



NATIONAL DEVELOPMENT COUNCIL MEETING
DECEMBER 19, 2007

SPEECH OF
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CHIEF MINISTER, HARYANA

Hon'ble Prime Minister Shri Manmohan Singh Ji, Respected Deputy Chairman of the Planning Commission Shri Montek Singh Ahluwalia Ji, Esteemed Union Ministers, Governors/Lt. Governors, Colleague Chief Ministers and other distinguished participants!

Today, it is a matter of privilege for me to participate in the deliberations of the National Development Council as the 11th Plan document is to be discussed.

A year ago, when we met to discuss the Approach Paper of the 11th Five Year Plan, I had mentioned that within the overall approach set out in the Approach Paper, Planning Commission should find the flexibility to address the specific needs of the most critical sectors in individual State Plans. The broad parameters of the Approach Paper rightly emphasized economic growth, poverty eradication, jobs creation, elimination of disparities among States and improvement in quality of life as important goals.

Our Gross State Domestic Product (GSDP) has grown at the rate of 8.2 per cent during the 10th plan. Though, the growth target of 11 per cent for Haryana during the 11th Plan period is rather ambitious yet we will strive hard to achieve it.

During the 10th Five Year Plan, the State has incurred an expenditure of Rs. 12,980 crore (108.2%) against the approved outlay of Rs. 12,000 crore. State's 11th Plan has been prepared with the central theme of Approach Paper – "Faster and Inclusive Growth". An outlay of Rs. 35,000 crore has been provided for State's 11th Five Year Plan. Highest priority has been given to Social Services by allocating Rs. 16697.44 crore (47.7%). The second highest priority has been accorded to expansion and improvement of infrastructure for which Rs. 13213.81 crore (37.8%) has been kept during 11th Plan.

I would like to highlight a few important issues from the perspective of Haryana, which I believe are relevant to many other States as well.

Finance and Resource Sharing

I would like to draw your attention to the issue of constitutional imbalance in financial resources between the Centre and the States. The Centre is endowed with most elastic and buoyant sources of revenue, whereas the States have been assigned a wide range of expanding functions without matching resources. I would suggest that the devolution of taxes should be aimed at rectifying the vertical

and horizontal imbalances between the Centre and the States and also among the States.

Another major issue in the Centre-State financial relations is that a major part of Central transfers tends to be discretionary in nature. The discretionary transfers are made through non-statutory body. As a result, the Finance Commissions have been only partially successful in correcting the fiscal imbalances existing in our federal structure. A major part of the resource transfers from the Centre to the States should take place through the aegis of the Finance Commissions and an approach based on justice, equity and efficiency should be followed.

I would also advocate the criteria for giving incentives to fiscally well-managed States. The criteria of fiscal management measured in terms of tax efforts, efficiency in collection of tax and non-tax revenues and economy in expenditure should be adopted which will do justice to the fiscally well-managed States.

Further, the allocation of normal Central assistance for non-special category States is being presently guided by the formula known as Gadgil-Mukherjee formula, which was last revised by NDC in 1991. I would suggest that maximum

weightage be given to population factor which should be increased from the existing 60% to atleast 75%. Secondly, the income criteria is heavily loaded in favour of poorly managed States and is biased against better performing States like Haryana. In view of this, the weightage given to income needs to be reduced to 10% from the existing 25% so that the better performing States are suitably rewarded for their developmental efforts. Better fiscal management may be considered to be given weightage of atleast 10% and 5% to poverty.

There is also a need to increase the States' share in the gross proceeds of Central taxes from 30.5% to atleast 50%. In view of the fact that the revenue component of State Plan outlay has gone up to more than 50% as compared to the 30% prescribed by the Planning Commission, there is a need to revise the ratio of normal Central assistance from 70% as loan and 30% as grant to 50:50 to lessen the debt burden of the States. In order to strengthen the financial position of the States, I urge the Hon'ble Prime Minister that the share in Service Tax for the States may be enhanced or the States may be allowed to collect some of the Service Tax at their own level so as to fully compensate the revenue loss on account of phasing out of CST.

Power

Due to rapid growth of industrialisation and urbanisation, demand for power has increased substantially. Haryana is situated far away from the coal mines and has limited resources for hydro-power. Therefore, for the proposed 1050 MW gas based power project at Faridabad, Gas allocation of 8 million standard cubic meter gas per day should be supplied. Besides, National Thermal Power Corporation may be asked to set up an additional 432 MW Faridabad Gas Based Power Plant (Stage-II). This will alleviate the shortage of power in NCR.

In order to further meet the growing demand of power in the State of Haryana, Government of India may consider allocation of more power from the forthcoming Ultra Mega Projects. Further, my State has carried out 100% electrification in 1970. The ageing distribution infrastructure needs replacement and strengthening. The expenditure on such replacement and strengthening should be allowed under Rajiv Gandhi Grameen Vidyutikaran Yojana.

Another important issue is the high rate of power charged by surplus States. Haryana along with many other States have often had to buy power at exorbitant prices.

Central Government needs to intervene in the power trading market with a suitable mechanism to ensure that no State/ entity earns undue profits. The setting up of the nuclear power plant in Haryana by Nuclear Power Corporation needs to be expedited. I would also request that the interest subsidy for the power generation units set up during the 10th Plan be released to the State.

Irrigation

No perennial river flows through Haryana. The availability of water from all sources is far less than the total requirement of water for agriculture, drinking and other purposes. We have initiated major irrigation projects such as the Bhakra Main Line-Hansi Branch Multipurpose Link Canal for ensuring equitable distribution of the available water within the State. We have also started the Dadupur-Nalvi Canal to utilize surplus water in Yamuna during the rainy season to restore the ground-water level in three districts of Haryana. Increasing the capacity of existing carrier channels is also being taken up under a project costing Rs. 100 crore submitted to Government of India for sanction under AIBP funds. These projects are being implemented with State's own resources, as there have been procedural delays in clearances from the Central Agencies. It is urged that Central

Government may clear all important Irrigation Projects proposed by States within a definite time limit.

Further, I would urge that solutions to the long standing problems of the Sutlej Yamuna Link Canal and construction of storage reservoirs in the upper reaches of Yamuna, such as Kishau, Lakhwar-Vyasi and Renuka, have to be found during the 11th Plan period. These are important not only for Haryana, but also for the National Capital Territory of Delhi.

In the last meeting, I had drawn your kind attention to the fact that more than three million acre-feet of water is still flowing to Pakistan through river Ravi. We need to construct storage reservoirs on Ujh and Basantar, which are tributaries of Ravi. A barrage across river Ravi at a suitable location and a canal to link this barrage with river Beas upstream of Harike also needs to be put up. Central Government should get these projects implemented on priority.

Agriculture

You are aware that when Haryana came up as a separate entity on the political map of India in 1966, it was a food deficit State. Therefore, Agriculture was accorded the highest priority and resultantly, the State took rapid strides in agriculture production. At present, Haryana is the second

largest contributor to the Central Foodgrains Pool. Haryana now ranks first in wheat productivity in the country. But inspite of all these achievements, Agriculture Sector is beset with many problems like decelerating growth rate, deteriorating soil health, increasing cost of cultivation, etc. To remedy this, Government of India has launched a new scheme, "Rashtriya Krishi Vikas Yojana". But as per the eligibility criteria of this scheme, Haryana does not qualify for the funds. This I feel would adversely affect our ongoing efforts to further increase the production of foodgrains in the State. Therefore, I would request that Government of India may suitably amend the eligibility criteria so that States like Haryana may also avail the benefits of this new scheme.

Roads

Under PMGSY, 50% of the diesel cess is provided to the States out of which 80% component is for new link roads and 20% for maintenance. However, Haryana is not getting 80% share as all the villages are already linked with roads. But the existing road infrastructure in the State is very old and needs strengthening. In view of this GOI should transfer the total due share of PMGSY for strengthening and maintenance of the existing road net work.

Transport

I would also like to make a case for a Union Government led initiative to usher in a common regulatory framework as was pioneered in the case of value added tax (VAT) regime for vehicular movement also. Once a uniform structure of taxation is evolved, we could take recourse to technological solutions in order to aid the unrestricted movement of vehicles, cutting down on time and resources being unnecessarily wasted at the inter-state borders in the name of enforcement, which at present is both intrusive while being ineffective. Ministry of Road Transport and Highways should explore the use of cheap Radio Frequency Identification Devices (RFID).

Further, I would also like to add that issues relating to improving public transportation by connecting our villages and efficient movement of people in urban centres has not yet received adequate attention at the level of Government of India. I would urge upon the Ministry of Road Transport and Highways to formulate schemes for rolling stock additions, institutional reforms and dissemination of best practices for better service delivery to our villages and cities.

National Capital Region

Another important issue which I would like to place on this platform is that Haryana surrounds Delhi on three sides and constitutes 44% of NCR area. The population in this sub-region of Haryana within NCR has grown tremendously due to migration of population from other States. The State Government has to put in large investments for providing improved level of infrastructure facilities in this area. The Tenth and Eleventh Finance Commissions had recommended grants of Rs. 40 crore and Rs. 50 crore respectively for the NCR, but the Twelfth Finance Commission has not recommended any grant for this purpose. Special grant needs to be sanctioned to Haryana on this account.

Industries and Tax Incentives

I would also like to take this opportunity to draw your attention to the issue of tax incentives to Hilly States. Tax incentives given by the Centre to special category States adversely affect the resources of the neighbouring States. Haryana State has been suffering substantial revenue loss due to granting of excise duty and income tax benefits to industrial units in neighbouring States of Himachal Pradesh, Jammu & Kashmir and Uttranchal. This measure has resulted

in flight of capital to these States besides unequal competition to existing units in Haryana. This needs to be rectified.

Water Supply and Sanitation

Ministry of Environment and Forests, Government of India has allowed State Governments for laying of underground drinking water supply pipelines which involve no tree felling. But due to lack of clear instructions from Government of India to State Governments, the State Forests Department is not allowing laying of pipeline along roads/canals. This issue may be sorted out by Government of India at the earliest.

Rural Development

Presently, Backward Region Grant Fund (BRGF) scheme is being implemented in two districts of Haryana, namely, Sirsa and Mahendragarh. But other backward districts especially Mewat which is minority dominated, Jhajjar and Rewari where socio-economic indicators are very poor has been deprived of the benefits under this scheme. Therefore, I would recommend that Mewat, Jhajjar and Rewari districts be also covered under BRGF programme.

Miscellaneous

The calamity relief norms of Government of India do not take into account regional variations. In States like

Haryana which has high agriculture production and productivity coupled with high production costs, these norms do not adequately compensate the losses suffered by farmers on account of natural calamities. The State has, therefore, devised its own norms which are higher than the Central norms. This puts an additional burden on the State exchequer. It is suggested that the State norms be allowed to be followed and treated as valid charge on Calamity Relief Fund.

In the end, I would like to place on record my appreciation for excellent work done by the Planning Commission in coming up with this Eleventh Plan document.

Thanking you,

Jai Hind !