



Government of Chhattisgarh

Speech of

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Hon'ble Prime Minister, Deputy Chairman Planning Commission, Hon'ble Central Ministers, Chief Ministers, distinguished Members of Council and friends.

We have assembled here today to deliberate on the draft Eleventh Plan. Our Tenth Plan journey has been reasonably satisfactory. With robust growth in the manufacturing and service sectors and improved fiscal performance, we have been able to achieve the overall GDP target of 7% as well as the sectoral targets. In this backdrop, we can be hopeful to achieving the targets set for the Eleventh Annual plan.

2. Economists have come to realise that manufacturing sector driven GDP growth cannot be the sole indicator of economic development, particularly in the context of developing countries where majority of the population depend on agriculture for their livelihood. Therefore, the renewed emphasis on agriculture in the Eleventh Plan as in the 80's is apt. Sir, the projected 4% growth target in agriculture GDP for the Eleventh Plan period is ambitious, yet achievable. However, certain critical issues need to be properly addressed. I would like to highlight a few of them.

3. The Plan document has given utmost importance to up-scaling public investments so as to reduce regional imbalance in agricultural

development. Water is a key component for development of agriculture. **To that effect, backward states like Chhattisgarh, with irrigation potential at half the national average, would require differential criteria for investment in irrigation so as to come up to the national level.** Accordingly, the annual allocation under the existing centrally sponsored schemes, particularly AIBP, for underdeveloped States like Chhattisgarh needs substantial augmentation from the present level of Rs.100 crore.

4. I fully endorse the emphasis on speedy completion of the ongoing projects taken up by the states. However, I would like to draw your attention to one of the major impediments in this regard. In view of the large area under forest cover (44%) in Chhattisgarh, most of our irrigation schemes require clearance under the Forest Conservation Act which inevitably takes time, resulting in time and cost over-run. As many as 113 schemes are affected by the FCA and 19 schemes are pending at the Central Government for necessary clearance. **Government of India should evolve a special mechanism to accord speedy clearance to such projects. Moreover, the extant AIBP guidelines prescribing two years time period for completion of minor irrigation projects needs to be relaxed to at least 3 years.**

5. Yet another impediment is the additional cost component of Net Present Value (NPV) being charged for the projects involving forest land. **In case of minor irrigation projects, the cost of NPV often exceeds the capital cost of the project, thus making the projects unviable.** I would strongly urge the Planning Commission & Central Government to take up this matter with the Supreme Court and get the conditionality relaxed, at least for the irrigation projects of such states which have the forest cover much higher than the national average.

6. Sir, one of the main reasons for the declining trend in agricultural productivity in post-80's period is the withdrawal of financial assistance under the World Bank aided "Training and Visit" scheme in the 90's which has adversely affected the transfer of technology through extension staff. In the subsequent years, the State Governments, with their resource constraint, have not been able to maintain the same level of funding towards extension staff, thereby affecting live contact with the farmers. **Planning Commission as well as the Central Government should revive a broad based training and Visit Scheme" for optimising the technology transfer.**

7. Chhattisgarh is a major rice producing state and I am happy that the Plan document has emphasised the need to encourage production of hybrid rice seeds. However, the process of hybrid rice

seed production involves great risk as the failure rate in the initial stages is quite high and for that reason the farmers are reluctant to undertake hybrid rice seed production. **The existing centrally sponsored scheme has no provision of risk coverage in case of failure of production. Therefore, the scheme needs to be suitably revised to include this provision.**

8. The Eleventh Plan focuses on evolving suitable strategies for yield improvements. Although Chhattisgarh is a rice producing State and contributes to 16% of the Central pool, the per hectare yield of paddy is two-third of the national average. Interestingly, as per the National Bureau of Plant Genetics Resources, Chhattisgarh has nearly 19,000 varieties of rice germ plasm and there is **every justification for establishing a Central Rice Research Institute at Raipur.**

9. The Plan document has rightly emphasised the need to promote micro-irrigation on a large scale. Sir, I would like to draw your attention to some of the discrepancies in the prevailing centrally sponsored scheme. The scheme has categorised the states into developed, developing and weak states. However, the scale of subsidy per unit is uniform for all the states, whereas the unit cost fixed for drip sets is 15% higher for the farmers in the developing states as compared to the developed states. While this arrangement could be fair for the manufacturers, considering the economies of scale, it

adversely affects the farmers in the developing states, as they have to bear higher unit costs. **I would, therefore, strongly recommend that a differential subsidy norm should be adopted for the farmers in the developing states. This is necessary in the interest of reducing regional imbalances which is the central theme of the report.**

10. I appreciate the concern expressed in the Plan document regarding fast depleting underground water table in some parts of the country and the urgent need for its recharging. In Chhattisgarh, use of underground water is kept at a fairly low level of 20% and we are implementing a special tube-well irrigation scheme wherein the subsidy to the farmers is linked to adoption of underground water recharging method. This is in conformity with the approach outlined in the Eleventh Plan document. **However, in view of state's limited resources, I would recommend that Government of India should support and encourage our effort through central plan assistance.**

11. The emphasis on implementation of Minimum Support Price Policy for various crops is apt. However, this should be extended to non-traditional crops also and the procurement agencies of Central Government, i.e. FCI & NAFED need to be adequately sensitised to the needs of the farmers and take proactive steps in procurement when market prices slide below the MSP level.

12. Rural credit is a critical input and the credit flow has to take a quantum jump, if we are to achieve the 4% growth target in agricultural GDP. **The Arjun Sengupta Committee, in its recent Report submitted to the Prime Minister, has highlighted certain startling facts with regard to credit outreach to small and marginal farmers.** To quote from the report " The access of these farmers to institutional credit being limited, they are compelled to take recourse to non-institutional sources of credit, mainly moneylenders and the impact of agrarian distress has been felt mostly by these farmers ". To overcome this problem, following issues need serious consideration:

- **NABARD should reduce its interest rate on short-term agriculture credit from the prevailing rate of 7% to 6%.** Government of Chhattisgarh has already made it effective from the current year.
- Out of the 18% target set for lending to the agricultural sector, minimum of **10% should be reserved for small and marginal farmers.**
- The banks have to expand their credit outreach by adopting the "agency model" as permitted by the RBI. Some incentives may be provided to the banks in the form of tax or other benefit to adopt this model so as to motivate them to adopt.

- Government of India may set up a **Credit Guarantee Fund** in NABARD, on the lines of CGF set up for the SME sector, to reduce perceived risk of default by small and marginal farmers who do not have any collaterals to offer.
- Central Government should set up a **Stabilisation Fund** for automatic write-off of farm debt as was outlined in the approach paper to the Eleventh Plan.

13. Liberalised policies and new schemes like SEZ have widened the regional disparities as the investors find the developed States more attractive for fresh investments. It is possible that after saturation levels are reached in and around large cities, investments may trickle to smaller towns in less developed States. But currently, there is uncertainty and widening gap between developed and under developed States. A strong affirmative policy for the industrially backward areas is called for to correct the present trend.

14. The Public Private Partnership model spelt out in the Plan document for accelerated infrastructure development seems to favor the developed states which are in a better position to recover the gap in cost. In my view, uniform application of 20% ceiling on viability gap funding limits the scope of flow of private investment to backward regions like Chhattisgarh and you would appreciate that such

conditionality will further widen the gap in infrastructure development between the developed and the underdeveloped states. **Planning Commission should re-examine this issue and a differential viability gap funding norm be worked out for the backward regions.**

15. The BoT model for National Highway development is unsuitable for states like Chhattisgarh as most of the NH pass through a number of small towns and would be either financially unviable or could cause considerable hardship to local population with their given income profile. **In my view, BoT approach should not be uniformly applied to all states and there has to be a separate criteria for underserved states.**

16. Sir, I would like to reiterate my concern already expressed in the last NDC meeting over the recent circular of the Ministry of Railways to give priority to projects in which state governments agree to share 50% of the project cost. This approach is unfair as the centre has been entrusted with the constitutional responsibility of developing railway network in the country and it goes against the spirit of horizontal equity in development among the states. **It is a pity that railway network density in Chhattisgarh is a meagre 0.77 km per 100 km as against the all India average of 1.92 km, although one zone i.e. Bilaspur alone contributes nearly 13% of**

the total revenue of India Railways. I would, therefore, request you to urgently intervene in the matter and impress upon the Ministry of Railways to withdraw the circular and accord priority to completing the projects in underserved regions.

17. The pace of implementation of rural connectivity under the Rajiv Gandhi Gramin Vidyutikaran Yojana in Chhattisgarh has been inordinately slow. Out of the 18 districts covered under the scheme, plan for only 5 districts have been approved and funds for only 3 districts have been released so far. Most of the uncovered hamlets are in tribal areas. **I would, therefore, urge that release of funds for all the districts be expedited in the interest of balanced regional development.**

18. Sir, I would like to draw your attention to the problem of high dropout rate in remote tribal areas and I am constrained to say that SSA has not addressed this problem adequately. As per our experience, residential schools (Ashram schools) have proved to be the most successful model in these dispersed locations. **However, the existing SSA funding norms do not cover these "ashram schools".** In the past I, along with several other Chief Ministers, have raised this issue before the Planning Commission as well as the National Development Council. I would reiterate that the SSA guidelines be suitably amended so as to take care of this critical problem.

19. The expansion of Sarva Shiksha Abhiyan to cover secondary school level is a step in the right direction. **However, we must aim at extending it to higher secondary level during the Eleventh Plan period.** As per mapping of States on coverage of secondary schools, Chhattisgarh ranks amongst the lowest. The effectiveness of the recently launched programme for "Universalisation of Secondary Education" will largely depend upon bringing such deficit States to the national average level. **Therefore, allocation of funds under the scheme, namely, "Success" should give due weightage to underserved States like Chhattisgarh.**

20. The Plan document talks about a more liberal approach on the part of State Governments towards the private aided and unaided schools to meet the large unmet demand for quality education. I would like to stress that the State Governments are already supporting these schools through grant-in-aid towards teachers' salary and **I would strongly urge Central Government to provide matching Central grants to such aided institutions under SSA.**

21. The Plan document emphasises on major expansion of central institutes for higher learning. Chhattisgarh does not have any central Institute of higher learning and should, therefore, be accorded high priority while allocating the new central institutes amongst the States.

22. During the last decade we have made substantial progress in literacy through adult literacy programme. To enable these neo-literates to contribute gainfully towards economy they need to upgrade their learning under "Equivalency Programme". This critical issue has not been addressed in the Plan document.

23. Sir, I would like to draw your attention to the disparity in the proposed resources allocation between the education and health sectors. While in terms of gross budgetary support, **the allocation for education sector has gone up by nearly 150% as compared to the 10th Plan, the increase for health sector is only 50%**. If we have to reduce the critical IMR and MMR targets by nearly 60% during the Eleventh Plan period, there has to be substantial infusion of funds in the health sector.

24. Non-availability of qualified doctors continues to be the major constraint in providing health services in rural areas. While there is need for a major expansion of medical colleges in the country, **Medical Council of India should also come out with short-term medical courses** so as to address the huge manpower gap in providing basic preventive and curative health care facilities at the PHC / CHC level.

25. The proposed health insurance scheme for poor families is a welcome initiative, I would recommend that it should be extended at

least to all the backward districts. However, the effectiveness of the scheme would largely depend upon the healthcare facilities, both Government as well as private, available in the rural areas. **In states like Chhattisgarh, with its inadequate healthcare infrastructure, the scheme will have limited outreach.** Therefore, there is an urgent need to upscale funding through NRHM so as to strengthen and upgrade the rural healthcare infrastructure. **In addition, NRHM should also come up with a flagship programme to provide grant-in-aid to the non-profit civil society groups running hospitals in rural areas.**

26. The Plan document focuses on expansion of medical colleges/institutes. To that end, the existing MCI norms regarding infrastructure and staff should be relaxed and it is desirable to permit the existing public hospitals with 300 or more beds to function as affiliated hospitals for medical colleges to be opened in the same locality.

27. Approximately 5,800 drinking water sources in the State, mostly in the tribal areas, are severely affected by excess iron content. To overcome this problem, the current annual funding of Rs.16 cr. under ARWSP towards quality improvement is highly inadequate. This should be augmented to Rs.80 cr. under Bharat Nirman in order to ensure supply of safe drinking water in these areas.

28. **Sir, I would like to draw your attention to the recent decision by the Central Government by which the monthly APL rice quota for Chhattisgarh has been reduced by 94%** whereas, in States like Andhra Pradesh, Tamilnadu and Karnataka the corresponding figure is 0.2%, 26% and 12% respectively. This is clearly discriminatory, keeping in view the fact that Chhattisgarh contributes approximately 16% to the central pool of rice. This has practically derailed the PDS system in the State and I would urge your immediate intervention in the matter so as to restore the monthly APL rice quota of 61,000 MT.

29. Central Government's decision to allow export of non-basmati rice has resulted in shortage of rice for the public distribution system during the current year. Government of India should, therefore, reconsider their decision **and revive the ban on export of non-basmati rice at the earliest.**

30. Procurement price of paddy has been fixed at Rs. 725 per quintal as against Rs. 1000 for wheat. In view of the prevailing shortage of rice in the PDS pool, **procurement price of paddy should be brought at par with wheat.**

31. Chhattisgarh has taken an important initiative in implementing the supplementary nutrition programme through panchayats / urban local bodies / women self-help groups and the menu has been changed

from the earlier wheat based porridge to hot cooked meal. Unfortunately, we have not been receiving regular quota of rice for this scheme. **During the current year we have received only 56% of the total requirement. I seek your immediate intervention in the matter so as to ensure adequate supply of rice for this programme.**

32. As per Supreme Court's order we have been providing take home ration to the "adolescent girls" under the supplementary nutrition programme without any support from the Central Government and this has put an additional burden of nearly Rs.44 crore on the state exchequer. I would strongly urge the Central Government to provide necessary financial assistance in compliance of the Court's order.

33. **I would like to invite your attention to the disparity in funding norms between two similar schemes namely, mid-day meals and supplementary nutrition programmes.** Under MDM programme, the central grant includes 3 kg of rice and Rs. 1.00 as incidentals per student whereas, in case of SNP the central grant portion is limited to Rs. 1.00 per child inclusive of cost of rice. The food intake by the children under both the schemes being similar there is an urgent need to rationalise the funding norms of SNP.

34. While the Plan document emphasises on the strategy of inclusive growth, it has not properly addressed the critical issues concerning tribal population. I would like to place before you the following facts. Sixty percent of our area is under Fifth Schedule. Tribals constitute 32% of our population. **10 out of 16 districts are affected by left wing extremism.** These areas are low in all human development indices. Sizeable number of tribals is dependent on Minor Forest Produce for their livelihood. While the state government has undertaken the responsibility to procure major forest produce and also distributing bonus, 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 support price as in case of agriculture produce.**

35. Sir, I would seek your urgent intervention on the **issue of regularisation of encroachment on forest land prior to 1980 involving 54,000 tribal families in Chhattisgarh.** Although required compensatory afforestation has been completed by the state government, the matter has been pending with Government of India for more than a decade. In fact, these are the areas where naxalite activities have grown over the years. I would sincerely urge that the central government settle this matter at the earliest.

36. Sir, "The Scheduled Tribes and Other Traditional Forest Dwellers' Recognition of Forest Rights Act 2006" is a major initiative in the interest of tribals living in remote areas. **However, the Rules under the Act are yet to be notified, as a result of which the tribals are being deprived of the benefits outlined in the Act.** As nearly one-third of the population of the State will be benefited, I would seek your urgent intervention in expediting the implementation of the provisions of the Act.

37. Sir, I would like to conclude by reiterating the overriding objective of achieving balanced regional development, in central planning process. In the past, uniform policy and programmes for different regions have resulted in distorted growth within different states. The objective of the plan should to correct these distortions by switching 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.

Thank You.