Industrial Package coming to an end in March, 2010.
- 3- We had proposed an outlay of Rs. 42000 crore in the 11<sup>th</sup> Five Year Plan against which only an outlay of Rs. 29554 crore was approved in the successive five annual plans. Based on our past performance and existing potential we have fixed a target growth rate of 11 percent for the 12<sup>th</sup> Five Year Plan which seems a bit ambitious in the present context, but achievable if we get the desired support from the Government of India.
- 4- To achieve 11 percent growth target during the 12<sup>th</sup> Plan Rs. 65300 crore Plan Investment requirement has been estimated. Keeping in view the resource constraint, we have contained our plan size at the level of Rs. 57252 crore which has been modified by the Planning Commission to Rs. 45080 crore. This represents an increase of 52.5 % over the 11<sup>th</sup> Plan approved outlay while the National Plan size has been increased by 135 percent over the 11<sup>th</sup> Five Year Plan. Thus enhancement in our case is minimal and barely sufficient to meet the inflationary costs. Hence we request the Planning Commission through this forum to reconsider our 12<sup>th</sup> Plan Outlay.
- 5- Sir, natural resource management is the most critical issue for a hill state like Uttarakhand. The forests, alpine meadows, glaciers and snow peaks of Uttarakhand which occupies about three-fourths the area of Uttarakhand provide a large range of eco system services to the rest of the nation. The green cover also provides service to the whole world by sequestering Carbon dioxide in the atmosphere. 64.8% of the area of

Uttarakhand is under such forest cover and grasslands and is managed by the forest department as well as participatory local bodies called the 'Van Panchayats'. We are also in the process of increasing the area under Van Panchayats by notifying additional tracts of wastelands and alpine areas for management under Van Panchayats. The fragile topography, remoteness, disaster proneness, two long international borders and severe infrastructure deficit makes the management and protection of our natural resources all the more difficult. The Indian Institute of Forest Management in its paper presented at the World Forestry Congress, 2009 at Buenos Aires, Argentina has estimated ecosystem services of Uttarakhand at around Rs. 32000 crores per year. The State Government humbly request the Central Government through the NDC to allot at least an additional ` 2000 crores per year as "**Green Bonus**" to the State of Uttarakhand. The Thirteenth Finance Commission has only sanctioned ` 51 crores this year for the management of forests as per working plan prescriptions and hence can nowhere be considered even close to a 'green bonus'.

- 5.1 **Development in the Forest scenario:-** It is very essential that all development envisaged should be environment friendly and we have always ensured that only minimum forest area be utilized for development activity with least impact on environment and wildlife. In ensuring this balance of conservation and development, the people are not only deprived of infrastructure, but also are at constant coexistence with wild animals in their vicinity causing damage to life, cultivation and property. The government has recently increased the ex-gratia payments to victims of man-animal conflict. Now, the dependents of persons killed by wild animals can get an ex-gratia payment of ` 3 lakhs instead of the earlier ` 1 lakh. The rates of payments to owners of agriculture land depredated by wild animals have also been increased upto ten times the earlier rate. **Despite our limited resources we are spending more on the forests than the direct revenue we get out of them.** We have also *suo motto* banned the commercial felling of green trees above 1000m altitude to protect our environment sacrificing a huge revenue which could have been earned out of it. The total geographical area of our state is 1.63 percent of the country's area but our total forest area is over 4.53 percent. 14.4% of our total forest area is under Protected Area Network against the national average of 4 percent. On 14 Dec 2012, we notified the Nandhaur Wildlife Sanctuary and Pawalgarh Conservation Reserve making the total number of Protected areas in Uttarakhand to 16 consisting of 6 National Parks, 7 Sanctuaries and 3 Conservation Reserves. In spite of the conservation measures taken by the State, a large amount of money allotted for development purposes is taken back by the Central government in the form of NPV and Compensatory afforestation as a part of the clearance process under the Forest Conservation Act, 1980. Though this money gets re allotted to the states through CAMPA, the state is at a disadvantage owing to delays in the allocation and reduction in actual expenditure on the development activities. Uttarakhand is also eligible for compensation of ecological loss occurring due to air and water pollution and large scale ecological destruction by power projects which supply most of their power production to the other States. The demand of fuel and power in the

plains are met from the resources in the Himalayas. We raised this issue before the Planning Commission at the time of approval of Annual Plan 2012-13. I request this apex forum to take necessary corrective measures in the 12<sup>th</sup> Plan.

- 5.2 We are about to embark on the third five year plan since our creation but there is still no clear vision about how to address the developmental needs of the Himalayan States. Taking note of the issues raised by my predecessors and other Himalayan States, a Task Force was constituted by the Planning Commission at the instance of the Hon'ble Prime Minister to look into the problems faced by the Hill States. But to our dismay **the Task Force in its 'Distilled Vision' felt no hesitation in stating that in case of conflict between the natural treasures (snow, water, forests and soil) and the aspirations of people, the former should get primacy. It reflects a bias or slant if the Committee set up specifically to look into the problems of Hill States moves with such a preamble.**
- 5.3 Similarly the next issue which needs immediate attention of this apex forum is the need to ensure parity in funding of Centrally Sponsored Schemes among the Special Category States (SCS). While granting the Special Category Status to Uttarakhand, it was clearly mentioned in the notification that **"Central Assistance to Uttaranchal (now Uttarakhand) may therefore be allocated and released on the same terms and conditions as other Special Category States"**. But in practice, while the SCS of North East all Centrally Sponsored Schemes (CSS) are being funded on 90:10 basis, Uttarakhand is being denied this funding approximately in 38 CSS. A simple calculation for the previous two years reveals a difference of Rs. 392 crore in 2010-11 and Rs. 451 crore in 2011-12 on this count while for the current year it amounts to Rs 697 crore. This may look like a small amount but it matters a lot to us. We are committed to Fiscal Responsibility and Budgetary Management (FRBM) Act and responsibly adhering to it and such amounts would go a long way in mitigating our resource crunch.
- 5.4 We have been raising the parity issue in CSS funding for quite a long time in response to which we were assured that it would be looked into in the 12<sup>th</sup> Five Year Plan but later on it was mingled with the recommendations of Chaturvedi Committee Report on Restructuring of CSS. However, **the Committee report has only perpetuated the existing anomaly by suggesting the funding pattern for the new flagship schemes and has put Uttarakhand with general category states in the 75:25 slab. Sir, I take this opportunity to request the NDC to intervene on this matter and issue directions to put all Special Category States on the same footing.**
- 5.5 The State has a 625 km long international border with China and Nepal. The sensitivity of these borders need not be repeated here. The severe infrastructure deficit in the border and hill areas coupled with a massive infrastructure boom across the border is a matter of serious concern. BADP has not been able to fill the infrastructural gap of these areas

which is resulting in mass exodus resulting in ghost villages or “Bhutiya Gaon” in Uttarakhand. This is evident from the Census 2011 data. This infrastructure deficit coupled with the ensuing demographic vacuum should be matter of serious concern to the Union Government. Roads, airports, heliports, colleges, hospitals etc. need to be constructed there to check the mass exodus of people. **It would be in the interest of the nation if Government of India were to institute a separate Centrally Sponsored Infrastructure Improvement Fund or take up the responsibility of infrastructural development in these areas.**

**6 Infrastructure Development :-** The 12<sup>th</sup> Plan document identifies the policy challenge to reverse the observed deceleration in growth by reviving investment as quickly as possible which calls for urgent action to **tackle implementation constraints in infrastructure** which are holding up large projects.

**6.1.1 Power** is considered to be the most critical infrastructure as it is necessary for industry, agriculture, for providing social services like drinking water, medical and health services, education apart from domestic consumption. Whereas the demand for power is rapidly increasing it is accepted in the Plan document that the creation of additional capacity has remained far behind the target. It also mentions that there is substantial potential of creating hydro power capacity especially in the North Eastern region for which speedy environmental and other clearances have been emphasized so that the pace of work on these projects can be stepped up and an income stream may be generated. This vision while talking of hydroelectric potential of NE States becomes silent in the case of Uttarakhand. The reason for this omission is not clear. Possibly in the clash of various components of the Power Sector i.e. thermal and hydroelectric power, we are the victims. In our case paradoxically projects in progress have been stopped, on the pretext of environmental and religious concerns. Are the rivers of the rest of the country any less holy than the rivers in Uttarakhand? Such acts have created an atmosphere of uncertainty in which no private investment can flow into the State.

**6.1.2** It has been realized in the Plan that infrastructure requirement can only be met through development of the relevant infrastructure capacity in the domestic economy. It is further stated that **electric power is a critical input into all economic activity and rapid and inclusive growth is only possible if reliable electricity is made available everywhere.**

**6.1.3** But despite this admission of fact, several power projects have been stopped despite a considerable expenditure on them. Lohari-Nagpala (600 MW), Pala Maneri (480 MW) and Bhairoghati (381 MW) have been already suspended while environment clearance of Kotli Bhel 1-B (320 MW) and Kotli Bhel II (530 MW) has been withdrawn by the Government of India. Thus Rs. 975 crore investments already incurred on the first 3 projects have gone down the drain and the state suffered energy loss of 4129 GWh per annum. In monetary terms annual revenue loss is estimated to be Rs. 1651 crore. The unrestricted energy demand of the State is anticipated to increase at an average rate of 14% per annum with

a shortage of 8 to 9 GWh of energy per day. By electrifying 99% villages under Rajiv Gandhi Grameen Vidyutikaran Yojana, we have raised people's aspirations but have failed to supply adequate power. Hence it is requested to review the suspended power projects in the interest of the nation. As we have to purchase power to meet this deficit, the Government of India is requested to compensate us equal to loss incurred on account of suspended projects. Controversies are bound to happen in a democracy but the government has to assert its political will in the larger interest of the nation.

**6.2.1 Roads** are our life line as the state is totally land locked and mostly hilly with fragile terrain. The unprecedented monsoon floods during past 3 years have laid waste the road network of the State, including the national highways. **I would like to request the Hon'ble Prime Minister through this forum to sanction a special road package for the state to restore the devastated network.** It's a irony that despite being a sensitive border state probably we are the only state where even the National Highway in many parts is just one and a half lane wide. We request the Government of India to allocate adequate resources at least for four-laning of all highways during the 12<sup>th</sup> Five Year Plan.

**6.2.2** I would also like to mention that construction of roads in upper reaches is an arduous exercise firstly, because of forest clearance and secondly due to harsh terrain and weather hazards it takes much longer time and larger funds. **Hence, I request the Government of India through this forum to come up with a method of fast track clearance of border and strategic roads and adequate means for faster construction.**

**6.3 Irrigation :-** Hill agriculture in the State is characterized by severe infrastructural bottlenecks especially with regard to irrigation as only about 10% of net sown area in hills is irrigated. AIBP has not shown much impact because of its norms of area coverage and benefit-cost ratio. On the other hand, water sources in hill and foothill are getting depleted due to climatic and geophysical changes and thus storage of rainwater and catchments area treatment is needed for recharging and rejuvenation of water sources. Besides, multi purpose storage schemes involving irrigation as well, can lead to prosperity in hill areas and can help in generation of power and solving drinking water problem. Hence AIBP needs to be restructured. I am told that in the 12<sup>th</sup> Five Year Plan a Comprehensive Water Management Programme is being contemplated which would look at irrigation, flood control, water recharging and soil measures in a holistic way and the Command Area Development Programme would be made an integral part of the irrigation. We appreciate the Government of India for initiating National Irrigation Management Fund. I, however, would like to request that the States may also be consulted at the time of making guidelines for implementation of such new schemes.

**6.4.1 Railways :-** The investment in Rail Sector in Uttarakhand is negligible. This is immensely imperative on account of tremendous infrastructure building activity on the other side of our northern international border. While NE region rail projects are being sanctioned even though there is

negative rate of return (NRR), for Uttarakhand such projects are being turned down. Further Ministry of railways is insisting for 75% cost sharing alongwith provision of free land, even though Railway is covered in the Union list in Schedule VII of the Constitution. Such sharing is beyond the resource capability of the State.

6.4.2 While States already having intensive network of railway are being granted track modernization, track doubling, station upgradation, coach factories, railway divisional head quarters, new trains etc, Uttarakhand despite being strategically extremely sensitive, is continuously being neglected because of its low rail network base. It is requested that development of railways be taken up on urgent basis as this would also be useful in logistics management in times of crisis.

7. **Urban Development :-** During Maha Kumbh 2010 about 8 crore people visited the State. In other times 3-4 crore people visit the State on account of tourism/Char Dham Yatra. Only 3 towns (Dehradun, Haridwar & Nainital) have been selected under JNNURM. However, sanctions are made on the basis of Census figures whereas infrastructure is used by a floating population, which is 3-4 times the State Population. In view of this, there is need to include Char Dham Yatra route towns & major tourist spots in the Mission Towns and yard stick should be based on fixed population plus floating population.

## 8 **Disaster Management**

8.1 Sir, at the very beginning of the 12<sup>th</sup> Five Year Plan the State has faced with yet another monsoon disaster. The severe wounds inflicted by Monsoon 2010 and 2011 were yet to be healed when in 2012 we encountered the adverse incidences of cloud bursts/flash floods and land slides in districts of Uttarkashi and Rudraprayag. The massive loss of human life, property and infrastructure took place in two districts. 176 human lives were lost and 88 injured and more than 1000 domestic animals were killed. More than 1000 buildings were severely damaged. 280 roads were also damaged.

8.2 In this context, about **233 Villages have been identified which stand on the verge of extinction and need urgent rehabilitation for which we need a special package from Government of India.** Further, we have submitted a claim of Rs. 273 crore from National Disaster Response Fund (NDRF) and sought Special Central Assistance of Rs. 385 crore for the restoration of disaster affected infrastructure, sanction of which may kindly be expedited.

## 9 **CSS Related Issues**

We are repeatedly requesting that the CSS although largely funded by the Central Government have implications for States in terms of higher expenditure commitments to meet the State share. In certain schemes like SSA/RMSA there has been an incremental pattern of state share which means an increase in the matching contribution by states in succeeding years. Here too, relaxation in the case of NE States has been provided for, while other SC States have been deprived of such relaxations. It may also be mentioned here that while the centre has

levied direct education cess for arranging funds to finance the SSA/RMSA, we have no alternative source to meet out the burden of increasing matching share. **Hence in our case fund allocation under all CSS on 90:10 basis will be justified.**

**9.1** The implementation of Right to Education (RTE) Act has increased burden on our resources. Due to remote locations and difficult terrain the construction cost is much higher than the plains of the country. Therefore financial norms for construction works need to be modified as per prevailing Schedule of Rates in the State.

**9.2** Similarly PMGSY although stated to be 100 percent Centrally Funded, the State is required to arrange funds for compensation for land, NPV for forest land, surplus over bid amount, payment for construction of bridges over 50 meter span and maintenance of completed works which obviously is much higher in fragile hills. Thus we have to arrange about 35 percent of the total cost from the State funds under PMGSY. So, a 100 % CSS is working as a 65:35 scheme in actual practice which needs to be reviewed.

## **10 Health**

**10.1** Inadequate road networks, telecommunication systems and public transport facilities are constraints limiting the efficient delivery of the healthcare services. Only 62% villages have pucca road connectivity and poor availability of health services in existing health infrastructure. At the level of primary healthcare the challenges lies in providing equitable distribution of healthcare services. The existing norms of setting up sub centers and Primary Health Centers (PHCs) are based on population criterion which makes them insufficient to cater to our sparse and scattered population.

**10.2** Likewise, in the secondary and tertiary healthcare facilities, deficiency of personnel and quality medical equipment, poor transport and referral service are some of the limitations that hamper effective healthcare delivery in the state.

**10.3** An ANM has to travel between 3km to 21km zone area in a month to provide health care facilities in remote, inhospitable mountainous terrain, which is not feasible. To extend health care effectively to these areas, the health care delivery infrastructure needs to be augmented by establishing more PHCs, Sub Centres for which existing GOI norms need to be rationalized.

**10.4** Therefore, it is requested that the norms of Sub Centres be relaxed from current population norms of 3000 to 1000 and Primary Health Centres from 20000 to 10000 for hilly/inhospitable areas.

**11. Population Stabilization :-** Land is a fixed natural resource. Its demand for alternate uses is on the increase. Land under agriculture is under pressure with the increasing urbanization, industrialization and

infrastructure development. Emphasis on organic farming is limiting the use of chemical fertilizers, insecticides and pesticides. Natural resources like water and forests are depleting due to climate change and various other factors. Every year two crore population-higher than Uttarakhand and Himachal Pradesh put together-is being added to the country's population. As China has almost stabilized its population growth, it is expected that India's population would be the highest by 2030. Can we sustain this population with a respectable standard of living? This issue in my opinion needs urgent attention and more emphasis is required on population stabilization in successive Five Year Plans and Annual Plans.

**12 Our Initiatives :-**

Sir, we have recently taken some important steps for attaining faster growth, more inclusiveness and sustainability. For accelerating investment and growth the Government of Uttarakhand is developing a Single Window System to provide various recommendations, approvals, certificates and licenses from various departments in one place and simplify the process. The Uttarakhand Industry Single Window Facility and Licensing Bill-2012 has also been approved. For attaining the target of inclusiveness, the Government has formed a Wage Committee for revision of minimum wages to ensure the welfare of workers. For preventing the exploitation of labours, provisions are being made to pay wages through cheque or through post office saving bank. A major step taken by Government of Uttarakhand is aimed at providing financial assistance to unemployed youth while increasing their vocational capabilities to put them in the mainstream of development activities. Under this scheme unemployed persons with minimum intermediate or equal qualification will be given Rs. 500 per month, graduates and those with equal qualification will get Rs. 750 per month and post graduates will receive Rs. 1,000 per month. For upliftment of minorities we have formed a separate Department of Minority Welfare. The target of inclusiveness for us also includes reduction in poverty and regional imbalances, empowerment of target groups including women and income equality.

Sir, I am positive that the Council will take a favourable view on the genuine issues raised above during the implementation of the 12<sup>th</sup> Five Year Plan and help us in our efforts of progress.

Thank You.

**JAI HIND !**

**VIJAY BAHUGUNA**